2015

Registration Document

including annual financial report

summary

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This Registration Document was filed with the Autorité des Marchés Financiers on March 23, 2016, in accordance with the provisions of Article 212-13 of the General Regulations of the AMF. It may be used in support of a financial transaction if supplemented by an information memorandum approved by the Autorité des Marchés Financiers. This document has been prepared by the issuer, and its signatory is responsible for its content.

Annual Financial Report and Management Report

This Registration document includes (i) all the items of the Annual Financial Report mentioned in section I of Article L. 451-1-2 of the Monetary and Financial Code, and in Article 222-3 of the General Regulations of the Autorité des Marchés Financiers (AMF), the French Financial Markets Authority, (in Appendix B of this Registration document is a comparison table between the documents mentioned in these texts and the corresponding headings in this Registration Document), (ii) all the mandatory information included in the Management Report of the Board of Directors to the Annual Shareholders' Meeting of May 3, 2016 as provided for in Articles L. 225-100 and L. 225-100-2 of the French Commercial Code (the items corresponding to this mandatory information are referenced in the comparison table in Appendix B of this Registration Document).

Incorporation by reference

In accordance with Article 28 of European Regulation No. 809/2004 of April 29, 2004, this Registration Document incorporates by reference the following information, to which the reader should refer:

- in relation to the ENGIE fiscal year ended on December 31, 2014: the management report, consolidated financial statements prepared according to IFRS and the related Auditors' reports appearing on pages 176 to 193 and 195 to 328 of the Registration Document filed with the AMF on March 23, 2015 under number D.15-0186;
- in relation to the ENGIE fiscal year ended on December 31, 2013: the management report, consolidated financial statements prepared according to IFRS and the related Statutory Auditors' reports appearing on pages 174 to 186, 191, 192 and 195 to 317 of the Registration Document filed with the AMF on March 20, 2014 under number D.14-0176.

This information should be read in conjunction with the comparative information as of December 31, 2015.

The information included in these Registration Documents, along with the information mentioned above, is replaced or updated, as necessary, by the information included in this Registration Document. These reference documents are available under the conditions described in Section 7.3 "Documents available to the public" in this Registration Document.

Forward-looking information and market data

This Registration Document contains forward-looking information including in Section 1.1.4 "Strategic priorities", Section 1.1.6 "Competitive positioning", Section 1.1.5 "Improving performance", Section 1.3 "Description of business lines" and Section 6.1.1.7 "Outlook". This information is not historical data and therefore should not be construed as a guarantee that the events and data mentioned will occur or that the objectives will be achieved, since these are by nature subject to unpredictable events and external factors, such as those described in Section 2 "Risk factors".

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

Note

In this Registration Document, the terms "ENGIE", the "Company", the "Issuer", and the "Enterprise", refer to ENGIE, formerly known as GDF SUEZ until July 29, 2015. The term "Group" refers to ENGIE and its subsidiaries.

A list of units of measurement, short forms and acronyms and a glossary of the frequently used technical terms are featured in Appendix A of this Registration Document.

Copies of this Registration Document are available at no cost from ENGIE, 1, place Samuel de Champlain, 92400 Courbevoie (France), on the Company website (engie.com), as well as on the website of the Autorité des Marchés Financiers (amf-france.org).

01 Presentation of the Group

1.1 Profile, organization and strategy of the Group

1.1.1. General presentation

The ENGIE Group is one of the world's leading industrial companies and a benchmark in the fields of gas, electricity and energy services.

It is active throughout the entire energy value chain, in electricity and natural gas, upstream to downstream in:

- purchasing, production and marketing of natural gas and electricity;
- transmission, storage, distribution, management and development of major natural gas infrastructures;
- energy services.

This model was heavily impacted in 2015 by the energy revolution which was marked by the sustained collapse of prices for natural gas, oil and electricity in numerous markets worldwide, in a context of production overcapacity.

Against this backdrop, the Group was nevertheless able to rely on its strong positions in regulated infrastructure, business services, and the fast-growing renewable generation segment. The development of these same activities, accompanied by a bold asset rotation plan, will enable the Group to transform itself into a leader of the energy revolution over the next three years.

Listed in Paris and Brussels, ENGIE is represented in the major stock indices (see Section 5.1.1.1 "Share capital and voting rights").

The Group's fundamental values are drive, commitment, daring and cohesion.

On February 25, 2016, the Group presented its new strategic vision following the meeting of the Board of Directors held the day before.

1.1.2 History and evolution of the Company

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

Initially incorporated in 1946 as an EPIC (French public industrial and commercial enterprise), it became a limited liability company with a 99-year term under Law 2004-803 of August 9, 2004 on the electricity and gas public service and electricity and gas companies (amending Law 46-628 of April 8, 1946) whose provisions were aimed at organizing the change in the Company's legal status.

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

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

SUEZ itself was the result of the merger in 1997 of Compagnie de Suez and Lyonnaise des Eaux. At the time, Compagnie de Suez – which had built and operated the Suez Canal until its nationalization by the Egyptian government in 1956 – was a holding company with diversified stakes in Belgium and France, particularly in the finance and energy sectors. Lyonnaise des Eaux was a diversified company active in the management and treatment of water, waste, construction, communication and technical facility management. SUEZ became an international industrial and services group whose objective was to meet essential requirements in electricity, gas, energy and industry services, water and waste management.

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

On February 3, 2011, the Company completed a merger with International Power. In 2012, it confirmed its strategy as a global energy player, finalizing the purchase of shares held by the minority shareholders of International Power on June 29, 2012.

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

The Company intends to maintain its role as a long-term strategic partner of SUEZ Environnement Company and as its majority shareholder. The guiding principles of the industrial and commercial agreements between the Company and SUEZ Environnement Company were confirmed in January 2013, and form the basis of a framework agreement between the two companies, similar to what might have been concluded with third parties outside the Group. They relate to reciprocal preference, under market conditions, in purchasing/sales, continuing cooperation in certain industrial activities, development of potential joint commercial offerings and cooperation in sustainable development, innovation and research and development.

As well as this framework agreement, SUEZ Environnement Company and the Company signed external purchasing agreements that allowed SUEZ Environnement Company to benefit from the Company's purchasing conditions until July 2015.

Lastly, in early March 2016, the two companies signed an agreement providing for the contribution of all of SUEZ IP's share capital from ENGIE to SUEZ Environnement Company, which owns all intellectual property rights related to the SUEZ brand. The main terms and conditions of this transaction as set out in the contribution agreement are detailed in section 4.5.1.

On July 29, 2015, the Extraordinary Shareholders' Meeting, chaired by Gérard Mestrallet, approved a change in the company name, and adopted "ENGIE" as its new legal name.

The name of the share listed on the stock market was also changed to ENGIE, and its code changed to "ENGI", with effect from July 31, 2015.

ENGIE has its head office at 1, place Samuel de Champlain, 92400 Courbevoie, France. The telephone number is +33 (0) 1 44 22 00 00. ENGIE is listed in the Nanterre Trade and Companies Register under reference number 542,107,651. Its NAF (French business sectors) code is 3523Z.

ENGIE is a public limited liability company (*société anonyme*) with a Board of Directors subject to the laws and regulations governing public limited companies and any specific laws governing the Company, and to its bylaws.

The Company's 12-month fiscal year runs from January 1 to December 31 of each year.

1.1.3. Organization

Until December 31, 2015, ENGIE was organized at operational level into five business lines (for details, see Section 1.3, "Description of business lines in 2015").

At the end of 2014, Gérard Mestrallet asked Isabelle Kocher, Deputy Chief Executive Officer, to develop an organizational structure that could speed up the Group's transformation. The assignment included setting medium- and long-term goals for each business, in line with the strategy discussed by the Board of Directors during the 2014 strategy meeting. The four key aims were to 1) simplify the Group's organizational structure; 2) bring ENGIE closer to its customers and regions; 3) make it a key player in the energy transition by shrinking the gap between technology and consumers; and 4) improve collaboration between the Group's companies.

On April 1, 2015, Gérard Mestrallet and Isabelle Kocher presented a new "enterprise project" to the European Works Committee. The project was also presented to employee representative bodies in a consultation process that began in April 2015 and ended on November 13, 2015. The Company approved the organizational structure on November 23, 2015 and assigned some 350 employees to new positions of responsibility.

ENGIE's new organizational structure took effect on January 1, 2016. The aim is to lower the Group's center of gravity and manage its results and performance through 24 newly-created business entities (BU). Each BU is responsible for its own P&L. This structure is tailored to the challenges of an increasingly decentralized energy world. The BUs have therefore been set up geographically – by country or group of countries – according to the concentration of business activities in the region concerned. These BUs cover all Group activities and address the challenges faced by customers and counterparties in a given region.

- Ten geographical BUs have been set up as follows: Africa; North America; Latin America; Asia-Pacific; Benelux; Brazil; China; Northern, Southern and Eastern Europe; Middle East, South & Central Asia and Turkey; and the United Kingdom. The BUs are responsible for centrally managing all Group activities within their region.
- France has a special structure, given its size and the presence of regulated entities. It has eight entities, four specializing in gas infrastructure (transmission, distribution, terminals and storage) and four related to the B2B, B2C, networks, and renewables businesses.
- In addition, there is a Generation Europe BU focusing on thermal power generation.
- Finally, there are five global BUs with overall responsibility for their respective activities worldwide. These complement the operational BUs and are as follows: International Exploration & Production; Global Energy Management; Global LNG; Tractebel Engineering; and Gaztransport & Technigaz (GTT).

In addition to this geographical structure, five *Métiers* (business lines) have been created: gas value chain; centralized power generation; decentralized solutions for cities and regions; business solutions; and solutions for residential customers and contractors, a *Métier* that includes Solairedirect. The role of these *Métiers* is to:

- accelerate growth by supporting projects and managing major programs for the future (energy efficiency, energy renovation of buildings, green mobility, truck-delivered LNG, biogas, etc.);
- participate in key decisions (investment, disinvestment, etc.) in conjunction with regional heads;
- operate as a network, in part to identify and prepare the skilled talent needed to develop the BUs.

Six operational functions and five functional divisions supplement the organizational structure, each one headed by an executive vice-president. Their purpose is to support the BUs and strengthen the initiatives of the *Métiers* by developing synergies in the Group.

The operational functions are as follows: Strategic Sourcing & Procurement, Business Development Oversight (BDO), Research & Technologies, Nuclear Development, Industrial Projects, and Group Knowledge Management.

The functional divisions are as follows: the Finance Division; the General Secretariat; the Communications, Marketing and Environmental and Societal Responsibility Division; the Group Human Resources Division; and the Strategy Division.

Finally, there are four divisions that report directly to the Chief Executive Officer: the Group Audit, Risk and Internal Control Division; the European and International Relations Division; the Sales, Innovation and New Businesses Division; and the Nuclear Safety and Radiation Protection Division, which includes the Digital project.

The Company operates its own business; it has the organization of an integrated industrial group. At the end of 2015, the number of the Company's direct or indirect subsidiaries (controlling interest) was approximately 2,000. The Group's main consolidated subsidiaries are listed in Section 6.2 "Consolidated financial statements – Note 2 (Main subsidiaries at December 31, 2015)". For a list of major subsidiaries and investments directly owned by the Company, see Section 6.4 "Parent company financial statements – Note 23 (Subsidiaries and investments)".

The Company's activities and the strategic economic assets of its main subsidiaries as well as their geographical location are presented in Section 1.3 "Description of business lines in 2015", which reflects the Group's organization at the end of 2015.

1.1.4 Strategic Priorities

The markets in which the Group is expanding are currently undergoing profound change:

- increase in energy demand is concentrated in the fast growing economies: 100% of the increase in primary energy consumption between 2013 and 2040 will take place outside the OECD countries, according to the International Energy[(1)] (IEA);
- natural gas is playing a more central role at the global level due to abundant resources brought on by the development of unconventional gas production (nearly 220 years of probable reserves[(1)]), growth in demand (+1.4% annually between 2012 and 2040[(1)]) and an expanding outlook for new uses (retail LNG, etc.);
- in Europe (EU 28) the energy transition has begun in many countries: the contribution of renewable sources of energy (excluding hydropower) to the energy mix will increase from 16% to 38% between 2013 and 2040[(1)], and energy efficiency issues are developing;
- energy will be increasingly managed at local level, and even individually. "Consumer-players" are taking control of their consumption and sometimes even generating power.

The economic slowdown in Europe and energy efficiency policies have led to a fall in consumption which, in combination with continuing development of renewable energy and plentiful cheap coal, has generated surplus capacity and low electricity prices in the long term. This situation has caused a significant crisis in thermal power generation.

The transition - indeed the energy revolution - has been ongoing for several years at three different levels:

- the technological revolution is gaining pace thanks to progress in photovoltaics, batteries and micro heat pumps;
- added to this is the digital revolution: 'smart' solutions have changed people's relationships with the city, home and car;
- and finally, a cultural and societal transformation is playing out. Today's consumers are looking for a more thoughtful use of energy and they want customized low-carbon solutions to manage their consumption and even produce their own green energy.

ENGIE anticipated this paradigm shift two years ago and adapted its strategy to guide the Group toward the new energy world. The Group's ambition focused on two key themes in 2015:

- to be the benchmark energy player in fast growing markets
- to be the leader in energy transition in Europe.

In Europe, the Group is adapting to the profound changes taking place in the energy sector and increasing the priority it gives to its customer approach.

The Group is restructuring its gas supply portfolio, by optimizing diversification and renegotiating long-term contracts with its suppliers.

In power generation, the Group continues to rationalize its fleet of thermal power plants in response to the crisis in thermal generation, and is campaigning for improvements in European regulations, mainly through the Magritte Group[(2)], which is calling for measures to preserve the energy future of Europe.

In renewable energy, the Group aims to pursue its development in certain countries, with priority given to the more mature technologies: solar, hydropower, onshore wind power and biomass for electricity and heat. Partnerships are being sought for these projects.

In infrastructures activities, the aim is to adapt to the energy transition context:

- by adapting infrastructures to changes in demand and new uses (mobility, smart grids);
- by preparing infrastructure and commercial offerings for gas being a vector for renewable energy (biomethane, power to gas, etc.).

ENGIE aims to strengthen its leadership in energy efficiency, as the benchmark energy partner of its customers, businesses, local authorities and individuals, emphasizing the technological content of its activities to provide the most suitable global energy services offering. The Group also aims to increase its international presence by creating strong local positions. The aim is to capitalize on countries in which the Group already operates.

Today, the energy revolution is international and the Group is accelerating the execution of its strategy. The company plan, which features a more decentralized organization with a flatter reporting structure, will guide ENGIE's transformation to become the global leader of the energy transition.

To this end, as from late February 2016, ENGIE is adapting its business portfolio to its long-term vision and seizing new growth opportunities in:

- low-carbon activities, which will account for over 90% of the Group's EBITDA by 2018;
- activities not exposed to commodity prices, so that the share of contracted/regulated undertakings in the Group's EBITDA is under 85% in 2018;
- integrated solutions for customers, which will see a 50% increase in EBITDA over the period.

This acceleration is supported by the Group's strong capital structure, robust cash-flow generation, and the three business segments in which it has forged leading historical positions:

- power generation from gas and renewable energy;
- energy infrastructure, particularly in natural gas;
- energy supply and service solutions tailored to each type of customer (business, residential, contractors and public sector).

This faster-paced strategy features a three-year transformation plan with four objectives:

- to redesign the Group's portfolio, based on its historical positions and its strong capital structure;
- to improve the Group's performance;
- to prepare the Group's future, particularly by investing in innovation and new technologies – including digital - in order to offer all customers new products and services that are in step with the energy transition;
- to adapt the Group's operations to make it more agile and open to the outside, by leveraging a streamlined organization that is closer to the regions.

(1) Source: IEA 2015 World Energy Outlook, New Policies scenario.

(2) The Magritte Group, of which ENGIE is a founder member, is an initiative bringing together the CEOs of the 11 biggest energy groups in Europe (Centrica, CEZ Group, Enel, Eni, E.ON, Fortum, Gas Natural Fenosa, GasTerra, ENGIE, Iberdrola and RWE) to lobby heads of state and government.

This transformation plan is designed to create value and improve the Group's risk profile. It is based on four key programs:

- a €15 billion (net debt impact) asset rotation program over 2016-2018 which, through disposals, partnerships and/or site closures, will reduce the Group's exposure to activities that are sensitive to commodity prices;
- a €22 billion CAPEX program over 2016-2018, including €7 billion for maintenance expenditure and at least €500 million for innovation, funded mainly by operating cash flows;
- Lean 2018, an efficiency program that seeks recurring OPEX savings with a net aggregate impact on EBITDA of €1 billion by 2018;
- a new, €1.5 billion business and digital development program that will generate significant organic growth by 2018 and beyond.

In this context of transformation, ethics and the safety of people are core elements of the Group's strategy.

To become more agile and adapt to the trends in its environment, the Group has been implementing a far-reaching action plan since 2014 that places human beings at the heart of its transformation in three main areas:

- developing and advancing our employees (training, responsibilities, internal mobility);
- animating the Group and spreading its values;
- enhancing performance to serve our customers (innovation, managing complexity) and rolling out a new code of conduct for managers, the "Management Way".

On the financial front, the Group prioritizes maintaining a sound financial structure in the long term (aiming to retain an "A" credit rating), which will mainly be achieved through strict investment criteria. ENGIE's financial objective is to offer its shareholders attractive returns while maintaining a solid financial structure and robust cash flow generation (see Section 6.1.1.7 "Outlook").

Within ENGIE, environmental and societal responsibility plays an integral part in drawing up business strategy, through the development of:

- sustainable business, which involves identifying environmental and societal issues and transforming them into opportunities for the Group's businesses;
- the management of non-financial risks, which involves managing the risks associated with the Group's activities and facilities that relate to the environment, local and international acceptability, health and safety, human resources management, ethics and governance.

ENGIE has formalized its sustainable development commitments, mainly through the publication of its policy in 2014.

In May 2014, ENGIE issued a green bond for a total amount of €2.5 billion. This bond loan has helped to finance the Group's development in renewable energy and energy efficiency projects (see Section 5.1.6.4 "Green bond").

1.1.5 Improving performance

Perform 2015 was launched in 2012 to support the deployment of the Group's strategy and to improve its performance in a sustainable manner. The overall gross target of the program[(1)] was increased to €4.5 billion cumulatively over the 2012-2015 period in order to support the acceleration in the Group's transformation and to deal with an on-going difficult economic environment in Europe.

The results of the Perform 2015 program amounted to €5.8 billion, exceeding the initial target by 30%. In 2015, the program had a gross positive impact of €0.6 billion on income essentially associated with defined actions in terms of operational efficiency and Opex optimization. The portion affecting recurring net income, Group share stood at €135 million.

In view of adverse exogenous events (major decline in oil and gas prices in early 2015), the Group launched the Quick Reaction Plan (QRP) to reduce its operating costs, which totaled €250 million in 2015.

The year was marked by ongoing performance improvement initiatives, particularly the rationalization of the real estate portfolio in France and Belgium. Reducing assets from 13 sites in Brussels to two – Engie Towers and Ariane – generated a financial gain of €48 million in 2014-2015.

Opex savings in terms of purchases in 2015 amounted to €380 million, following the introduction of Category Management through the One For Value program. (As an example, reducing gas turbine maintenance purchases generated savings of €25 million in OPEX and in CAPEX for the Group in 2015).

In 2016, the Group is launching an ambitious performance program called "Lean 2018" with a cumulative net impact on EBITDA of €1 billion by 2018. This target is 50% higher than Perform 2015 (on annual basis). The new program is the next stage in ongoing efforts to enhance performance, and is designed to create recurring gains on Group operating costs.

(1) *The term "gross" applies specifically to the component of the objective relating to operating costs, thus €2.6 billion for the program. A gross gain is by nature recurring, from which implementation costs are deducted but prior to inflation, other costs and taxes.*

1.1.6 Competitive positioning

Electricity generation and marketing, as well as gas marketing are business sectors that are broadly open to competition in Europe, while their regulation continues to vary by country, especially when it comes to prices for residential customers. Activities that constitute natural monopolies – such as the transmission and distribution of electricity and, to a large extent, of gas – are more tightly controlled by domestic regulators and European rules.

Elsewhere in the world, with few exceptions, private players often operate under long-term contracts issued on a tender basis.

ENGIE is a European and world leader in electricity and natural gas:

- in Europe, ENGIE is the No. 3 seller(1) of natural gas. In LNG, ENGIE is a global player. It is the No. 1 importer in Europe and the No. 5 importer(2) in the world. It is also a major player in exploration and production;
- the Group is the leading gas infrastructure operator in Europe: it has the No. 2 transmission network, is No. 1 in distribution, European No. 1 in storage capacity (in terms of useful storage) and the No. 2 owner/operator of LNG terminals. It also owns Turkey's No. 3 gas distributor;
- in electricity, the merger of ENGIE and International Power created the world's leading independent power producer (IPP). The transaction also reinforces the Group's international standing as the No. 1 producer-developer in the Gulf States, the No. 1 IPP in Brazil and Thailand, No. 2 in Peru and No. 3 in Chile. The Group is the No. 6 producer (1) and the No. 7 supplier(1) in Europe.

This global and European leadership is fortified by the Group's deep Franco-Belgian roots:

- in France, ENGIE is the historic leader of gas marketing and the No. 2 producer and supplier(1) of electricity. In renewable energy, ENGIE is the No. 2 hydropower operator in France and the leader in wind power;
- in Belgium, ENGIE, through its subsidiary Electrabel, is the No. 1 producer and supplier of electricity(2) and the No. 1 supplier of natural gas(1).

The Group is also the European leader in B2B energy services: the Energy Services business line is ranked joint No. 1 in France, Belgium, the Netherlands and Italy(1) ENGIE also has strong positions in Germany, Switzerland, Austria, Spain and the UK in heating networks (where it is No. 1), as well as facility management since the acquisition of Balfour Beatty WorkPlace. Lastly, it has set up the initial bases for development in Central Europe, Asia, North America and Latin America.

(1) *Source: ENGIE internal analyses of 2015 data.*

(2) *Source: IHS CERA 2015.*

1.2 Key figures

1.2.1 Group financial data

(in millions of euros)	2011	2012	2013 reported	2013 restated [a]	2013 restated [a] pro forma [b]	2014 reported	2014 restated [c]	2015
1. Revenues	**90,673**	**97,038**	**89,300**	**87,898**	**79,985**	**74,686**	**74,686**	**69,883**
of which generated outside France	59,517	61,124	54,331	52,944	47,947	46,852	46,852	44,817
2. Income								
EBITDA [a]	16,525	17,026	14,775	14,223	13,017	12,138	12,133	11,262
• Current operating income	8,978	9,520	7,828	N/A	N/A	N/A	N/A	N/A
• Current operating income after share in net income of entities accounted for using the equity method	N/A	N/A	N/A	8,254	7,665	7,161	7,156	6,326
• Net income, Group share [d]	4,003	1,544	(9,289)	(9,198)	(9,646)	2,440	2,437	(4,617)
• Net recurring income, Group share [d] [e]	3,455	3,825	3,440	3,449	3,449	3,125	2,725	2,588
3. Cash flow								
Cash flow from operating activities	13,838	13,607	12,024	11,980	11,333	8,751	8,751	10,383
of which cash generated from operations before financial income and income tax	16,117	16,612	14,313	14,129	13,125	11,776	11,771	10,942
Cash flow from investment	(7,905)	(8,451)	(5,611)	(5,103)	(4,368)	(3,939)	(3,939)	(6,230)
Cash flow from (used in) financing activities	(2,496)	(8,322)	(6,982)	(7,027)	(7,041)	(4,973)	(4,973)	(3,295)
4. Balance sheet								
Shareholders' equity [d]	**62,930**	**59,834**	**47,955**	**47,971**	**47,971**	**49,257**	**49,548**	**43,078**
Total equity [d]	80,270	71,303	53,490	53,659	53,659	55,959	55,981	48,750
Net debt	37,601	43,914	29,840	28,800	28,800	27,511	27,511	27,727
Net debt / EBITDA	2.28	2.58	2.02	2.02	2.21	2.27	2.27	2.46
Total assets [d]	213,410	205,448	159,611	155,932	155,932	165,305	165,304	160,658
5. Per-share data *(in euros)*								
• Average outstanding shares [f]	2,221,040,910	2,271,233,422	2,359,111,490	2,359,111,490	2,359,111,490	2,366,768,979	2,366,768,979	2,392,150,727
• Number of shares period-end	2,252,636,208	2,412,824,089	2,412,824,089	2,412,824,089	2,412,824,089	2,435,285,011	2,435,285,011	2,435,285,011
• Earnings per share [d] [f]	1.80	0.68	(3.94)	(3.90)	(4.09)	1.00	1.00	(1.99)
• Net recurring income Group share, per share [d] [f]	1.56	1.68	1.46	1.46	1.46	1.32	1.12	1.02
• Dividend paid [g]	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00
6. Total average workforce	**240,303**	**236,156**	**223,012**	**223,012**	**223,012**	**236,185**	**236,185**	**241,913**
• Fully consolidated entities	218,905	219,253	178,577	178,870	139,134	150,589	150,589	155,494
• Proportionately consolidated entities	17,610	12,477	3,431	3,138	3,138	769	769	777
• Entities consolidated by the equity method	3,788	4,426	41,004	41,004	80,740	84,827	84,827	85,642

(a) December 31, 2013 data restated to reflect the retrospective application of consolidation standards. The calculation method for the EBITDA has been changed since December 31, 2014. 2013 EBITDA was calculated for comparison (see Note 2 of Section 6.2 "Financial statements" of the 2014 Registration Document).

(b) December 31, 2013 data restated to present SUEZ Environnement as if it were consolidated by the equity method as of January 1, 2013 (see Section 6.1.1.6 "Pro forma financial information" of the 2014 Registration Document).

(c) December 31, 2014 data restated to reflect the retrospective application of IFRIC 21 (see Note 1.1 of Section 6.2 "Financial statements").

(d) December 31, 2012 data restated to reflect the retrospective application of IAS 19R (see Note 1.1 of Section 6.2 "Financial statements" of the 2013 Registration Document).

(e) Financial indicator used by the Group in its consolidated financial statements since December 31, 2012 (see Note 8 of Section 6.2 "Consolidated financial statements" of the 2013 Registration Document). 2011 data were calculated for comparison.

(f) Earnings per share are calculated based on the average number of shares outstanding, net of treasury shares. Previous years' figures are not restated in case of payment of dividend in shares.

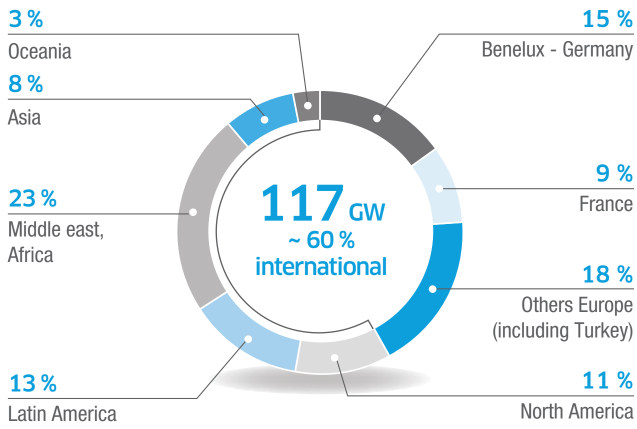
(g) 2015 dividend: proposed dividend, including an interim dividend of €0.50 paid in October 2015.

1.2.2 Operational indicators

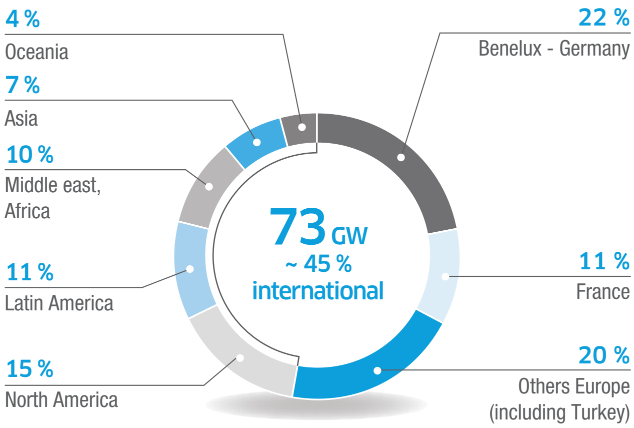
1.2.2.1 Electricity production

ENGIE owns and develops a flexible and efficient generation fleet in its key markets: Europe, Latin America, the Middle East, Asia-Pacific and North America. The Group's installed capacity as of December 31, 2015 was 117 GW (1) on a 100% basis or 73 GW (2) on a net ownership basis.

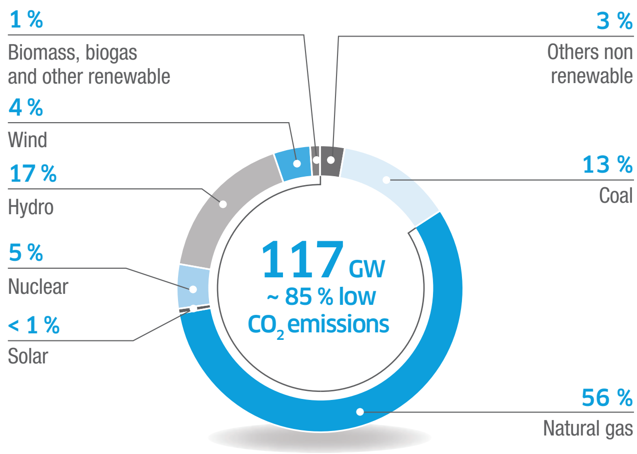
BREAKDOWN OF GENERATION CAPACITY BY REGION (AT 100%)



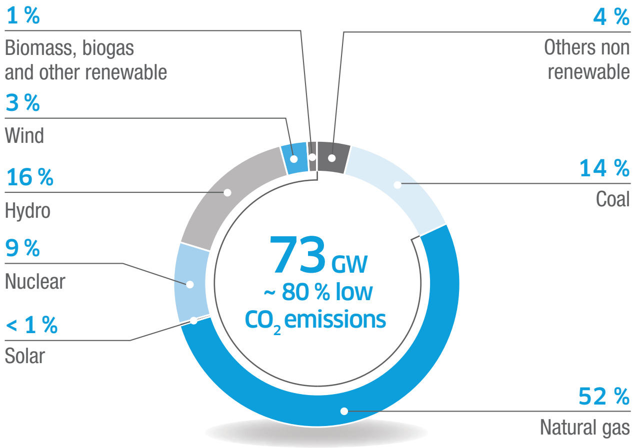
BREAKDOWN OF GENERATION CAPACITY BY REGION (NET OWNERSHIP)



BREAKDOWN OF GENERATION CAPACITY BY FUEL (AT 100%)



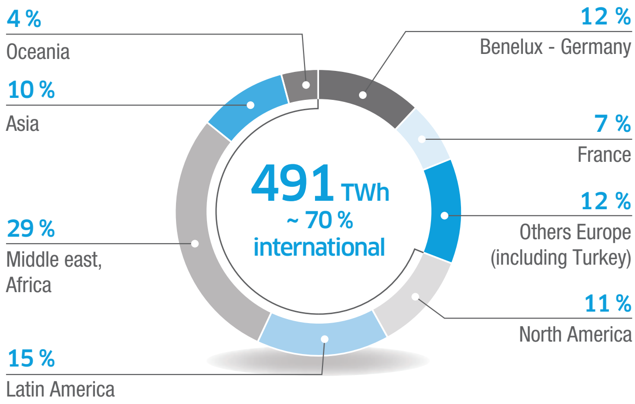
BREAKDOWN OF GENERATION CAPACITY BY FUEL (NET OWNERSHIP)



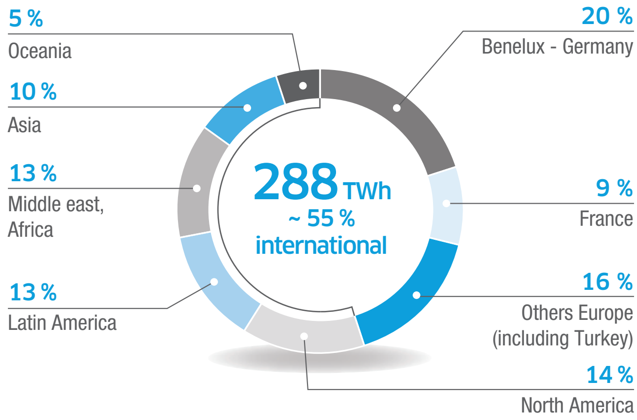
(1) *The 100% calculation includes the total capacity of all facilities of ENGIE irrespective of the actual percentage stake of the ownership and the method of consolidation, except for drawing rights which are included in the total if the Group owns them and deducted if they are granted to third parties.*

(2) *The net ownership basis calculation uses figures for capacities at their net percentage of the ownership of ENGIE in all companies.*

POWER GENERATION BY REGION (AT 100%)

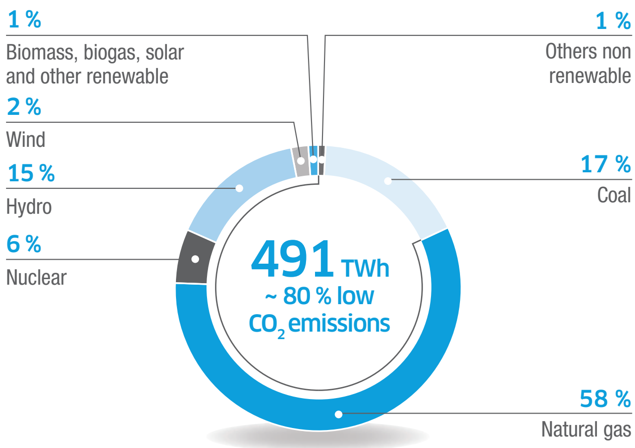


POWER GENERATION BY REGION (NET OWNERSHIP)

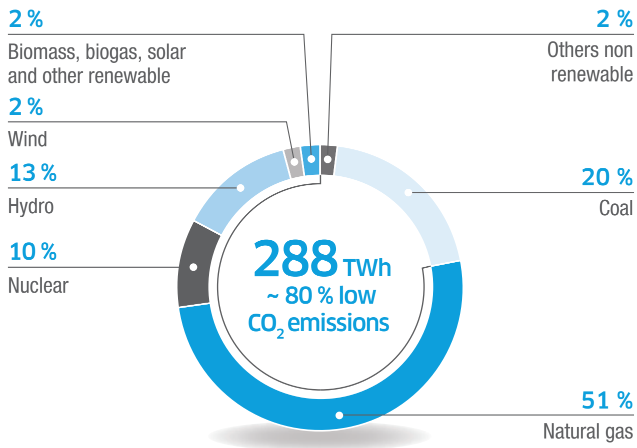


In 2015, the Group produced 491 TWh on a 100% basis, or 288 TWh on a net ownership basis.

POWER GENERATION BY FUEL (AT 100%)



POWER GENERATION BY FUEL (NET OWNERSHIP)



The combined capacity of Group projects under construction at December 31, 2015 was 8.1 GW on a 100% basis, with 34% of this from natural gas, and 18% from renewable energy sources.

With a significant share of electricity capacity from renewable sources, the Group's power generation fleet has a low carbon footprint, with an average 356 kg of CO_2-eq./MWh recorded for Europe in 2014. This compares with the European average estimated by PricewaterhouseCoopers (PwC) for that year of 313 kg of CO_2-eq./MWh.

Worldwide, emissions from the Group's generation fleet evaluated in 2014 were 434.2 kg of CO_2-eq/MWh.

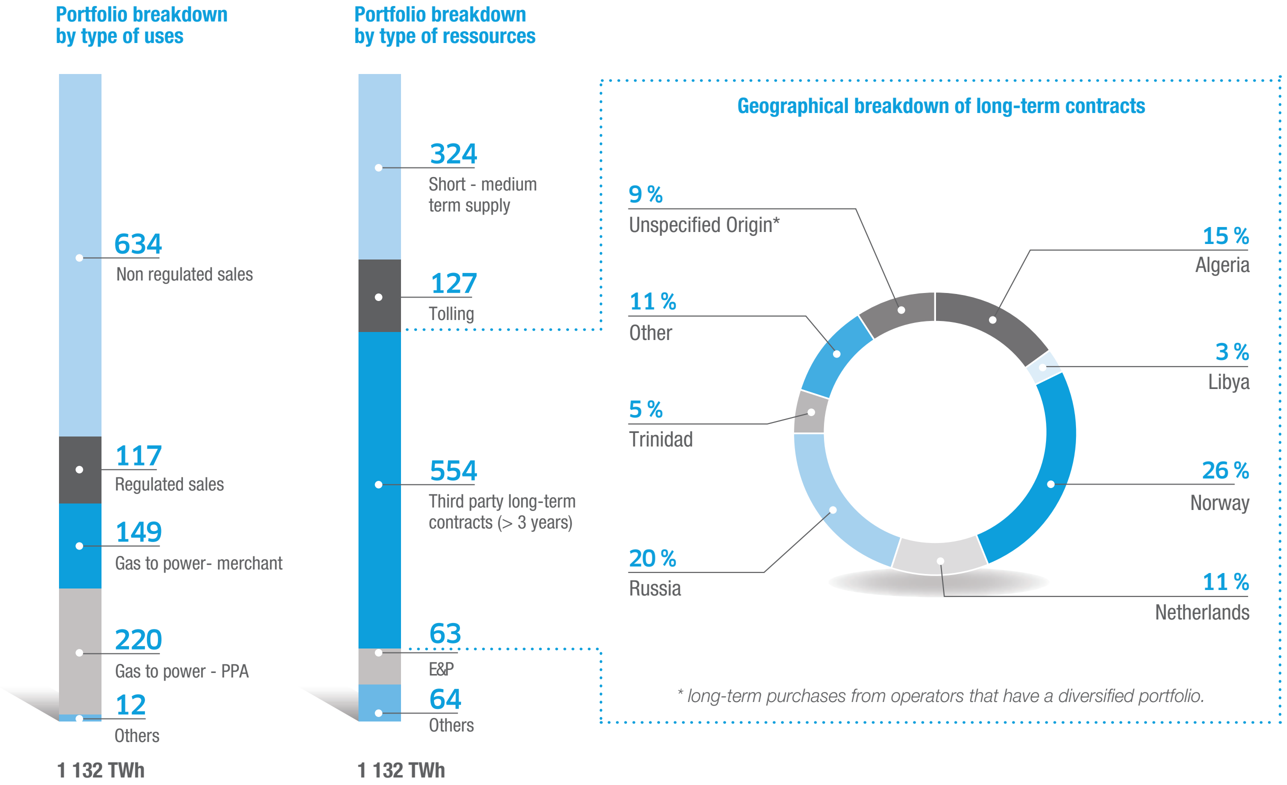
1.2.2.2 Natural gas portfolio

Most of the Group's natural gas is supplied via one of the most diversified portfolios of long-term contracts in Europe, sourced from more than 10 countries. These contracts give ENGIE the necessary visibility to ensure its development and secure its supplies. ENGIE is also one of the biggest spot market players in Europe. It can therefore rationalize its supply costs by adjusting its purchasing to match its needs.

The Group's portfolio, which represents approximately 1,132 TWh (calculated at group share) [(1)], or about 105 billion m^3, is among the most diversified in the world. LNG represents about 13% of the portfolio.

(1) The group share calculation includes the capacities at their percentage of consolidation for full and proportionally consolidated affiliates and at their percentage of holding for companies accounted for using the equity method.

BREAKDOWN OF PORTFOLIO (GROUP SHARE)



1.2.3 Non-financial indicators

The Group's non-financial performance is based on dated and quantified targets and an overall assessment organized around different resources (high level of governance, reporting, scorecard, performance reviews and non-financial indicators).

The Board of Directors' Ethics, Environment and Sustainable Development Committee defines the scope of the policies undertaken, outlooks and action plans in the area of corporate societal responsibility. The Group's Management Committee makes key decisions in this area (see Section 4. "Corporate governance"). The role of the Group's Environmental and Societal Responsibility Executive Committee is to prepare annual action plans, monitor their implementation, gather experiences across the various entities and encourage exchange on major strategies.

A non-financial scorecard made up of key indicators covering the three bases of Societal and Environmental Responsibility is presented to the Group's Management Committee for approval and future direction, then to the Ethics, Environment and Sustainable Development Committee to provide a progress report on implementation of the policy and achievement of the Group's non-financial objectives.

Regarding environmental targets, ENGIE's specific CO_2 emissions in 2015 were stable compared to 2012 (see Section 3.3.4.1 "Climate change"), in line with forecasts. This was due to the full-year operation of the coal-fired plants in Maassvlakte (Netherlands) and Wilhemshaven (Germany). With regard to the targeted increase of 50% over 2009 set for installed capacity of renewable energy, this was exceeded (+60%).

Of the 179 sites considered to be a priority in Europe for biodiversity, 176 (98.3%) validated their targeted action plan, almost meeting the target of 100%. Only three sites still have a plan under discussion.

With regard to social or governance targets, ENGIE's employee accident frequency rate in 2015 was 3.6 (see Section 3.2.6 "Health and safety policy"), below the target of 4. Its training rate of 66% is on target, even though the rate was 64% with the inclusion of UK subsidiaries Cofely Workplace and Cofely Ltd, acquired in 2014 and which have not yet implemented the Group's training policy. The Group almost reached the target of 3% employee share ownership, at 2.7%. This was due to the fact that no employee share ownership plan was launched in 2015. However, the target had been exceeded in 2014 at 3.18% (see Section 3.2.4.3 "Employee shareholding"). The four targets set for gender equality in 2015 have also been almost fully met: the rate of female hires was up by 5% to reach 25% versus a target of 30%; the rate of female managers was 22% versus a target of 25%; the rate of female "high potentials" continued to rise, reaching 28.4% versus a target of 35%; and lastly, the rate of women appointed to senior management was 30%, very close to the target of 33%.

In its investment projects, the Group incorporates ten extra-financial criteria relating to ethics, CO_2 emissions, social impact, human resources, environmental management of ecosystems, cooperation with stakeholders, local purchasing, and health and safety. Furthermore, the Group takes a CO_2 cost into account for its investments.

The Group's social reporting (see Section 3.2 "Social information"), environmental reporting (see Section 3.3 "Environmental information") and societal reporting (see Section 3.4 "Corporate societal commitments"), form the basis of a published Group of indicators that are verified by an independent third party.

In 2015, ENGIE was included in the Dow Jones Sustainability World and Europe Indices, established by extra-financial rating agency RobecoSAM. The Group's inclusion in these indices places it in the top 10% of sustainability-driven companies in the "Multi- and Water Utilities" segment. The Group was given a C+ rating by Oekom in 2014 and is ranked by the Vigeo rating agency. ENGIE is included in the following indices: Euronext Vigeo Eurozone 120, Euronext Vigeo Europe 120, Euronext Vigeo France 20.

Lastly, ENGIE completes a Carbon Disclosure Project (CDP) questionnaire every year. In 2015, the Group achieved a score of 100 out of 100 for the quality and transparency component of its reporting, up five points compared to 2014. It maintained a score of A- for the performance component in the battle against climate change.

The Group still remains in the CDP France Benelux Climate Disclosure Leadership Index (CDLI) which lists companies that obtained a maximum score. (This index used to cover France only but its scope has been extended to include the Benelux countries).

1.3 Description of business lines in 2015

In this section 1.3, the description of the Group's activities and strategic business assets is based on the Group's organizational structure at the end of 2015. The subsections correspond to the five business lines as they existed up to the end of 2015. A subsection is also devoted to Solairedirect, a company acquired by the Group in 2015 which reported directly to corporate headquarters until the end of 2015 (see Section 1.3.6 "Solairedirect").

Organizational changes occurring since January 1, 2016 are described in Section 1.1.3 "Organization".

1.3.1 Energy Europe business line

1.3.1.1 Role

The Energy Europe business line is responsible for the Group's energy activities in continental Europe [(1)], Electricity and natural gas are its core business with activities in thermal and renewable energy power generation, energy management, trading, marketing and sales. Energy Europe's generation portfolio is made up of 40.2 GW of capacity in operation with a further 0.16 GW under construction. With industrial operations in 12 countries [(2)] and commercial operations in 14 countries [(3)], the Energy Europe business line has 21.3 million contracts with customers, including industry, the tertiary sector (commercial & public undertakings) and residential energy users.

1.3.1.2 Strategy

The Energy Europe business line is active in an environment of structural energy-market evolution. The main strategic priorities of the Energy Europe business line can be summarized as follows:

- maximize the value of existing activities by improving performance in all *Métiers* and actively managing the portfolio, by restructuring the thermal power fleet, renegotiating gas procurement contracts, repositioning commercial offerings, and improving operating and maintenance costs of renewable assets;
- develop activities related to the energy transition: renewable energy, services and new businesses;
- participate in establishing a new market design for energy in Europe.

1.3.1.3 Organization

The Energy Europe business line has industrial operations in the following countries: France, Belgium, Luxembourg, Germany, Netherlands, Poland, Hungary, Romania, Italy, Greece, Spain and Portugal. It also has commercial activities without an industrial presence in Austria and Czech Republic.

Role of the *Métiers*

- The Energy Management Trading (EMT) *Métier* is primarily responsible for the optimization of the ENGIE Group's assets in continental Europe. The role of EMT optimize value creation within a consistent risk framework. EMT's teams negotiate natural gas procurement contracts, optimize assets, and provide sales entities with natural gas and electricity as well as energy price risk management services. The teams manage one of the largest and most diversified energy portfolios in Europe, including electricity, natural gas, coal, oil products, biomass, CO_2, and environmental products. EMT manages the business line's portfolio on a day-to-day basis, serving all ENGIE activities, customers, and external counterparties, particularly through its trading activities and presence in Europe's key energy marketplaces, as well as in Singapore. The *Métier* also covers gas and power supply and associated services for national and pan-European large industrial customers (*Giant accounts*) through the ENGIE Global Energy brand.

(1) Excluding infrastructure assets of the Infrastructure Business Line.

(2) Excluding Slovakia (minority stake in Pozagas), Sweden and Norway (project companies owning rights in onshore wind projects).

(3) The Group has commercial activities without an industrial presence in Austria and Czech Republic.

- The Generation *Métier* directs all the business line's nuclear and thermal power assets (including biomass), developing and maintaining power plants and coordinating the local generation teams. Among its priorities, Generation continuously reviews the asset portfolio in conjunction with Energy Management Trading, to tailor it to market conditions. The *Métier* is also responsible for improving the performance of power plants (efficiency, flexibility and availability) to make them more competitive and attractive on the market, and for reducing operating and maintenance costs for the generation fleet. Lastly, Generation is developing and delivering energy solutions and services for industrial customers.
- The Renewable Energies (RES) *Métier* directs all the business line's renewable energy [1] assets and projects (principally hydroelectricity, onshore wind, solar, and new onshore and offshore energy resources). It is therefore responsible for the development, building, operation and maintenance of these assets. Among its priorities, the Renewable Energies *Métier* seeks to increase the profitability of its installed capacity in accordance with the Group's ambitions.
- The Marketing & Sales (M&S) *Métier* principally covers the supply of gas and electricity and associated services to residential, business, corporate, and local authority customers [2]. M&S is also responsible for gas storage and distribution infrastructure activities, primarily in Hungary and Romania. In conjunction with the operating entities in individual countries, the M&S *Métier* is responsible for commercial and customer activities, commercial strategy and the associated marketing activities. It prepares new European offers and their deployment, and drives forward innovative projects.

1.3.1.4 Key figures

(in millions of euros)	2015	2014(*)	Total change *(%)*
Revenues	32,011	35,158	-9.0%
EBITDA	1,612	2,015	-20.0%

* *December 31, 2014 data restated to reflect the retrospective application ok IFRIC 21 (see Note 1.1 of Section 6.2 "Financial statements")*

Electricity capacity by fuel *(in MW)* – data at 100%	**CWE (*)**	**Rest of Europe**
Coal	2,964	2,541
Natural gas	7,779	9,626
Hydroelectric power plants	5,191	173
Wind	1,997	1,313
Other renewable energy sources	503	389
Other non-renewable energy sources	1,510	0
Nuclear (including drawing rights)	6,197	0
TOTAL	**26,140**	**14,042**

Electricity capacity by country *(in MW)* – data at 100%	**Installed capacity**	**Capacity under construction**
Central Western Europe (*)	26,140	139
Rest of Europe	14,042	17
TOTAL	**40,182**	**156**

Electricity generation *(in TWh)* – data at 100%	**CWE (*)**	**Rest of Europe**
Coal	14.1	10.5
Natural gas	23.5	21.7
Hydroelectric power plants	16.2	0.5
Wind	3.8	2.8
Other renewable energy sources	2.1	2.5
Other non-renewable energy sources	4.4	0.0
Nuclear (including drawing rights)	28.0	-
TOTAL	**92.1**	**38.0**

* *Central Western Europe (CWE): Germany, Belgium, France, Luxembourg, Netherlands*

(1) Excluding biomass, operated by the Generation Métier.

(2) Excluding B2B France activities, transferred to the Energy Services business line.

Sales to end customers *(in TWh)* – accounting consolidation method	Electricity	Gas
France [1]	21.9	150.1
Belgium [1] [2]	26.3	35.2
Rest of Europe [1]	23.5	69.6
Global Energy	35.4	54.1
TOTAL	**107.1**	**309.0**

Number of contracts *(in thousands)* – data at 100%	Electricity	Gas	Services
France	2,828	8,625	1,903
Belgium [2]	2,703	1,381	0
Rest of Europe	528	2,646	655
TOTAL	**6,059**	**12,652**	**2,558**

Breakdown of gas supply portfolio for the business line [3] *(in TWh)*	
Long term contracts with third parties	284.2
Purchases from the LNG BU	55.5
Purchases from the Exploration-Production BU	2.6
Short term purchases	87.1
TOTAL	**429.4**

Figures at December 31, 2015.
(1) *Excluding Key Account industrial companies (Global Energy)*
(2) *Including Luxembourg*
(3) *Excluding ENGIE Global Markets (formely GDF SUEZ Trading).*

1.3.1.5 2015 highlights

- Energy Management Trading (EMT):
  - In 2015 ENGIE Global Markets (formely GDF SUEZ Trading) was named “Risk Manager of the year 2015 – Utility” by *Energy Risk* magazine, and received the “Excellence in Energy Markets” award from *Commodities Now* magazine.
  - September: ENGIE, together with E.ON, Shell, OMV and BASF/Wintershall, signed a shareholders’ agreement with Gazprom to construct the Nord Stream 2 gas pipeline. The project will double existing gas transport capacity through the Baltic Sea and boost gas supplies in Europe. ENGIE will own 10% of the project company, New European Pipeline AG.
  - October: EMT entered into a 10-year biomass supply agreement with Sumitomo Corporation, the Group’s first long-term biomass supply contract.
- Generation:
  - In 2015 ENGIE continued to restructure its thermal fleet.
  - February: after 40 years in service, Doel 1 power plant was shut down and disconnected from the grid under a legislative act in effect since 2013.
  - June: the suitability of the Moorside site for building three AP1000 reactors was confirmed. As a result, ENGIE and the NuGen board of directors approved the payment of an undisclosed sum to the Nuclear Decommissioning Authority (NDA), as provided in the Land Option Agreement signed in 2014. If the final investment decision is approved, NuGen will fully exercise the option and pay the balance due to conclude a land lease contract for a term that covers the building and operation of the plant.
  - June-July: on June 18 the Belgian parliament approved a bill granting a 10-year extension of operations at Doel 1 & 2. In July, ENGIE subsidiary Electrabel and the Belgian state reached an agreement in principle on the terms for extending the operation of both reactors.
  - October: the Cycofos combined cycle gas turbine plant (France) was restarted after being mothballed for two years.
  - November: ENGIE and the Belgian state signed the agreement to extend Doel 1 & 2.
  - December: the Gelderland coal plant (Netherlands) was decommissioned in accordance with the energy agreement concluded with the government and the Dutch Social and Economic Council (*Sociaal-Economische Raad*).
- Renewable Energies:
  - In 2015, ENGIE continued to expand into renewables in Europe, commissioning 363 MW of capacity [1].
- Marketing & Sales:
  - June: ENGIE and Vattenfall, shareholders of GASAG, signed a consortium agreement to exercise joint control of GASAG.
  - September: in Hungary, GDF SUEZ Energia Magyarország Zrt was sold to Fővárosi Gázművek Zrt (Főgáz).
  - In the area of smart technologies and energy efficiency, in 2015 ENGIE signed commercial agreements with Quby in Belgium, Salus in Romania, Nest in France, and Netatmo at european level. The Group also launched two pilot projects with Tendril in Italy and the Netherlands.

(1) *Excluding acquisitions.*

1.3.1.6 Description of activities

1.3.1.6.1 Central Western Europe

Central Energy Management Trading (Central EMT)

Energy Management Trading (EMT) is designed to structure the portfolio of assets (physical and contractual), negotiate the corresponding contracts, optimize the management of these assets, and provide support to the Group's commercial operations in Europe.

EMT is structured around four activities: Portfolio & Risk Management (PRM), Optimization & Prompt (O&P), Origination & Sales Support (OSS), and Trading.

EMT mainly operates for the Energy Europe business line and also supports other Group business lines, notably in exploration and production, LNG, and coal supply.

Portfolio and Risk Management (PRM)

The business line manages several assets throughout Europe, including power plants, virtual power plants, gas and electricity sourcing or supply contracts, transmission capacity, storage rights, and regasification capacity.

PRM develops an integrated, multi-year policy for these assets and defines strategies to reduce the price risks associated with them. This policy is then implemented by the Optimization and Prompt teams. PRM helps to optimize the portfolio's risk/reward profile and to ensure the profitability of the assets.

Optimization and Prompt (O&P)

Within the scope of the business line's risk policy, O&P optimizes the gas and electricity portfolios over different time horizons, using a wide variety of models. Exposure to price and volume risks is gradually reduced until physical delivery, by systematic transfer to Trading, while ensuring sufficient capacity to handle fluctuations in production, supply and consumption.

ENGIE has the legal obligation, as with all natural gas suppliers, to supply all its French customers without a contingency clause: to be able to provide physical delivery in the event of severe weather conditions that statistically occur no more than twice a century – known as "2% risk".

O&P identifies flexibility in the portfolio in order to structure it as options and market products to be transferred to Trading.

O&P also manages all logistics (transmission and storage capacity, etc.) until physical delivery of energy to the various operators.

Origination and Sales Support (OSS)

OSS is responsible for the energy supply to the commercial entities of Marketing & Sales, commercial relations with counterparties (excluding market counterparties), mainly gas suppliers, and the sale of electricity and gas to large industrial customers (Giant accounts).

Long-term gas contracts

OSS purchases natural gas under long-term contracts from its main suppliers. The aim of the supply strategy is to ensure the competitiveness of the portfolio and security of supply to the Group's customers, mainly through geographical diversification of resources and constant adaptation of the portfolio to the market situation.

In line with market practice, long-term procurement contracts contain volume clauses: minimum volumes to be taken in a period (take-or-pay), transfer of withdrawals to a later period (make-up), or deduction of volumes withdrawn against a prior period (carry forward).

The contracts contain clauses that enable periodic revision of prices according to changes in the market, either on a regular basis or by way of exception. The parties are then required to negotiate in good faith and may, in the event of disagreement, revert to arbitration.

In 2015, EMT continued to renegotiate contracts with its main suppliers to adapt these contracts to new market conditions. As of December 31, 2015, over 60% of the long-term contract portfolio volumes in Europe were indexed to the price of gas sold on the spot market.

Global Energy

Global Energy is Energy Europe's entity in charge of sales of gas, electricity and associated services to national and pan-European large industrial customers. Global Energy develops full supply offers (commodity, flexibility, balancing and delivery), market products (blocks delivered to the hub or financial products), pricing engineering consultancy, risk management solutions, and services related to the energy transition.

Own commercial activity with market counterparties

OSS is also developing its own commercial activity for customers active on the wholesale market (e.g. other energy groups, major consumers directly active in the markets, banks, etc.).

Trading

Trading provides the business line with access to all energy markets as well as the currency market.

Trading helps to optimize assets by managing positions from O&P in the markets, and supports the commercial operations of OSS. Trading also develops proprietary trading operations within lower risk limits.

Lastly, Trading is in charge of international trading activities, as well as the physical procurement of coal and biomass for the power plants of the Energy Europe business line and a portion of those of the Energy International business line.

ENGIE Global Markets (formely GDF SUEZ Trading - GST) and GDF SUEZ Energy Management Trading (GSEMT)

The market activities of O&P, OSS and Trading are carried out by ENGIE Global Markets (formely GDF SUEZ Trading), a subsidiary with "investment services provider" status supervised by the banking and financial authorities, and by GDF SUEZ Energy Management Trading. These two structures are wholly owned by the Group.

EMT's activities have a dedicated and specialized risk control system, with teams responsible for defining risk assessment procedures, proposing credit and market limits, monitoring risk assessment tools, and monitoring market risks on a daily basis.

The system is incorporated in ENGIE's governance through an EMT Risk Committee (EMTRC) comprising senior managers of GDF SUEZ Trading and representatives of the Group and the business line. EMTRC monitors all risks to which EMT is exposed.

Market risks (commodity prices, FOREX rates and interest rate risks) and physical risks (asset failure risks) are monitored based on VaR (value at risk) and stress test models.

Regarding credit risks, lines of credit are allocated counterparty by counterparty. These risks are reduced through the implementation of various tools, such as netting agreements and margin calls, obtaining first-demand guarantees and parent company guarantees, and transaction clearing.

Operational risks are managed by a specialized team that ensures systematic improvement in internal procedures.

Liquidity risk is assessed by stress tests.

General Management and EMTRC are automatically notified if a limit is overrun.

The efficiency of the risk control framework is regularly tested in audits.

The risk control framework for market activities is part of this system and meets all the regulatory requirements.

France

The Energy Europe business line has a firm base in France where it has a large portfolio of activities.

The Generation *Métier* operates four combined-cycle gas plants in France. Three units (Montoir-de-Bretagne, Combigolfe and Cycofos PL2) have been under summer or annual mothballing since April 2013. The Cycofos PL1 combined-cycle plant (428 MW) was restarted in October after a prolonged period of mothballing (two years).

The Renewable Energies *Métier* is responsible for the Group's development in this domain. In 2015, ENGIE increased its capacity in France by 254 MW, comprising 189 MW from onshore wind farms, 7 MW from hydroelectricity, and 59 MW [1] from photovoltaic solar. Under a partnership between ENGIE and Predica, Crédit Agricole's life insurance subsidiary, 90 MW of additional wind power projects were developed in 2015. Following the allocation of two offshore wind farm projects to ENGIE and its partners [2] in May 2014, a public debate phase took place in Dieppe-Le Tréport (April-July) and in Noirmoutier-Île d'Yeu (May-August). ENGIE is also continuing to explore marine energy, notably at the tidal energy pilot farm at Raz Blanchard. In addition, as part of the third solar tender launched by France's Energy Regulatory Commission, ENGIE was awarded 14 photovoltaic projects through its subsidiaries Solairedirect, La Compagnie Nationale du Rhône, La Compagnie du Vent and Futures Energies, accounting for 95.5 MW of installed capacity.

In March 2016, ENGIE signed a contract for the acquisition of the remaining 51% of MAÏA EOLIS, a company specialized in the development, construction, operation and maintenance of wind farms in France. The Group, which already had 49% ownership of the company, thus brings its stake to 100% (subject to satisfaction of conditions precedent once the transaction is finalized).

The Marketing & Sales *Métier* remains the leading seller of natural gas in France (150.1 TWh [3] sold in 2015), despite intense competition, particularly in the B2B segment. The Group maintained its advantage over alternative power suppliers (21.9 [3] TWh sold in 2015) and expanded even faster in 2015, particularly among B2C customers (2.7 million customers at the end of 2015). ENGIE also holds positions across the home energy efficiency value chain, including energy audits, advice, financing of works, design, and equipment installation and maintenance (leader in maintenance, with 1.9 million contracts). In addition, the ENGIE brand was launched on the B2C markets in 2015.

Regulatory framework

A decree defining the rules of a capacity mechanism to secure France's power supply was signed on January 23, 2015. The European Commission began an inquiry into the mechanism for state aid on November 13, 2015. The Commission's acceptance of the mechanism is contingent at the least on whether the mechanism allows cross-border capacity trading and on broader adoption of the remedies defined by France's competition authorities in 2012 to counteract the dominant market position of EDF. Consequently, the mechanism is not expected to be implemented until 2018 instead of 2017.

Meanwhile, the Energy Transition For Green Growth Act was ratified on August 17, 2015. The legislation sets ambitious targets for France: a 40% reduction in greenhouse gas emissions by 2030 from 1990 levels, a 30% reduction in fossil fuel consumption by 2030 from 2012 levels, an increase in the share of renewable energy to 32% of final energy consumption and 40% of power generation by 2030, and a reduction of the share of nuclear power in the energy mix to 50%.

Lastly, a public service agreement signed in November in application of the law specifically binds ENGIE and the French government. The Group has reaffirmed its commitments to the energy transition by developing renewables (particularly solar, wind and biogas), promoting energy efficiency, and controlling energy consumption (by underwriting the "Live Better" program for low-income households, and developing incentives for home renovations to increase energy efficiency). ENGIE has also renewed its commitment to provide high-quality customer service, to ensure gas supply security and to fight energy poverty (for example, by offering assistance to low-income consumers, monitoring the time taken to process claims, and checking the quality of service offered by its contractor partners). In return, the French government will establish and apply a legislative, regulatory and contractual framework offering the visibility and stability the Group needs for its activities, including cost coverage through regulated tariffs.

Sale price of natural gas

ENGIE sells natural gas on the basis of two pricing systems: regulated tariffs and negotiated prices for customers who have opted out of regulated tariffs in favor of market offers from energy suppliers.

(1) *Including 15 MW through the acquisition of Novenergia.*

(2) *EDP Renewables, Neoen Marine and AREVA.*

(3) *Excluding large industrial customers.*

Proportion of regulated tariffs in the sales portfolio

45% of ENGIE's total gas sales [(1)] are priced on the basis of tariffs established by the government through various acts, decrees and regulatory decisions.

Regulated tariffs

In accordance with Article 11 bis of the Consumer Rights Act, regulated tariffs for natural gas and electricity ended on December 31, 2015 for business customers. In 2015 this measure affected about 100,000 gas customers.

As of January 1, 2016:

- in the gas market, regulated tariffs remain only for retail customers, small businesses (annual consumption below 30 MWh) and small co-owned properties (annual consumption below 150 MWh);
- in the electricity market, only the "Blue" regulated tariffs remain (for retail customers and small businesses).

At the beginning of 2015, there were still two types of regulated tariffs:

- public distribution tariffs for customers connected to the distribution network (6.4 million customers [(2)]; 73 TWh sold in 2015);
- subscription tariffs for high-use customers connected either to the distribution network or directly to the transmission network. These tariffs were discontinued on July 1, 2015 after customers shifted to market offers. In 2015 only few customers benefitted from these tariffs and sales volumes were very low.

Tariff-setting procedure

Tariffs are set in France under the Energy Act and the decree of December 18, 2009, as amended on May 16, 2013, concerning regulated tariffs for natural gas sales. These provisions state that prices must cover corresponding costs. The regulator (*Commission de régulation de l'énergie* – CRE) audits supply and non-supply costs for ENGIE every year, and makes recommendations for tariff changes accordingly. On July 1 each year, the government publishes an order setting out the formula representing the changes in supply costs and the tariff levels. Since July 1, 2015, the pricing formula includes an indexation of 77% on gas market prices, the remainder being pegged to oil product indices and to the euro-dollar exchange rate.

In the interval between any two governmental orders, ENGIE, after advice from the CRE, can pass on changes in supply costs resulting from the application of the pricing formula each month. If there is an exceptional rise in oil or natural gas products, the government may issue an order, after advice from the CRE, temporarily setting tariffs that are below ENGIE's costs for a period of no more than one year.

In 2015 (12 monthly changes), regulated tariffs and public distribution rates decreased by 9.7%. Regulated subscription tariffs were last published in July 2015.

Belgium-Luxembourg

In Belgium, ENGIE's wholly-owned subsidiary Electrabel is the leading player in the power sector.

At year-end 2015, the Generation *Métier* operated a capacity of 9,101 MW, including 4,377 MW in nuclear power units (including drawing rights), and 2,637 MW in natural gas-fired thermal power plants. In Luxembourg, the *Métier* operates the Esch-sur-Alzette plant (376 MW), which was added to the strategic reserve in 2015. The closure of the Drogenbos GT & CCGT and Awirs 4 units (48 MW, 460 MW and 95 MW, in Belgium), initially planned for 2015, was postponed until later dates. The Generation *Métier* also operates various cogeneration units for industrial customers. The contract with Bayer was renewed for a 10-year term and includes operations and maintenance (O&M) services. The Solvay cogeneration unit in Jemeppes-sur-Sambre was transferred to Solvay at the end of the contract. Solvay and Electrabel signed an agreement to provide O&M services to the site.

At the end of 2015 the Renewable Energies *Métier* operated onshore wind capacity of 212 MW. Six new projects representing a total installed capacity of 40 MW were commissioned at the end of 2015. Other projects representing a total installed capacity of 39 MW are under construction and expected to enter into service in the second half of 2016. As part of the development of its onshore wind assets, Electrabel signed a partnership agreement with a number of Belgian municipalities to create two joint ventures in Flanders and Wallonia (Wind4Flanders and Wind4Wallonia). ENGIE is also a partner in Greensky, along with Infrabel (the Belgian railway infrastructure manager) and other companies, to develop a wind farm along the high-speed Louvain-Liège train line. The farm will eventually become one of the largest in Belgium. With regard to offshore wind power, the Mermaid project (North Sea) reached an administrative milestone when the Belgian state awarded it an environmental permit and license to build and operate the farm.

Following the presentation of a report proving the unprofitability of the Awirs biomass plant, the Wallonian regulator revised the green certificates support system for the next five years. This should lead to benchmark profitability of 9% (IRR). An annual review is planned.

(1) *Including large industrial customers.*

(2) *Average on a yearly basis.*

The Marketing & Sales *Métier* has a large portfolio of business customers (industrial and tertiary sectors) for electricity (14.6 TWh [1] in 2015) and natural gas (13.5 TWh [1] in 2015), as well as energy services. Despite persistently fierce competition, marketing and sales efforts have stabilized the Group's share of the electricity market and even increased its share of the B2B gas market. In the retail market, ENGIE manages approximately 2.7 million electricity contracts and 1.4 million natural gas contracts. Concrete measures implemented since 2013 (price repositioning, marketing initiatives, improvement of operating performance) continued to yield results in 2015, stabilizing market share. Lastly, the Marketing & Sales *Métier* develops a range of innovative products and services for all customer categories (insulation, home boiler replacement, smart technologies, development of natural gas service stations in partnership with local actors...).

In Wallonia, the finalization agreement providing for Electrabel's early withdrawal from Ores Assets [2] on December 31, 2016 (instead of year-end 2019 as originally planned) was adopted at the end of May 2015. The memorandum of understanding also provided for the public partners' exit from the capital of Electrabel Customer Solutions, effective December 31, 2014.

Nuclear power generation [3] [4]

For 2015, Electrabel's nuclear contribution tax liability was €165.8 million.

ENGIE, EDF and the Belgian state signed an agreement in March 2014 governing the extension of the lifetime of the Tihange 1 nuclear plant: the investment program to safely continue operating this plant through 2025 is being implemented. The margin sharing mechanism defined in the agreement in substitution of the fixed nuclear contribution tax has been applicable since October 2015.

The Act of June 28, 2015 authorizes the 10-year extension of operations at Doel 1 & 2. A royal decree dated September 27, 2015 supplementing the operating terms and conditions for the Doel 1 and Doel 2 nuclear reactors as part of their long-term operation was published, as was a decision by the AFCN on September 30, 2015 regarding the LTO (long-term operation) action plan for Doel 1 and Doel 2. ENGIE and the Belgian state signed an agreement on November 30, 2015 to extend the operating terms of the two reactors. Under the agreement, Electrabel must pay the Belgian state an annual charge of €20 million from 2016 to 2025 in exchange for the extension of Doel 1 & 2. The agreement also provides for a new nuclear contribution tax system until 2026 for the Doel 3 & 4 and Tihange 2 & 3 nuclear reactors. The agreement's entry into force is contingent on the adoption of two bills before July 31, 2016.

Against this backdrop, the Doel 1 unit (shut down on February 15, 2015) restarted on December 30, 2015 and the Doel 2 unit (shut down on October 23, 2015) restarted on December 25, 2015.

In November, the AFCN authorized the safe restart of the Doel 3 and Tihange 2 nuclear plants, shut down since March 2014 after the detection of flaws formed during the tank forging phase. An extensive series of tests and inspections revealed that these flaws were attributable to hydrogen and did not affect the tank's structural integrity, which was guaranteed in any case. Consequently, the AFCN granted permission to restart the two plants in December (Doel 3 on December 21, 2015 and Tihange 2 on December 14, 2015).

Thermal power generation

To ensure the security of Belgium's energy supply in the medium and long term, discussions are under way with the office of the Energy Minister and her administration. A strategic reserve has been set up for the 2014-2017 winters and proposals are expected for the introduction of a capacity remuneration mechanism for new and existing generation facilities.

Germany

The Energy Europe business line operates in Germany through its power generation and energy sales activities.

The Generation *Métier* currently operates 1,924 MW of gas and coal capacity in Germany, of which 1,619 MW comes from the Farge, Zolling and Wilhelmshaven power plants (mainly coal) and 603 MW from nuclear drawing rights. The *Métier* also manages 431 MW of cogeneration plants owned and operated by municipal utilities (Energieversorgung Gera GmbH and Kraftwerke Gera GmbH, EnergieSaarLorLux AG, WSW Energie & Wasser AG, and GASAG Berliner Gaswerke AG). The supercritical coal-fired plant in Wilhelmshaven (731 MW) was commissioned in October.

At the end of 2015, ENGIE operated in Germany an installed onshore wind capacity of 196 MW and hydroelectric facilities of 142 MW. In 2015, power at the hydroelectric pumped-storage plant in Pfreimd was increased by 6 MW after the plant underwent a major upgrade.

The Marketing & Sales *Métier* operates on most customer segments. B2B sales amounted to 13.6 TWh of electricity and 7.8 TWh of natural gas. The Group is also active in the sale and distribution of electricity, gas and heat to residential and small business customers, through its investments in municipal utilities. In June, ENGIE and Vattenfall signed a consortium agreement for joint control of GASAG. This agreement was approved by the European Commission in December, covers a term of 20 years and will not take full effect until 2020-2021. The dispute between GASAG and Land Berlin relating to the tenders for the renewal of the gas network concession is still ongoing.

(1) Excluding large industrial customers.

(2) Ores Assets is an electricity and natural gas distributor created from the merger of eight Wallonian "intercommunales mixtes" (utilities owned by private and public stakeholders).

(3) For disputes relating to the nuclear power contribution tax and extension of the operating terms of the Tihange 1, Doel 1 and Doel 2 nuclear reactors, please refer to Section 6.2 "Consolidated financial statements", Note 27 "Legal and anti-trust proceedings".

(4) For risk factors related to the operation of the Belgian nuclear power plants, please refer to Section 2.4.3 "Nuclear power plants in Belgium".

After initiating the process of legislative debate on electricity market reform in 2013, the government published a white paper of its proposals in July, followed by a draft bill in September. The debate is expected to continue in 2016 with the aim of implementing reform in 2017. The purpose is to improve the functioning of the energy market through 20 so-called "no-regret" measures (particularly uncapped market prices, better adapting the markets to renewable energy and to the need for flexibility, for example balancing/intraday markets, and greater integration at the European level). A reserve capacity of up to 4.4 GW and a "climate" reserve of 2.7 GW grouping together old lignite-fired plants are also part of the reform package. Furthermore, gas-fired cogeneration plants should receive stronger support.

Netherlands

ENGIE is a leading player in the Dutch energy market.

At year-end 2015 the Generation *Métier* operated an installed capacity of 4,402 MW comprised of several gas- and coal-fired plants. The Eems 6 and Flevo 5 plants (359 MW and 438 MW, respectively) were seasonally mothballed. The Gelderland and Harculo HC62 plants (592 MW and 86 MW respectively) were shut down on January 1, 2016. The new supercritical coal-fired plant in Rotterdam, with a capacity of 731 MW and connected to the grid since 2014, entered into service on January 29, 2015. The energy agreement on "sustainable growth", signed in 2013 by the Dutch government and members of the Social and Economic Council, provided in particular for the closure of several coal-fired plants (including Gelderland, wholly owned by the Group) before January 1, 2016, and the elimination of the coal tax for the remaining plants after January 1, 2016.

ENGIE is expanding its renewable energy activities. At year-end 2015, the Renewable Energies *Métier* operated an onshore wind capacity of 56 MW. In 2015, ENGIE built and commissioned two solar energy plants on the Gelderland (Nijmegen) and Harculo (Zwolle) sites for total power of approximately 2 MW. The projects were open to financial investments from ENGIE customers.

The Marketing & Sales *Métier* is also active on the Dutch market. Through Electrabel, it supplies gas and power to more than 0.5 million retail customers. In the B2B segment, ENGIE is a major supplier with sales of 5.1 TWh of electricity and 6.2 TWh of gas.

ENGIE also develops comprehensive offers for carriers (road, inland waterway and sea), from sales of liquefied natural gas (LNG) to deployment of new refueling facilities. In 2015 the Group increased its number of LNG filling stations, signing agreements to build 10 stations in the Netherlands as well as open its first station for trucks.

1.3.1.6.2 Eastern and Southern Europe

Poland

In Poland, the Energy Europe business line is mainly active in power generation.

At year-end 2015, the Generation *Métier* operated 1,717 MW, comprising coal-fired capacity in Polaniec of 1,527 MW and capacity of 190 MW for the Green Unit biomass facility, which is one of the largest biomass units in the world. ENGIE is upgrading its generation units to increase their capacity and efficiency and bring them in line with the European Industrial Emissions Directive. Units 1, 2, 3, 6 and 7 were modernized in 2013 and 2014. The upgrade of unit 4 was completed in 2015; upgrading of unit 5 has been postponed.

The Renewable Energies *Métier* has 147 MW of installed onshore wind power, distributed across the sites of Jar Moltowo, Wartkowo, Gluchow [(1)] and Pagow. The Dabrowice wind farm (36 MW) was commissioned in December.

The regulatory environment for renewable energy has changed significantly for new projects. On January 1, 2016, the government replaced the former green certificates trading system with a system of contracts for difference defined over 15 years through an auction system based on a benchmark price for each technology. Existing assets can choose to stay within the current green certificates system or participate in specific auctions to benefit from the new system. Co-firing will continue to benefit from green certificates although the number of certificates awarded will be halved.

The Marketing & Sales *Métier* focuses on the sale of electricity to B2B customers (0.6 TWh sold in 2015).

Hungary

ENGIE operates in Hungary through its subsidiary GDF SUEZ Energy Holding Hungary and Egáz-Dégáz.

In September, ENGIE sold its gas sales operations (753,000 residential customers) to Fővárosi Gazművek Zrt (Főgaz), which became the new majority shareholder of GDF SUEZ Energia Magyarország Zrt (GSEM).

In February 2015, ENGIE sent a Notice of Dispute to the Justice Ministry following the Energy Charter Treaty. The notice concerned Égáz-Dégáz, a natural gas distributor with a distribution network of 23,184 km and 13.7 TWh of natural gas distributed to 774,000 customers in 2015. Negotiations initiated in June 2015 regarding the acquisition of Égáz-Dégáz by the Hungarian authorities are still ongoing.

Romania

The Energy Europe business line is responsible for the sale and distribution of natural gas and is expanding its activities in power.

Since the end of 2013, the Renewable Energies *Métier* has managed two wind farms, for installed capacity of 98 MW. These farms are located in Gemenele (Braila region) and Baleni (Galati region). The regulatory framework has been deteriorating since the end of 2013, having a negative impact on the profitability of wind assets. However, amendments made in May 2015 to the law governing renewable energy support mechanisms clarified the position of wind energy producers.

The core business consists of supplying gas to 1.6 million customers located mostly in the southern and eastern parts of the country via Distrigaz and CONGAZ. The Group supplies electricity to about 2,150 industrial and commercial customers. Its subsidiary Distrigaz Sud Retele operates a distribution network of 17,743 km, and CONGAZ, a network of 950 km. The Group strengthened its position in CONGAZ by acquiring the 13.95% stake held by Petroconst, the main minority shareholder. This takes the Group's shareholding from 85.77% to 99.72%. ENGIE is also active in the energy services sector serving 655,000 customers through Distrigaz Confort, with a focus on maintenance of home installations. Energy Europe is also present in natural gas storage, mainly through its subsidiary Depomures, which has a total operating capacity of 300 million cubic meters.

(1) 8.5 MW through the acquisition of Novenergia.

Romania is in the midst of deregulating electricity and gas prices. To support the process of gas market deregulation, the regulator requires producers (between 2015 and 2018) and suppliers (between 2015 and 2016) to make a portion of their portfolio available to a centralized market. The transition to full deregulation of gas prices for the non-residential sector was completed on September 1, 2015. ENGIE successfully switched over its customers following the opening up of the B2B market, keeping a significant market share. Moreover in the perspective of the future deregulation of the B2C market, the government adopted in July a new framework aimed at gradually bringing gas prices (energy portion) in the Romanian market in line with those of the European markets. ENGIE continues to encourage the authorities to manage the transition to a deregulated gas market as optimally as possible.

Austria & Czech Republic

ENGIE is active in the Austrian and Czech Republic natural gas markets. Gas volumes sold amount to almost 1.0 TWh and 1.7 TWh, respectively.

Italy & Greece

In Italy, Energy Europe operates in power generation and energy sales.

The Generation *Métier* directly operates 1,526 MW (through majority stakes in thermal assets) and holds a 50% stake in Tirenno Power S.p.A, which manages 3,276 MW. Energy Europe also holds 1,100 MW of drawing rights. Total capacity breaks down as 5,236 MW for gas and 591 MW for coal. Vado Ligure units 3 and 4, owned by Tirreno Power, were shut down in March 2014 by order of the court of Savona. The Italian Environment Minister subsequently suspended authorization to operate these units [1].

Political discussions on a major revision of the institutional framework on conventional generation are ongoing. A centralized capacity mechanism has been in the process of design since 2011. The Italian Economic Development Ministry is in discussion with the European Commission regarding the amendments proposed by the national regulator which will modify the current system.

The Renewable Energies *Métier* also manages 158 MW of wind assets and 5 MW of photovoltaic assets. In addition, the Group manages 75 MW of hydraulic facilities through Tirreno Power.

The Marketing & Sales *Métier* sells gas and electricity to different market segments (residential and B2B), for a total of 0.9 million contracts, of which 0.1 million are dual offers (electricity and gas). A bill proposing the elimination of regulated tariffs from 2018 is currently under discussion in parliament. At the same time, the Italian energy regulator wants to set up a system for faster transfer to the open market, particularly for business customers. In the B2B market, the introduction in 2015 of mandatory energy audits for some customer categories allowed ENGIE to position itself in the energy efficiency market.

In Greece, Energy Europe is mainly present through two joint ventures with GEK TERNA (a Greek private company) for Heron I and II power plants, for a total capacity of 570 MW. The business line is also active in the B2B electricity market.

Spain

In Spain, Energy Europe is active in power generation, energy management, and sales (power, gas & bidding services for third parties).

The Generation *Métier* has an installed net capacity in Spain of 1,990 MW with two natural gas combined-cycle power plants: Castelnou (791 MW) and Cartagena (1,199 MW). The energy of both power plants is sold on the wholesale market.

The business line operates hydroelectric (65 MW) and solar (22 MW) assets [2].

Marketing & Sales activity is focused on the industrial market with 2.4 TWh sold in gas and 2.5 TWh in electricity.

The law on hydrocarbons adopted in May 2015 provides for an organized natural gas market, now in place since December. In addition, operational procedures allowing renewable energy to participate in ancillary services were approved in December 2015 and came into force in February 2016.

Portugal

Energy Europe's activities in Portugal are mainly focused on power generation and natural gas distribution. The Group operates through a joint venture with Marubeni (Trustenergy) for its thermal and renewable energy generation.

The Generation *Métier* has an installed thermal power capacity of 2,406 MW, of which 1,830 MW comes from gas-fired combined-cycle plants and 576 MW from one coal-fired plant.

The Renewable Energies *Métier* also manages 963 MW from renewable assets (mainly wind) through interests held by Trustenergy in companies such as Lusovento Holding B.V. and Generg SGPS. In September 2015, Trustenergy took a minority stake in the Windplus consortium, partnering with EDP-R, Repsol, Mitshubishi Heavy Industries and Chiyoda to develop a pilot project (WindFloat Atlantic). The consortium will build a floating wind farm off the coast of Portugal with power generation capacity of 25 MW.

In January 2016, ENGIE finalized the sale of its 25.35% stake in Portgás to the EDP group. Portgás markets and distributes natural gas and propane in a concession in northern Portugal.

(1) See Section 6.2 "Financial statements", Note 27 "Legal and anti-trust proceedings"

(2) 21 MW through the acquisition of Novenergia.

1.3.2 Energy International business line

1.3.2.1 Role

The Energy International business line is responsible for the Group's energy activities outside Europe [(1)]. The business line is currently present in 26 countries across five regions worldwide. Together with power generation, it is also active in closely linked businesses including downstream LNG, gas distribution, water desalination and energy retail. The business line has a strong presence in its markets with 74.9 GW [(2)] in operation and a significant programme of 7.8 GW [(3)] of projects under construction as at December 31, 2015.

1.3.2.2 Strategy

Generating value for the long-term is central to the business model. To achieve this, Energy International uses a portfolio management approach, which involves maintaining a balanced portfolio in terms of geographical spread, business activity, generation fuels, technologies and contract types. This approach provides access to multiple opportunities, whilst mitigating risks through diversification.

The four main strategic priorities of the business line are:

- pursue growth in fast growing markets: strengthen positions in existing markets and be considered a local player. Capture opportunities in attractive new markets with a mix of technologies, including new opportunities along the energy value chain. Develop renewable sources of energy where economically viable;
- optimize the value of the portfolio: pursue a more integrated business model with a "system-play" approach [(4)]. Target synergies that will allow cost reductions and achieve scale effects in operations. Relocation of capital in projects that offer superior returns;
- optimize assets: deliver successfully the construction program and achieve operational optimization, always ensuring a safe working environment for all employees;
- explore opportunities for business diversification: capture growth in new markets and new activities along the energy value chain. Identify and enter new business opportunities in related business, including decentralized generation and full solutions for clients.

1.3.2.3 Organizational structure

The Energy International business line has five key regions: Latin America, North America, UK-Turkey, South Asia, Middle East & Africa (SAMEA) and Asia-Pacific. The business line headquarters are based in London and Brussels, with respective regional headquarters in Santiago, Houston, London, Dubai and Bangkok.

Each region is headed by a Chief Executive Officer (CEO) who is responsible for the financial performance and operational activities in the region, and proposes strategic orientations and new development actions.

The business line follows a matrix organization structure, which provides the regional teams with both the flexibility and the responsibility to run and develop their businesses, while the functional support teams ensure direction and consistency, and help optimize synergies across the regions and the Group.

The regions interact with the business line headquarters through six functional support departments: Strategy & Communications, Finance, Business Development Oversight, Legal, HR and responsibilities of the Chief Operating Officer (Operations, Markets & Sales and IT). The functional support managers and their teams provide supervision, guidance, common methodologies and procedures, suggestions for improvements, as well as knowledge and experience gathered from across the organization to the regional teams.

(1) Except the activities in the UK-Turkey region.

(2) GW and MW always stand for the maximum net technical capacity of the power plants, which corresponds to the gross power less auto consumption. Installed capacity corresponds to 100% of the total capacity of all interests held by ENGIE irrespective of the actual percentage stake of the holding.

(3) Projects under construction include the projects not yet under construction but for which the company is contractually bound to build or acquire.

(4) A system-play approach is an approach which seeks to create industrial synergies alongside our investments in power generation through investing in closely linked businesses, such as LNG terminals, gas distribution and energy retail (largely for commercial and industrial customers).

1.3.2.4 Key figures

Millions of euros	2015	2014	Total change *(%)*
Revenues	14,534	13,977	+4,0%
EBITDA	3,589	3,716	-3,4%

Note [(1)]	Latin America	North America	UK-Turkey	South Asia, Middle East & Africa	Asia-Pacific
Capacity in operation *(GW)*	15.7	13.0	6.3	27.9	12.0
Capacity under construction *(GW)*	2.4	0.1	0.0	5.4	0.0
Electricity production *(TWh)*	73.8	51.4	20.9	149.6	60.8
Electricity sales *(TWh)*	56.1	72.0	26.1	8.5	41.3
Gas sales *(TWh)*	9.8	39.7	42.1	0.0	4.3

(1) All information as of December 31, 2015. Installed capacity is consolidated at 100%; sales figures are consolidated according to accounting rules.

1.3.2.5 2015 Highlights

January

- SAMEA – The Kathu Solar Park, a 100 MW greenfield Concentrated Solar Power (CSP) project, in the Northern Cape Province of South Africa was awarded preferred bidder.

February

- North America – Think Energy announced major market expansion, launching residential retail electricity services in Massachusetts.

March

- Latin America – EnerSur began construction of 113 MW additional capacity at the ChilcaUno thermal power plant in Peru.

April

- UK-Turkey – The proposed 4,400 MW Turkish nuclear power plant project near Sinop received formal approval by the Parliament for the Inter-Governmental Agreement between Turkey and Japan and the Host Government Agreement.
- UK-Turkey – The retail business in the UK secured 15-year PPAs for the renewable energy from two new UK biomass plants.

July

- Latin America – E-CL began construction of the first pylon of the SING-SIC interconnection line in Chile.
- North America – ENGIE signed four Memorandums of Understanding and Cooperation to promote energy development in Mexico.
- Asia-Pacific – CHP5 Concessionaire signed Power Purchase Agreement with entities representing the Government of Mongolia.
- Latin America – Jirau hydro power plant in Brazil achieved full assured energy (2,185 MW average) following commercial operation of the 33rd turbine.

September

- SAMEA – the 335 MW Dedisa Peaking Power Project in Port Elizabeth, South Africa, started commercial operation.

October

- SAMEA – A Memorandum of Understanding (MoU) was signed by ENGIE and SUEZ with the Jeddah Economic Company (JEC) to work together to provide key services and power to the Kingdom City project in Saudi Arabia.

November

- SAMEA – Inauguration of West Coast One, a 94 MW wind farm located 130 km north of Cape Town in South Africa.

1.3.2.6 Regional overview

1.3.2.6.1 Energy Latin America

Energy Latin America manages the Group's gas and electricity activities in Latin America. Energy Latin America is organized into four countries: Brazil, Chile, Peru and Argentina. It manages 15,741 MW of capacity in operation and 2,376 MW of capacity under construction. ENGIE has decided to withdraw from the Project in Uruguay.

Argentina

In Argentina, ENGIE holds a 64.2% interest in Litoral Gas SA, a gas distribution company which has a market share of 12% in terms of volume delivered in the region of Santa Fé and in the Northeast of the province of Buenos Aires. In addition, it holds a 46.7% interest in Energy Consulting Services (ECS), an electricity and gas sales and consultancy company. ENGIE also holds an interest in Gasoducto Norandino, a gas transmission company with a pipeline of approximately 1,000 km between Argentina and Chile, which is 100% owned by E-CL.

The government suspended the application of the pre-existing regulatory framework through the declaration of a state of economic emergency in 2002. This implied a tariff freeze and a reduction of tariffs in dollar terms due to local currency devaluation. Since then, very few tariff adjustments have been implemented in the energy sector.

Brazil

In Brazil, ENGIE's existing power assets and the development of selected small and medium sized power plants are managed by Tractebel Energia (TBLE), the country's largest independent electricity producer (approximately 6% of Brazil's installed capacity), which is 68.7% owned by ENGIE. The company operates a total installed capacity of 8,765 MW. TBLE shares are traded on the Brazilian stock exchange, following the utmost Governance Principles.

Energia Sustentável do Brasil (ESBR) holds the concession contract to build, own and operate the 3,750 MW Jirau hydropower project. ESBR is owned by GSELA (40%), Mitsui (20%) (1), Eletrosul (20%) and Chesf (20%). 30-year Power Purchase Agreements (PPAs) have been signed with distribution companies for the off-take of 73% of the project's 2,185 MW assured energy production. The remaining assured energy is contracted to shareholders GSELA, Eletrosul and CHESF. At the end of Q3,2015, the project had started commercial operation of the 35th unit, bringing the total installed capacity connected to the national grid to 2,625 MW. With the COD of the 33rd turbine on July 31, Jirau HPP achieved 100% of its commercial capacity (2,185 MW average). The plant's full COD is foreseen in the second half of 2016. Due to vandalism acts that took place in 2011 and 2012, project implementation was delayed compared to its original schedule. Jirau is currently discussing a waiver to its commercial obligations at the justice. A Decision in the First Instance agreed to grant 535 days of delay to Jirau HPP compared to the original schedule. Final decision on the merit is yet to be judged. In line with the prevailing business model, ENGIE's stake in Jirau will be transferred to Tractebel Energia when main development risks have been mitigated.

In addition to Jirau HPP, ENGIE through its subsidiary Tractebel Energia has a total 765 MW under construction in different projects.

On the regulatory side, the most important recent measures were the implementation of the tariff flags scheme in January 2015 and the Law 13,205 was voted on in November 2015 and its adjacent Normative Resolution 688 was approved in December 2015.

- The implementation of tariff flags scheme imposes a variable cost to the final consumer electricity tariffs as of January 1, 2015. If the Brazilian Electricity System faces a critical hydrological condition, where the dispatch of TPPs with expensive variable cost is required, the electricity bills will be overcharged according to projected thermal dispatch, which is thus classified in green flag (no increase at the base tariff), orange or red.
- The Law 13,205/2015 and Normative Resolution 684 propose a regulatory framework for the allocation of the hydrological risk (expressed by the Generation Scaling Factor – GSF (2) within generators. This framework proposes an assurance system that generators can adhere to be protected, in different levels, against the hydrological risk. This measure was the Government's response to multiple injunctions filed by private hydro generators, questioning the application of the GSF. Both Tractebel Energia and Energia Sustentavel do Brasil decided to adhere to the agreement and consequently to withdraw their participation in the legal injunction obtained by the Brazilian Association of Independent Power Producers (APINE).

Despite a relative recovery in the second half of 2015, Brazil underwent another year of unfavorable hydrology which continued to influence the sector's performance.

Peru

In Peru, ENGIE owns 61.73% of EnerSur, which has an installed capacity of 1,902 MW and a market share of around 16% in terms of energy production. EnerSur shares are traded on the Lima stock exchange.

Conversion of the 538 MW ChilcaUno thermoelectric power station to a combined cycle plant with capacity of 805 MW was completed in 2012 and the Cold Reserve thermoelectric plant located in Ilo (south of Peru) of 564 MW was completed in 2013. Construction of a new 121 MW HPP at Quitaracsa reached COD in October 2015. EnerSur also won a bid in December 2013 to build and operate a 500 MW thermal plant in Ilo (Nodo Energetico), COD expected in Q4,2016. Additionally, EnerSur started the construction of an additional unit of CCGT in the site of Chilca (Chila Plus) where COD is expected for Q4, 2016.

ENGIE also has natural gas transmission activities in Peru, with an 8.1% stake in TGP (Transportadora de Gas del Perú), which transports natural gas and associated liquids.

Regulations are based on unbundling of generation, transmission and distribution activities. These activities have been partially privatized. As a result, all new investments in generation are undertaken by the private sector. Around a third of Peru's generation is still controlled by state-owned company Electroperú.

(1) Closing of the sale of 20% stake to Mitsui took place in January 2014.

(2) GSF represents the assured energy adjustment factor applied to hydro generators when the overall system generation is below its total assured energy. Therefore, in a situation of deficit in the system hydropower plants allocated energy are discounted at GSF.

In July 2014, the tender regarding the construction and operation of a new gas pipeline linking the area of domestic production (Camisea) to the Southern part of Peru was awarded to the consortium constituted by Odebrecht and Enagas. This will allow ENGIE to convert Nodo Energetico to gas.

Chile

E-CL is the leading company in electricity generation in Northern Chile, with an installed capacity of 2,081 MW. ENGIE owns 52.76% of E-CL. E-CL's subsidiary Electroandina operates a port in Tocopilla and its gas transportation subsidiary Gasoducto NorAndino owns a gas pipeline of approximately 1,000 km between Chile and Argentina.

ENGIE also holds a 63% stake in the Mejillones LNG regasification terminal (GNLM). The commercial operation started in June 2010, using first a 162,400 m^3 (gross capacity) floating storage unit. Since March 2014, it has been replaced by an onshore LNG storage tank, with a net capacity of 175,000 m^3.

Since April 2011, Solgas (previously Distrinor – 100% ENGIE) has been selling natural gas sourced through GNLM to industrial clients and power plants located in the north of Chile.

In Chile's Central Electricity Grid, through the wholly owned company Eólica Monte Redondo, the Group's two main assets are the Monte Redondo 48 MW wind farm, and 34.4 MW Laja hydropower plant, which reached COD in May 2015.

To comply with the supply contract with distribution companies awarded in Dec 2014, E.CL began the construction of a new 375 MW power plant and a port in the area of Mejillones, in addition to the transmission line 2x500kV, 1,500 MW between the cities of Mejillones and Copiapó, interconnecting the 2 main grids in Chile. The project of interconnection is currently being developed by TEN, an E.CL wholly owned company.

By Decree 158, published in April 2015, the facilities of TEN (Transmisora Eléctrica del Norte) project, were declared as part of Chile's trunk transmission system, ensuring a regulated income.E.CL began the process of finding a strategic partner for 50% ownership of TEN. In December 2015 E-CL and Red Eléctrica Internacional reached an agreement in which Red Eléctrica Internacional, through its subsidiary Red Eléctrica Chile, is acquiring 50% of the share capital of TEN.

Uruguay

In July, ENGIE, through GNLS – contracted by Gas Sayago SA to build and operate the LNG regasification terminal in Montevideo, Uruguay – sent a letter to Gas Sayago with regard to the impossibility of continuing the regasification terminal project in Uruguay. Since then GNLS has worked with Gas Sayago so as to ensure a transition of works, assets and information. On September 30, Termination Agreement for the termination of the Terminal Use Agreement (TUA) was signed and all Conditions Precedent (CPs) to effectiveness of the termination of the TUA were completed on October 6.

1.3.2.6.2 Energy North America

Energy North America manages the Group's electricity and gas activities in the United States, Canada, Puerto Rico and Mexico. GSENA operations are organized into five business segments: US power generation, US retail, US natural gas/LNG, Mexico and Canada. A central portfolio management group optimizes the interface between each business segment. The business employs 2,300 people.

Energy North America has an ownership interest in 12,971 MW of electric power and cogeneration capacity. Of this capacity, close to 1,000 MW are powered by renewable sources.

The US natural gas/LNG business includes a LNG receiving facility and a gas sales business in New England. In the US, the company also markets power to commercial and industrial customers, and to small business and residential customers, in 11 States plus the District of Columbia. In Mexico, the company operates natural gas Local Distribution Companies (LDCs), gas transmission pipelines and power plants. The business in Canada is composed primarily of utility-scale wind and solar facilities.

United States

North American operations are headquartered in Houston, Texas, and the US business employs over 1,500 people. It owns and operates the Everett terminal just North of Boston, Massachusetts, which has the capacity to deliver approximately 700 million cubic feet of natural gas per day to the New England market. Energy North America leases over 10.6 billion cubic feet (Bcf) of natural gas storage. The US activities have 11,379 MW of capacity in operation.

In February 2016, ENGIE announced that it had signed two definitive agreements for the sale of its interests in 10 GW of merchant power generation capacity in the US. 8.7 GW of thermal assets will be acquired by a joint venture formed by Dynegy and ECP. 1.2 GW of pumped storage hydro assets (First Light) and 0.2 GW of conventional hydro assets located in Massachusetts and Connecticut will be acquired by Public Sector Pension Investment Board, a Canadian pension investment fund. The transactions are subject to customary closing conditions and are expected to be close in H2 2016 and H1 2016 respectively.

Energy North America markets to large commercial and industrial customers under the Group's brand and to small commercial and residential customers under the *Think Energy* retail brand. The retail business serves approximately 60,000 customer meters with an estimated peak load of nearly 10,000 MW. Retail electricity and natural gas sales to customers are regulated in the US by each of the 50 States' public utility commissions.

The Group's energy interests in the US are governed by Federal and State regulations. Interstate wholesale electricity and natural gas markets in the US are regulated by the Federal Energy Regulatory Commission (FERC). Since 1992, the FERC has issued successive regulatory orders to remove barriers to competition in wholesale electricity markets. Over 60% of electricity consumed is delivered through one of the ten Independent System Operators (ISOs) or Regional Transmission Organizations (RTOs) that were created to facilitate electricity competition.

In 2015, the following milestone was achieved:

- Think Energy is now active in 12 deregulated states in the United States.

The final version of the US Environmental Protection Agency's Clean Power Plan, setting power plants greenhouse gas emissions reductions targets, entered the Federal Register in August, requiring States to reduce emissions by 32% from 2005 levels by 2030.

Puerto Rico

The activities in Puerto Rico include a 35% stake in the 507 MW EcoEléctrica gas-fired plant and in the EcoEléctrica LNG terminal.

Mexico

In Mexico, ENGIE operates six LDCs that serve more than 425,000 customers through a 10,000 km gas system and two gas transmission companies operating over 900 km of pipelines. ENGIE also manages three steam-electricity cogeneration plants with a total installed capacity of 320 MW. Output from these power plants is sold under long-term contracts to industrial clients.

In 2015, the following milestones were achieved:

- ENGIE, together with its partner PEMEX, are building the Ramones Phase II South pipeline (Ramones II South), a segment of the Ramones natural gas pipeline system, which is one of the largest energy infrastructure projects in Mexico's history, extending from the Texas border to central Mexico. The project has progressed as expected and will start operations early 2016;
- the 80 km Mayakan Extension gas pipeline has been completed and is now fully physically interconnected with the Mexican pipeline network.

Sweeping Energy Reforms were voted in in 2013. New laws and regulations were published in 2014/2015. As a result of these reforms the regulation of the electricity and natural gas markets is under the remit of the *Comision Reguladora de Energia* (Energy Regulatory Commission), which is also charged with encouraging investment and promoting competition in electricity and natural gas markets. The new electricity market will begin operations in 2016. ENGIE is developing options to grow under this new scheme either in electricity or gas markets, focused on power generation based on efficient cogeneration, natural gas and renewables, and natural gas distribution and transportation.

Canada

The Canadian operations include utility-scale wind and solar generation totaling 801 MW. The renewable portfolio operates within a joint venture set up in 2012 between Mitsui & Co and a consortium led by Fiera Axium Infrastructure Inc., each holding a 30% interest. ENGIE, the largest shareholder with a 40% interest, continues to operate and maintain these assets. The company also owns and operates the 112 MW West Windsor natural gas-fired power plant in Ontario.

In Canada, energy policy is the jurisdiction of Provincial Governments. Energy markets across Canada tend towards vertically integrated utilities and/or various government owned corporations (with the exception of Alberta). Government-run procurements are a common contracting method and result in long-term PPAs for generation facilities.

1.3.2.6.3 Energy UK-Turkey

Energy UK-Turkey operates a diverse portfolio of 6,268 MW of generation assets, including conventional coal, oil and gas-fired plants, pumped storage and renewables. In addition, it owns a retail business, a gas distribution business and a trading function.

United Kingdom

Energy UK-Turkey is one of the major electricity generators in the UK with a merchant generation fleet of operational assets with a total capacity of 5,025 MW.

Together with Mitsui (25%), ENGIE (75%) operates power plants at Rugeley (coal), Saltend (gas), Deeside (gas), First Hydro (pumped storage) and Indian Queens (light fuel oil) as well as the trading business. The demolition of the 100%-owned Teesside (gas) plant completed in 2015. In February 2016 it was announced that Rugeley power Station is expected to cease operations in early summer 2016. Energy UK-Turkey also holds 50% ownerships of seven operational wind farms (Barlockhart, Blantyre, Carsington, Craigengelt, Crimp, Flimby, Sober) as well as a small pipeline of renewable projects at various stages of development.

The region has a trading business which trades UK power, UK gas, EU carbon, and coal to manage the commodity price exposures associated with its generation assets and retail market position. The UK retail business, based in Leeds, supplies around 16,500 industrial and commercial sites with electricity and/or gas. In addition to supplying energy, the retail business offers demand-side services and is a growing provider of export contracts and Power Purchase Agreements (PPAs). The region also has a 30% ownership interest in OPUS, an electricity and gas supplier to over 200,000 UK customers in the SME (small and medium sized businesses) sector.

The UK market has enjoyed a liberalized electricity market since the introduction of the New Electricity Trading Arrangements (NETA) in 2001. The UK Government has brought forward some major changes over the last 5 years to help it meet its EU 2020 targets including the Carbon Price Floor to provide greater certainty going forward, the Contract for Difference (CfD) scheme to encourage the deployment of low carbon technology, and the Capacity Mechanism (CM) to ensure security of supply; the Government also created the Levy Control framework (LCF) to control costs to the consumer. ENGIE engages with these instruments when it is appropriate to do so, for example by participating in the CM auction. The UK electricity market will continue to evolve over the coming years as low carbon technologies are increasingly deployed under these incentives, coal generation is closed, and gas fired generation is increasingly used to provide essential support to the system.

Turkey

With a total generating capacity of 1,243 MW, Energy UK-Turkey has a presence in two generation assets in Turkey through its 95% stake in the 763 MW Baymina Enerji, a combined cycle gas turbine (CCGT) power station, and a 33.3% stake in 480 MW Uni-Mar Marmara, a combined cycle gas turbine (CCGT) power plant. Power generated is sold to TETAS, the national electricity offtaker, under long-term PPAs. The region also owns 90% of Turkey's third largest natural gas distributor, IZGAZ, which distributes and markets natural gas to more than 300,000 residential, commercial and industrial customers in the Kocaeli region. Furthermore, Energy UK-Turkey has also been developing its power trading and origination activities as well as its retail business in the country.

In cooperation with its Japanese partners Mitsubishi Heavy Industries (MHI) and Itochu, ENGIE has launched a feasibility study for a nuclear power station to be built near the city of Sinop, based on the ATMEA1 technology developed by MHI and Areva (around 4.5 GW). The intergovernmental agreement between the Turkish and Japanese governments and the agreement between the project operators and the Turkish government have been approved by the respective authorities and were ratified by the Turkish parliament in 2015.

Historically Turkey has been a PPA market with a single buyer. However, the Turkish power market is currently going through a process of liberalization with the aim of becoming a fully merchant market. Merchant market trading has been gradually introduced with daily settlements on the Balancing and Settlements Market commencing at the end of 2010.

1.3.2.6.4 Energy South Asia, Middle East & Africa (SAMEA)

Middle East

In the Gulf Cooperation Council (GCC) countries, Energy SAMEA acts as an asset developer, owner and operator, selling the electricity and water it produces directly to government-owned utilities under long-term P(W)PAs (Power (and Water) Purchase Agreements). It is the leading private power and water developer in the region with total generation capacity of 28.6 GW and 1,212 MIGD (5.5 million m^3) water/day of desalination capacity in operation and under construction. It is common in the Middle East IP(W)P (Independent Power (and Water) Producer) business model for projects to be part owned by the host governments/offtakers alongside partners. The region conducts the operations of all of the plants that it owns, often through an arms-length Operations & Maintenance (O&M) contract.

The regulatory frameworks in the different countries of the GCC are similar, with competitive tenders launched by the power authorities calling for private power producers to bid for concessions to build, own and operate plants. The output is then sold by the private producer to a public utility under long-term contracts, the terms of which are stipulated at the tender stage.

Energy SAMEA has ownership interests in the following natural gas-fired power and water producing plants in the GCC:

- Saudia Arabia: Marafiq, Riyadh PP11, Tihama;
- Bahrain: Al Dur, Al Ezzel, Al Hidd;
- Qatar: Ras Laffan B, Ras Laffan C;
- UAE: Fujairah F2, Al Taweelah A1, Shuweihat S1, Shuweihat S2, Umm Al Nar, Mirfa;
- Oman: Al Kamil, Al Rusail, Barka 2, Barka 3, Sohar 1, Sohar 2;
- Kuwait: Az Zour North.

The SAMEA region currently has 2,660 MW power capacity and 159 MIGD (723,000 m^3/day) water capacity under construction in the GCC, in Saudi Arabia (extension of Tihama), Kuwait (Az Zour North IWPP) and the UAE (Mirfa IWPP).

One and a half years after the start of the Az Zour North 1 Independent Water and Power Project in Kuwait, the project achieved Early Commercial Operation Date (ECOD) of its three units. The plant is now delivering circa 660MW to the State of Kuwait until March 2016, when the three operating units will be handed back to the EPC contractor for the conversion to combined cycle capacity. Az Zour North 1, a gas-fired CCGT of 1,500 MW with an associated water desalination plant of 486,000 m^3/day, is Kuwait's first independent water and power producer. The project is owned 40% by a consortium with ENGIE (17.5%) and 60% by the Kuwaiti government.

In Oman, OPWP (Oman Power & Water Procurement Company) confirmed that the Power Purchase Agreement for Al Kamil, a 277 MW Independent Power Producer (65% owned by ENGIE), will be extended to 2020. The 15-year-long PPA of Al Kamil with OPWP would normally expire in April 2017.

South Asia

In Pakistan, in the south-western province of Baluchistan, Energy SAMEA holds 100% in Uch I, a 551 MW gas-fired facility. The 381 MW gas-fired unit Uch II (100% ownership), an extension to Uch I, started commercial operation in April 2014. The electricity generated from Uch II is sold through a 25-year Power Purchase Agreement with the National Transmission and Despatch Company, a state-owned utility.

All power generated by IPPs in Pakistan is sold under long-term PPAs to distribution companies. The end consumer market is not liberalized. Around 50% of generation capacity is held by private IPPs, while the remainder is held by state-owned entities.

In India, ENGIE has a 89% equity share in the Meenakshi thermal project in Andhra Pradesh, which comprises 269 MW of operational capacity and 638 MW under construction. In February 2016, ENGIE announced an agreement to sell its entire shareholding in Meenakshi to India Power Corporation Limited. The deal is expected to close in H1 2016 subject to customary approvals and regulatory consents.

The power sector in India is liberalized, with various offtake arrangements (long-term PPAs, short-term bilateral contracts and spot trading) all possible.

Also in Andhra Pradesh, ENGIE signed binding Joint Venture Agreements with Andhra Pradesh Gas Distribution Corporation (APGDC), GAIL and Shell for the development of a Floating Storage and Regasification Unit (FRSU) in Kakinada. The two JVAs respectively cover the creation of a Terminal Company and of an LNG Supply & Gas Marketing Company. ENGIE's share in each will be 26%.

ENGIE also has a strategic partnership with Petronet LNG Ltd.

Africa

In Africa, ENGIE has 2.8 GW thermal and renewable power capacity in operation and under construction.

In South Africa, the 94 MW West Coast 1 Wind Farm, in which ENGIE holds a 43% equity stake, started commercial operation in June. The project is part of South Africa's successful Renewable Energy Independent Power Producer Procurement (REIPPP) programme. In September, Dedisa Peaking Power (38% owned by ENGIE) started commercial operation, adding 335 MW power to the national transmission system in the Eastern Cape Province. Together with the 670 MW Avon Peaking Power Project near Durban (KwaZulu-Natal) that is still under construction, Dedisa is South Africa's first large scale independent power project originated by the Department of Energy. The power generated by these two open cycle gas turbine power plants will be sold to Eskom Holdings, South Africa's state-owned utility, under a Power Purchase Agreement (PPA) over a 15-year term.

Also in South Africa, Kathu Solar Park, a consortium led by ENGIE (49%) with South African investors was awarded preferred bidder by the Department of Energy. Kathu is a 100 MW greenfield Concentrated Solar Power (CSP) project with parabolic trough technology and equipped with a molten salt storage system that allows 4.5 hours of thermal energy storage. It is situated in the Northern Cape Province, 600 km south-west of the capital Pretoria.

In Morocco the Safi 2x693 MW project is under construction. Following completion of the plant, expected in 2018, the electricity produced will be sold to the *Office National de l'Electricité et de l'Eau Potable* (ONEE) under a 30-year Power Purchase Agreement.

In Egypt, ENGIE received the Letters of Eligibility and signed the Land MoUs for the development of a 50 MW solar PV project (Binban, Aswan) and two 50 MW wind projects (Gulf of Suez). ENGIE was also awarded top-ranked bidder status for the 250 MW Gulf of Suez wind project.

In terms of regulation, a single buyer model, whereby output is sold by the private producer to a public utility under long-term contracts, has been adopted in Morocco and South Africa.

1.3.2.6.5 Energy Asia-Pacific

Energy Asia-Pacific has strongholds in Australia, Indonesia, Singapore and Thailand. Its businesses in Asia-Pacific include the construction and operation of power plants, natural gas distribution systems and retail activities.

Australia

The Australian business is focused on a diverse portfolio of generation assets operating in the National Electricity Market (NEM) that serves 90% of the Australian population and demand, resident in the eastern states. The portfolio also includes a co-generation asset that is located in the separate South Western Integrated System (SWIS) market that serves Western Australia. It also has a retail business called "Simply Energy" in the NEM, serving electricity and gas accounts in the domestic, small to medium enterprise and large commercial and industrial customer segments.

The Australian Energy business is an important participant in the NEM. It predominantly produces wholesale electricity and is focused on delivery of value through optimal participation of its assets in the relevant Australian electricity, gas and renewable energy markets, exploration of potential synergies with other ENGIE businesses in Australia, and opportunistic growth of its generation and retail portfolios, including renewables. In 2013, Mitsui acquired a 28% stake in all the Australian Energy assets (except Loy Yang B and Kwinana – where Mitsui already owned 30%). The portfolio in Australia:

- generating assets in South Australia: 893 MW;
- generating assets in Victoria: 2,507 MW;
- generating assets in Western Australia: 123 MW;
- retail customers Simply Energy: over 552,000.

Australian energy markets have been progressively liberalized since the mid-1990s, when the first wholesale electricity market was introduced in Victoria. The level of private and state-owned energy infrastructure varies between states. Under the Competition Principles Agreement, between state and federal governments, publicly owned businesses in competitive markets are treated in a manner intended to ensure competitive neutrality between public and private energy businesses. Queensland is the only state in the NEM that is yet to privatize their generation assets and New South Wales is in the process of privatizing their wholly Government owned network business

The NEM is a deregulated merchant wholesale market serving the interconnected eastern states of Australia, in operation since 1998. It is a near real-time, energy-only, gross pool, spot market with no capacity payments. Up to 48 GW of installed generation capacity is dispatched on a five-minute basis over five states.

Gas markets exist in each of the eastern states except Tasmania, and are less developed than the electricity market. With the commencement of significant export LNG projects in 2015/16 it is expected that domestic gas prices will be linked to export LNG prices. The Wholesale Electricity Market (WEM) for the SWIS commenced operation in September 2006. The WEM operates in the south-west region of Western Australia, the location of most of that state's population (estimated at just over 2 million). The SWIS has a summer peak demand of approximately 4,000 MW. The WEM market structure is a net bilateral structure and has separate capacity and energy mechanisms.

The (former) Australian Government's "Clean Energy Future" greenhouse gas emissions reduction scheme commenced in July 2012, committing it to a medium-term national target of reducing emissions significantly. In September 2013, a new government was elected and in July 2014 they repealed the Carbon Legislation. An emission reduction fund was established on July 1, 2014, to replace the Carbon scheme and is now funding projects that deliver CO_2 reductions through a reverse auction process. In addition there is a Renewable Energy target scheme in place that encourages renewable energy projects.

Indonesia

ENGIE holds a 40.5% stake in Paiton 3 & 7/8, with a total of 2,035 MW coal-fired capacity, located on the island of Java. A PPA is in place for both Paiton 7/8 and Paiton 3 up to 2042. In February 2016, ENGIE announced an agreement to sell its 40.5% stake in Paiton to Nebras Power Q.S.C and a combination of some of the existing Paiton shareholders. The deal is expected to close in H2 2016, subject to customary approvals and regulatory consents.

In cooperation with PT Supreme Energy, the business is also developing three geothermal projects in Sumatra (Muara Laboh, Rantau Dedap and Rajabasa).

State owned incumbent PLN has the monopoly on transmission and distribution systems. Since the mid-1990s IPPs have been allowed to operate in Indonesia and they now operate 16% of the existing generating capacity. The end-user market is not liberalized.

In December 2009, the “Crash 2 program” for 10,000 MW of new generation capacity was launched. This program stipulated that 50% of this new capacity is to come from IPPs and 50% from PLN, and that 5,340 MW of the new capacity will come from renewable resources. In 2014, the new Jokowi administration has set a target to develop 35,000 MW of new generating capacity by 2019 out of which 10,000 MW will be developed by PLN and 25,000 MW will be built by IPPs.

Thailand & Laos

The Glow Group, in which ENGIE holds a majority interest (69.1%), is listed on the Stock Exchange of Thailand. It is a major participant in the Thai energy market with a combined installed capacity in Thailand and Laos of 3,216 MW. The Glow Group generates and supplies electricity to the Electricity Generating Authority of Thailand (EGAT) under Thailand’s SPP (Small Power Producer) and IPP (Independent Power Producer) programs, in addition to supplying electricity, steam, industrial water and services to large industrial customers principally located in the Map Ta Phut industrial Estate, Rayong Province.

ENGIE also owns a 40% stake in PTT NGD, a distributor of natural gas to industrial customers in the Bangkok region.

State-owned EGAT is the main entity in the electricity sector. Until liberalization of the sector, EGAT generated around 95% of Thailand’s power. It now accounts for about 50% of generation capacity while the rest is accounted for by the non-government sector comprising IPPs, SPPs and imports from Laos and Malaysia. IPPs in Thailand sell the energy that they produce to EGAT under long-term contracts, the terms of which are stipulated at the IPP tender stage. In industrial parks private generation companies can sell electricity to local customers.

Singapore

ENGIE holds a 30% stake in Senoko Energy, the largest vertically-integrated energy company by generation capacity in Singapore. Senoko Energy owns and operates a unique portfolio of power generation assets with a combined capacity of 3,200 MW and with a market share of more than 25%. Its retail arm currently has about 20% share of the contestable market.

In 2001, the electricity generation and retail markets were separated from the natural monopoly existing in the electricity transmission market. The National Electricity Market of Singapore (NEMS) was established in 2003: generation companies compete to sell electricity every 30 minutes, while electricity retailers buy electricity from the NEMS and offer packages to sell electricity to eligible consumers. In 2004, in order to promote efficiency and competition in the electricity market, vesting contracts were introduced whereby generation companies are committed to sell a specified amount of electricity at a specified price.

Senoko continues to renew its generation portfolio. Its latest plant are the 2×431 MW MHI repowered CCP known as CCP6&7, which both went into commercial operation in 2012. In the retail market, the threshold for retail contestability has been lowered gradually since 2001. Today, commercial and industry customers using more than 2,000 kWh of electricity per month on average are eligible for contestability.

1.3.3 Global Gas & LNG business line

1.3.3.1 Role

The Global Gas & LNG business line manages the Group’s upstream gas and LNG activities. Its roles are defined as follows:

- the business line embodies and manages the Group’s overall ambitions in the field of natural gas and LNG, and as such plays a coordinating role in the gas value chain within the Group;
- it develops activities in the field of engineering and services related to the containment required for LNG transportation and storage;
- it operates exploration as well as production (gas and oil) assets and LNG commercial and physical assets. As such, it contributes to supplying the Group in terms of natural gas and LNG. Furthermore, it manages the Group’s operational and commercial expertise in upstream gas activities.

1.3.3.2 Strategy

The Global Gas & LNG business line plays a major role in the Group’s strategy of gas chain integration. Its main objectives are therefore:

- to put the upstream gas businesses in a position to support supply of the Group’s existing and potential downstream markets, including power generation;
- to manage and consolidate the Group’s positions in exploration and production in Europe and in the countries bordering the Mediterranean, and to reinforce its development on new markets;
- to develop, secure, diversify and ensure the competitiveness of the Group’s LNG supply portfolio in order to meet its customers’ needs;
- to consolidate ENGIE’s international leadership in LNG by leveraging the Group’s expertise in every segment of the LNG value chain;
- to optimize the value of its assets.

1.3.3.3 Organization

The Global Gas and LNG business line is structured in three entities: ENGIE E&P, ENGIE LNG and GTT.

1.3.3.4 Key figures

(in millions of euros)	2015	2014	Gross change *(in %)*
Business line revenues	5,993	9,551	-37.3%
Revenue contribution to Group	4,246	6,883	-38.3%
EBITDA	**1,625**	**2,225**	**-27.0%**

Key figures 2015:

- hydrocarbon production sold: 59.1 Mboe;
- reserves as of December 31, 2015: 699.2 Mboe.

1.3.3.5 2015 highlights

January

- The 1,000th tanker truck was loaded with retail LNG at the Montoir-de-Bretagne LNG terminal.
- Three licences were awarded to ENGIE E&P Norge during the 2014 Awards in Predefined Areas (APA) round.
- The production-sharing contract for Block 7 in Mauritania expired on January 20.
- GTT North America received an order from Conrad Industries for an LNG bunker barge, the first of its kind on the North American shipping market.
- ENGIE strengthened its presence in China and signed two major contracts: 1/ an agreement for a natural gas fired distributed generation project in an industrial park in Sichuan; and 2/ a draft natural gas supply agreement with Beijing Enterprise Group.
- In Indonesia, a major milestone was reached on the Jangkrik project with a first steel cut ceremony to mark the launch of construction on the floating LNG production unit.
- ENGIE, Shell and Indian companies Andhra Pradesh Gas Distribution Corporation (APGDC) and GAIL signed two agreements for a floating LNG terminal off the deep-water port of Kakinada in India.

March

- ENGIE E&P UK announced the discovery of a new oil deposit in the central North Sea.

April

- ENGIE E&P International sold an 11.67% share of the Muara Bakau licence to Indonesian company Saka, retaining a 33.33% stake.
- ENGIE E&P International announced the success of a third exploration wells in the Sud-Est Illizi licence in Algeria.
- GTT signed a cooperation agreement with South Korean shipbuilder Samsung Heavy Industries to industrialize its new Mark V technology. Under the agreement, Samsung will build a mock up for the final developments and related tests.
- ENGIE celebrated the 50th anniversary of the first commercial delivery of a liquefied natural gas (LNG) cargo.

June

- ENGIE E&P International and its partners signed the first LNG purchase and sale agreements for the Jangkrik project.
- A long-term supply agreement was signed with Novatek (Russia) for one million tons per annum (Mtpa) of LNG from the Yamal LNG liquefaction plant.
- ENGIE signed an agreement with Beijing Enterprise Group to provide LNG to Beijing and deepen cooperation between the two companies.

July

- A partnership agreement was signed between ENGIE and Kansai Electric (Japan) relating to the optimization of LNG flows.

August

- ENGIE E&P UK completed the second offshore installation phase for the Cygnus project.
- Four new licences were awarded to ENGIE E&P UK in the 28th round for the southern North Sea and the North Sea west of Shetland.
- The Netherlands and UK affiliates of ENGIE E&P made a joint discovery of hydrocarbons in the southern North Sea.
- A new retail LNG sale agreement for Europe was signed with Prima LNG.

September

- An LNG representative office was opened in Tokyo (Japan).
- A retail LNG sale contract was signed with Flogas (United Kingdom).

October

- Two exploration licences in the Parnaìba basin and four exploration licences in the Recôncavo basin in Brazil were awarded to ENGIE E&P International in the 13th round.
- A long-term sale contract was signed with Tohoku Electric for the delivery of 270,000 tpa of LNG starting in 2018.
- The first installation of the innovative SloShield (TM) monitoring system was completed on the GasLog Singapore vessel through subsidiary Cryovision. Designed to detect LNG tank sloshing, SloShield (TM) provides real-time feedback to crew.
- Launch of LNG Advisor, a new offering specifically designed for LNG tankers, to monitor boil-off gas from LNG during transportation with the company Chenière Marketing International LLP (US).
- A five-year LNG purchase and sale agreement was signed with US company Cheniere Marketing International LLP.

November

- Inauguration of a biological wastewater treatment station at Adrar in Algeria, as part of the CSR program for the Touat project.
- In South Korea, construction began on the Group's first LNG fuel bunker ship, celebrated with a first steel cut ceremony.

December

- ENGIE E&P UK was awarded new onshore licences in the 14th round.
- The LNG BU signed a new contract to sell retail LNG with Gas Natural of Spain. With this contract, ENGIE's total retail LNG sales in 2015 exceeded, for the first time, the equivalent volume of an average cargo delivered by LNG tanker.

1.3.3.6 Description of activities

1.3.3.6.1 ENGIE E&P

Role

Development of ENGIE's natural gas and liquid hydrocarbons production is a key activity in the Group's integration throughout the gas value chain. It supports the Group's international growth, particularly in high-growth regions, and gives access to a portfolio of diversified, balanced and profitable reserves.

Principal key indicators

Europe and North Africa are the core areas of the Group's exploration and production business. However, the Group has been stepping up its international expansion by supporting its other entities, particularly in Brazil.

As of December 31, 2015, the Group published the following results:

- operations in 13 countries;
- 343 exploration and/or production licences held (of which 56% are operated by the Group);
- proven and probable (2P) reserves of 699.2 million barrels of oil equivalent (Mboe), of which 76% is natural gas and 24% liquid hydrocarbons;
- production of 59.1 Mboe, of which 62% is natural gas and 38% liquid hydrocarbons.

Activities of ENGIE E&P

Legal framework of the Exploration & Production activities

The Group conducts its exploration and production activities through its subsidiary ENGIE E&P International SA, in which it holds a 70% stake (with the remaining 30% held indirectly by the China Investment Corporation), and the company's affiliates (wholly owned), which together constitute the ENGIE E&P Business Unit, within the framework of licences, concessions or production-sharing contracts drawn up with the public authorities or national companies of the countries involved. Under current partnership contracts, one of the parties is generally designated as operator, meaning that it is responsible for conducting daily operations, with the other parties' approval required for important matters such as the adoption of a development plan, major investments, and budgets. Only companies approved by local public authorities can be selected as operators.

Proven and probable (2P) reserves

In 2015, 16 exploration and appraisal wells were drilled, nine of which were successful. Part of the resources thus proven will contribute to reserves in the future.

The tables below show all of the Group's proven and probable (2P) reserves (including developed and undeveloped reserves [1] and their geographical distribution.

(1) *Developed reserves are those that can be produced from existing facilities. Undeveloped reserves are those needing new wells, new facilities or significant additional investments, starting from existing facilities, such as a compression unit.*

DEVELOPMENT OF THE GROUP'S RESERVES [1]

	2015			2014			2013		
	Natural gas	Liquid hydro-carbons	Total	Natural gas	Liquid hydro-carbons	Total	Natural gas	Liquid hydro-carbons	Total
Reserves as of December 31, N-1	571.6	187.2	758.8	609.9	188.9	798.8	642.6	192.9	835.5
Revision + discoveries	24.2	3.0	27.3	25.9	14.7	40.5	2.9	12.3	15.2
Assets bought and sold	-27.5	-0.3	-27.8	-27.0	1.9	-25.0	0.0	0.0	0.0
Production sales	-36.8	-22.3	-59.1	-37.2	-18.3	-55.5	-35.6	-16.4	-51.9
Reserves as of December 31	531.5	167.6	699.2	571.6	187.2	758.8	609.9	188.9	798.8

CHANGES IN THE GROUP'S RESERVES BY COUNTRY

	2015			2014			2013		
	Natural gas	Liquid hydro-carbons	Total	Natural gas	Liquid hydro-carbons	Total	Natural gas	Liquid hydro-carbons	Total
Germany	29.8	62.0	91.8	30.6	64.5	95.1	41.9	63.5	105.4
Norway	190.3	89.8	280.1	206.6	107.4	314.0	203.8	108.0	311.8
United Kingdom	45.0	1.0	46.0	46.6	1.0	47.6	56.3	1.2	57.4
Netherlands	62.9	5.9	68.9	75.1	6.4	81.4	76.5	6.7	83.2
Other [1]	203.5	8.9	212.4	212.8	8.0	220.7	231.4	9.6	241.1
TOTAL	**531.5**	**167.6**	**699.2**	**571.6**	**187.2**	**758.8**	**609.9**	**188.9**	**798.8**
Change	-7%	-10%	-8%						

(1) "Other" covers Algeria, Ivory Coast, Egypt and Indonesia.

As of December 31, 2015, ENGIE E&P's 2P reserves of liquid hydrocarbons and natural gas ("entitlement" [2] were 699.2 Mboe, compared with 758.8 Mboe in 2014. Gas accounts for 76% of these reserves, which represent a volume of 532 Mboe, or 85 billion cubic meters.

For those fields that are operated under a production-sharing contract, the "tax barrels" reserves have been recognized in accordance with the Society of Petroleum Engineers (SPE) rules for recognizing 2P reserves. These "tax barrels" reserves correspond to the taxes paid on behalf of ENGIE E&P by its partners, the national oil companies, to the authorities of the respective countries.

The Group's share in 2P reserves for the fields in which it is a partner (working interest reserves [3]) was 864 Mboe at the end of 2015, compared with 922 Mboe at the end of 2014.

Each year, a proportion of approximately one-third of the reserves is evaluated independently by a specialist consulting firm (DeGolyer and MacNaughton this year).

To estimate its 2P reserves, the Group uses the "SPE PRMS" classification, based on the common definitions of the SPE and the World Petroleum Congress (WPC).

The 2P reserves replacement ratio for a given period is defined as the ratio of additions of 2P reserves for the period (discoveries, net acquisitions and revisions of reserves) to production for the period. The 2P reserves replacement ratio for ENGIE E&P was 90% over the 2011-2013 period, 82% over the 2012-2014 period, and 18% over the 2013-2015 period.

(1) As amounts are rounded by the database, there may be insignificant variances between line-items and totals.

(2) Unless otherwise specified, the references made to 2P reserves and production must be understood as ENGIE E&P's stake in these reserves and production (net of all licence charges taken in kind by third parties in the form of crude oil or natural gas (entitlement)). These references include the total of these net 2P oil, gas, and other hydrocarbon reserves estimated as being extractable for the remaining duration of the licences, concessions, and production-sharing agreements. ENGIE holds an equity interest of 70% in ENGIE E&P International, which it consolidates by the full consolidation method.

(3) Under a production-sharing agreement, part of the hydrocarbons produced is returned directly in kind to the government. These volumes are not recognized as 2P reserves and are therefore less than the reserves calculated on the basis of the percentage interests held (working interest reserves).

Production

During the fiscal year ended on December 31, 2015, the production of gas and liquid hydrocarbons sold by ENGIE E&P was 59.1 Mboe.

The table below sets out ENGIE E&P's production, including the share from companies consolidated by the equity method, by country:

CHANGE IN GROUP PRODUCTION BY COUNTRY – NATURAL GAS AND LIQUID HYDROCARBONS

	2015			2014			2013		
	Natural gas	Liquid hydro-carbons	Total	Natural gas	Liquid hydro-carbons	Total	Natural gas	Liquid hydro-carbons	Total
Germany	3.7	2.8	6.5	4.2	2.8	7.0	4.8	3.1	7.9
Norway	17.9	16.5	34.4	14.5	13.3	27.7	12.0	12.3	24.3
United Kingdom	1.7	0.1	1.8	3.3	0.2	3.4	1.7	0.1	1.7
Netherlands	12.3	2.5	14.8	13.7	1.7	15.3	15.5	0.5	16.0
Other (1)	1.2	0.4	1.6	1.6	0.4	2.0	1.6	0.4	2.0
TOTAL	**36.8**	**22.3**	**59.1**	**37.2**	**18.3**	**55.5**	**35.6**	**16.4**	**51.9**

(1) "Other" covers the Ivory Coast and Egypt.

France

The Head Office of the exploration & production activity directs and controls the operational activities of the affiliates and New Assets. The Group holds an exploration permit in France.

Activity in affiliates

Germany (ENGIE E&P Deutschland)

As of December 31, 2015, the Group owned a stake in 53 oil and natural gas fields in Germany, including 48 in production, with 2P reserves of 92 Mboe at December 31, 2015 (including approximately 32% in the form of natural gas).

Norway (ENGIE E&P Norge)

ENGIE E&P Norge owns a stake in 17 oil and natural gas fields off the coast of Norway, including eight in production, its share of which was 280 Mboe of 2P reserves as of December 31, 2015 (including approximately 68% in the form of natural gas).

In 2015, three exploration wells failed to discover hydrocarbons.

United Kingdom (ENGIE E&P UK)

At the end of 2015, the Group held stakes in 22 fields in the UK North Sea, of which 10 were in production. As of December 31, 2015, the share of 2P reserves held by the Group in these fields represented 46 Mboe (98% of which was in the form of natural gas).

In the United Kingdom, the Group drilled five exploration wells and side-tracks in 2015, but found no commercial accumulations of hydrocarbons, and took part in exploration projects for unconventional gas.

Its joint discovery with the Netherlands resulted in additional proven volumes.

The Netherlands (ENGIE E&P Nederland)

The Group has stakes in 58 fields in the Dutch exclusive economic zone, of which 48 are in production. As of December 31, 2015, the share of 2P reserves held by the Group in these fields represented 69 Mboe (91% of which was in the form of natural gas).

In 2015, two exploration wells discovered additional volumes.

Egypt (ENGIE E&P Egypt)

The Group holds stakes in four concessions in Egypt, two of which are in production. The Group operates two concessions in exploration.

Australia (ENGIE Bonaparte)

ENGIE, as operator (60%), and Australian company Santos (40%) continued to look at a range of solutions for the development of the Petrel, Tern and Frigate gas fields.

Other countries

In Algeria, the Touat gas production project entered its on-site construction phase. A total of 18 production wells are available. On the Sud-Est Illizi licence, five new exploration and appraisal wells produced additional volumes.

The Jangkrik gas project is making progress in Indonesia. The first contracts for the sale of LNG from Jangkrik were signed in June 2015. Ten of the 11 production wells were drilled; construction of the floating production and processing unit (FPU) and the subsea facilities continued. ENGIE sold an 11.67% share of the project to Indonesian company Saka, retaining a 33.33% stake.

In Brazil, ENGIE was awarded six new exploration licences in the 13th round of the tender.

In Qatar, the Exploration and Production Sharing Agreement (EPSA) was terminated on April 9, 2015 after ENGIE E&P and its partners gave notice of withdrawal. The Group has decided not to pursue its exploration and production activities in the country.

In total, excluding Europe and withdrawals in progress, the Group holds stakes in 26 licences, in Algeria, Australia, Azerbaijan, Brazil, Egypt, Indonesia, Libya, and Malaysia. As of December 31, 2015, the share of 2P reserves held by the Group in these licences represented 212 Mboe, some 96% of which was in the form of gas.

Gas marketing

ENGIE E&P produced a total of 63 TWh of natural gas in 2015. 28% of this production was sold through other Group entities (ENGIE LNG, GEM).

Sales to other Group entities also come in the form of contracts under arm's length conditions, similar to third-party supply contracts.

The remaining production (72%) is sold directly to third parties, mostly under long-term contracts (e.g. in the Netherlands and Germany), or annual contracts obtained after government tenders (e.g. gas from Norway).

1.3.3.6.2 ENGIE LNG

Role

- Developing and diversifying the LNG supply portfolio (LNG production and purchase contracts with producers).
- Increasing the Group's LNG sales in the short, medium and long term, focusing on high-growth areas (Asia, Latin America, etc.).
- Supplying ENGIE's various entities and customers with LNG, through the management of supply and vessel chartering contracts.
- Increasing the value of the portfolio of LNG purchase and sale contracts through physical and financial optimization of the contracts and the tanker fleet.

The Group's positions in LNG

- A portfolio of 16.4 million metric tons per year of long-term supply contracts from six countries.
- Regasification capacity in six countries.
- A fleet of 14 ships [(1)] including two LNG regasification vessels.

Description of the LNG activities in the Group

ENGIE's recognized expertise over the entire LNG value chain, from production to imports and marketing, including LNG terminal operation and maritime shipping, enables it to meet the needs of the industry.

LNG gives the Group access to new natural gas resources and helps it diversify and secure its supply. It also enables the Group to develop new markets and to rationalize management of its gas supply portfolio. The LNG business is being developed in coordination with the Group's upstream activities (exploration & production) and downstream activities (natural gas supply and power production).

LNG supply and positions in liquefaction

ENGIE buys LNG under long-term (15-20 years) and medium-term (2-5 years) supply contracts. The Group also purchases spot LNG cargoes. The Group's contractual annual long-term commitments are as follows (as of December 31, 2015):

	Annual LT commitment [(4)]		
	In millions of metric tons of LNG *per annum (Mtpa)*	**TWh equivalent**	
Algeria (DES [(1)] for a portion of volumes)	6.8	102	-
Egypt	3.7	55	5% of Idku train 1
Nigeria (DES contract [(1)])	0.4	6	-
Norway (12% stake connected to the Snøhvit deposit)	0.5	7	12% of the Melkøya plant
Trinidad and Tobago [(2)]	2.0	30	-
Yemen	2.6	39	-
Shell (long-term DES contract) [(1)]	0.4	6	-
TOTAL (2015)	**16.4**	**245**	
United States (Cameron LNG)	4 [(3)]	60	16.6% of the Cameron LNG plant (Louisiana)
Russia (Yamal LNG)	1 [(3)]	15	

(1) Delivered ex-ship. The vendor unloads LNG cargoes directly at the customer's regasification terminal.
(2) The contract with Trinidad and Tobago is handled contractually by ENGIE Energy North America.
(3) LNG production will start in 2018.
(4) Nominal contractual quantities.

ENGIE LNG is also involved in the development of liquefaction plant projects:

- a liquefaction plant in the US: in May 2013, ENGIE signed an agreement to create a joint venture with Sempra Energy, Mitsubishi and Mitsui to develop, finance and build the Cameron LNG natural gas liquefaction plant at the Cameron LNG terminal in Louisiana. This agreement will give ENGIE access to an annual liquefaction capacity of 4 million tons from 2018. The foundation stone for the project was laid in October 2014;
- a liquefaction plant in Cameroon: the project, in cooperation with Société Nationale des Hydrocarbures (SNH), comprises construction of a liquefaction plant with a maximum annual capacity of 3.5 million metric tons of LNG, located near Kribi and supplied by a national transmission network connecting it with Cameroon's offshore natural gas fields;

(1) At the end of December 2014.

LNG destination and positions in regasification terminals

In 2015, LNG deliveries were made mainly in Europe and Asia, as well as in North and South America.

The Group has access to regasification capacity in six countries: France, the United Kingdom, Belgium, the United States, Chile and Puerto Rico.

In India in April 2012, ENGIE was selected as a strategic partner of the Andhra Pradesh Gas Distribution Corporation (APGDC) for the development of a floating import LNG terminal. With a capacity of 3.5 Mtpa, the terminal will be located at Kakinada on the east coast of India. ENGIE would have a stake in the terminal with access to regasification capacity. Shell joined this project in July 2014.

ENGIE LNG is also positioned in the Asian LNG markets undergoing high growth, with the signing of several sale contracts, including:

Long-term gas contracts:

- a contract for the sale of 0.8 million tons per annum of LNG to the Taiwanese company CPC from 2018 for a period of 20 years, provided by the Cameron LNG liquefaction plant;
- a contract for the sale of 0.3 million tons per annum of LNG to the Japanese company Tohoku Electric Power from 2018 for a period of 20 years, provided by the Cameron LNG liquefaction plant.
- a partnership contract with Japanese company Kansai Electric for the purchase/sale and optimization of 0.4 million tons per annum of American LNG from 2019, for a minimum period of four years and for up to 20 years.

Medium-term contracts:

- a contract for the sale of 2.5 million metric tons of LNG to the Malaysian company Petronas between 2012 and 2016;
- a contract for the sale of 2.6 million metric tons of LNG to the Chinese company CNOOC between 2013 and 2016;
- a contract for the sale of 0.8 million metric tons of LNG to the Japanese company Tohoku Electric Power between 2014 and 2017; and
- an agreement for the sale of 1.2 million metric tons of LNG to the Japanese company Chubu Electric between 2015 and 2017.

Retail LNG

- ENGIE is expanding its activity to new uses for LNG. In 2014, the Group signed a partnership agreement with Mitsubishi (Japan) and NYK (Japan) to develop LNG as a shipping fuel. This cooperation resulted in an order for an LNG supply vessel, currently under construction in South Korea and scheduled to enter into service in 2016. This boat will operate from the port of Zeebrugge.
- The Group also distributes LNG by tanker truck from several terminals in France, Belgium and the United Kingdom.

Maritime transport

ENGIE uses a fleet of LNG vessels that it adapts in size to meet its long-term commitments and its one-time opportunities. The chartering terms vary from a few days to 20 years or more. At the end of 2015, the ENGIE fleet included 14 LNG carriers:

- 3 ships owned by the Group: Matthew (126,540 m^3), Provalys (154,500 m^3), GDF SUEZ Global Energy (74,130 m^3);
- 2 ships of which the Group is a co-owner: Gaselys (154,500 m^3, owned by the NYK Group and ENGIE) and BW GDF SUEZ Boston (owned by the BW Gas Group and ENGIE); and
- 9 other ships chartered from other shipping companies.

In maritime transport, ENGIE also has an 80% stake in shipping management company GAZOCEAN (the other 20% stake is held by Japanese shipping company NYK), and a 40% stake in Gaztransport & Technigaz (GTT).

1.3.3.6.3 GTT (Gaztransport & Technigaz)

Role

GTT is the world leader in the design of cryogenic membrane containment systems used in the shipping industry for LNG transportation. GTT has more than 50 years of experience in its field.

GTT operates in 5 sectors: LNG carriers, FLNG (floating production, storage and unloading units for LNG), FSRU (floating storage and regasification units for LNG), land storage tanks and solutions for LNG use as fuel.

GTT aims to:

- provide the LNG industry with containment systems designed by the Company that enable the safe and reliable bulk transportation and storage of LNG;
- provide engineering, consultancy, training, maintenance assistance and execution of technical studies at every stage of the LNG chain; and
- adapt its technologies to promote new outlets for LNG, including by helping to develop LNG as a shipping fuel, and the transportation of LNG by sea or river in small or mid-sized vessels.

Principal key indicators

As at December 31, 2015:

- the order backlog contained more than 118 orders (LNG tankers, ethane tankers, FLNG [1], FSRU [2], and land storage tanks);
- GTT is the leader in its sector, representing more than 83% of global orders for LNG tankers, FSRU and FLNG, and the only three FLNG orders over 50,000 m^3, between 2010 and December 31, 2015;
- GTT employs around 380 staff, two-thirds of whom are engineers.

(1) Floating LNG production, storage and unloading units.

(2) Floating LNG storage and regasification units.

Activities

GTT has developed tried and tested technologies over the past 50 years. It is the only company that markets “membrane” containment technologies for ships with general approval for application on vessels. Applied to LNG tankers, these technologies allow for LNG to be transported in bulk in the ship, as the hull is protected by thermal insulation that maintains the LNG at cryogenic temperature (-162°C at atmospheric pressure). As the LNG is contained by a thin metal lining, this double membrane complies with regulatory requirements.

GTT’s two main technologies whose implementation is comprehensively controlled, Mark III and NO 96, are well-known for their excellence and reliability. They are protected by patents. These technologies, and developments in them, are mainly used on tankers for LNG transportation. Meanwhile, thanks to long-term investments in research and development relating to its traditional technologies, GTT has developed new applications, particularly for floating units (FSRU and FLNG), and land storage tanks.

GTT’s customers can access its technologies by implementing licensing agreements that provide them with protected rights to the technologies as well as the know-how of GTT, which supports its customers throughout their construction projects.

GTT also provides its customers with engineering services irrespective of whether they enter into a licensing agreement.

Lastly, GTT provides ad hoc services that include training, maintenance assistance, certification assistance and execution of technical studies.

GTT’s technologies have long been accepted and endorsed by the classification companies in the maritime domain.

The Company, which has been ISO-9001-certified since December 2010, is now focused on fine-tuning its quality management system so that it can continue consistently to meet the quality standards required by its customers.

Nearly all of the Company’s customers are in Asia (mainly China and South Korea).

1.3.4 Infrastructures business line

1.3.4.1 Role

The Infrastructures business line combines in a coherent body the Group’s gas infrastructures in France, through four specialized subsidiaries in transmission, storage, LNG terminals and distribution activities. To achieve overall optimization, a number of foreign infrastructure management subsidiaries (in Germany and the UK) also report to it.

The combined positions of these subsidiaries and stakes make the ENGIE Group the leading European player in the gas infrastructures sector.

Its business model guarantees it stable, recurring revenues and cash flow that contribute effectively to the financial stability of the ENGIE Group.

Strong positions at the heart of Europe

1.3.4.2 Strategy

The Infrastructures business line and its subsidiaries aim to promote the development of their long-term activities by strengthening the position of natural gas in the French energy mix, and by seeking new sources of growth in France and internationally.

Their strategic reflections also aim to adapt the offer from subsidiaries in the short-term, given the situation marked by restrictions, uncertainty and opportunities.

Finally, they seek to combine day-to-day professional excellence (safety of property and persons and continuity of customer supply) and economic efficiency.

GRDF distribution network in France

1.3.4.3 Organization

The organization of activities within the Infrastructures business line is based on four independent subsidiaries which are all incorporated as French *sociétés anonymes*. In France, each of them operates, markets and develops facilities directly under their own responsibility: Storengy for its storage sites, Elengy for its LNG terminals at Montoir-de-Bretagne and Fos Tonkin, GRDF for its distribution network, and GRTgaz for its transmission network (pipelines and in-line compression stations).

In addition, three of them carry the Group's investment stakes in Europe:

- ENGIE storage subsidiaries in Germany and the UK are attached to Storengy;
- Megal and GRTgaz Deutschland in Germany are attached to GRTgaz;
- Elengy, the majority shareholder of Société du Terminal Méthanier de Fos Cavaou (Fosmax LNG), operates the terminal.

In accordance with the Energy Code, GRTgaz owns the assets necessary to accomplish its missions. The commercial and financial agreements and service provision contracts between GRTgaz and ENGIE or its subsidiaries are strictly regulated (cf. Articles L. 111-17 and L. 111-18 of the Energy Code). Some are subject to prior authorization from the Energy Regulatory Commission (CRE). In particular, service provision contracts by the "vertically integrated company" to GRTgaz (cf. article L. 111-10 of the Energy Code) must be strictly necessary to GRTgaz's activity for the purpose of ensuring the gas system's balance, security and safety.

1.3.4.4 Key figures

(in millions of euros)	**2015**	**2014**	**Total change *(in %)***
Business line revenues	6,608	6,812	-3.0%
Revenue contribution to Group	3,055	2,994	+2.0%
EBITDA	3,402	3,274	+3.9%

1.3.4.5 2015 highlights

- April: Establishment for the first time in Europe of a common market area (*Trading Region South* or "TRS") made up of the GRTgaz South and TIGF regions to streamline operations and increase the attractiveness of the French gas market.
- June: Completion of the *Nouvelles données pour une Nouvelle donne* ("New Data for a New Deal") consultation process between the French government, local authorities and GRDF that will be used as the basis of a decree defining the data to be provided in the annual report.
- June: Elengy signed an agreement with Novatek Gas & Power to provide long-term transshipment services at the Montoir terminal starting in late 2017.
- September: First injection of biomethane into the GRTgaz transmission network in Chagny (eastern France).
- October: Implementation by GRTgaz of new gas balancing rules, taken from the corresponding "network code".
- October: Change in visual identity of GRDF and further differentiation of the names and visual identities of GRDF and ENGIE at the request of the CRE.
- November: Commissioning of the "Artère de Flandres" pipeline (23 km) and Hondschoote metering station on the French-Belgian border; connection of the LNG terminal in Dunkirk.
- November: Signing on November 30, 2015 of a 2015-2018 public service contract between the government and GRDF pertaining to service commitments to customers and local authorities, security of supply, safety of individuals, GRDF's contribution to the energy transition and support for households facing energy insecurity.
- December: Purchase by GRTgaz of gas lines to build the Val de Saône gas pipeline, subsidized by the European Commission.
- December: New offering of direct transshipment to the Fos Cavaou terminal.

1.3.4.6 Description of activities

A specific legislative and regulatory environment

ENGIE remains a vertically integrated group but its organization concerning gas infrastructure management activities has been strongly impacted by the implementation of successive European Directives regarding the organization of the domestic energy market and the laws transposing them. The infrastructure activities have all been affiliated.

In 2011, in its transposition of the "internal market in natural gas" Directive 2009/73/EC, known as the "Third Gas Directive", France opted for the ITO [(1)] system for the transmission network manager (GRTgaz). This system sets out the autonomy and independence rules with which GRTgaz must comply in respect of ENGIE while recognizing the entitlement of ENGIE to perform economic and management supervision. In 2012, the CRE certified the compliance of GRTgaz with these provisions.

After a thorough analysis of French legislation (especially the Energy Code) transposing the Third Gas Directive, the European Commission made some comments on its compliance with the Directive. France's Energy Transition for Green Growth Act of August 17, 2015, authorized the government to take measures to complete this transposition.

The legal framework within which the activities of the Infrastructures business line are carried out includes the General Local Authorities Code which specifies the scheme applying specifically to concession-based distribution networks, the Energy Code which reviewed and updated a substantial part of the other legislative provisions relating to natural gas, and the Environment Code which specifically determines the rules on the construction and operation of transmission infrastructures.

(1) Independent Transmission Operator.

The Energy Code imposes public service obligations on ENGIE and its subsidiaries, especially natural gas infrastructure managers. It provides for the French state to sign public service contracts with ENGIE, GRTgaz and GRDF to ensure the implementation of public service tasks. These contracts were signed in the fourth quarter of 2015. They cover the period 2015–2018. The French State publishes an indicative multiyear plan describing foreseeable changes in demand for natural gas, how this demand is met and investments scheduled to this end.

The CRE ensures the proper functioning of the market to the benefit of consumers and ensures compliance by infrastructure managers with their obligations: access to infrastructures, non-discrimination, and respect for the confidential nature of commercially sensitive information (CSI). Managers of the transmission and distribution networks must draft a Code of Conduct approved by the CRE. An independent compliance manager, reporting to the CRE, monitors its implementation.

The CRE sets the regulatory framework (rate of return for assets, tariff indexation mechanism, measures to encourage certain types of investment, etc.) and the corresponding infrastructure access tariffs.

1.3.4.6.1 Underground natural gas storage

The Group is the leader in underground storage in Europe, with a storage capacity of around 12.5 Gm^3.

France

As of December 31, 2015, Storengy was operating in France:

- 14 underground storage facilities (including 13 wholly-owned). Nine of these storage facilities are in aquifers (total useful storage volume of 9 billion m^3), four are in salt caverns (total useful storage volume of 1 billion m^3), and one is in a depleted field (useful storage volume of 80 million m^3); three of these sites have been mothballed (corresponding to a total useful volume of 800 million m^3);
- 51 compressors with a total power of 219 MW, needed to withdraw and inject natural gas;
- surface facilities required to process the gas withdrawn, before injection into the transmission network.

Legislative and regulatory environment in France

Underground storage facilities fall under the Mining Code and are operated pursuant to a concession granted by the French State following a public inquiry and competitive tenders. ENGIE holds mining rights that it farms out [(1)] to its subsidiary Storengy, which operates them and thus holds the corresponding authorizations.

According to the Third Gas Directive, access to storage is organized according to a system known as “negotiated system”. Storage prices are set by Storengy in a transparent, non-discriminatory manner. The Energy Code and the decree of August 21, 2006 set the access conditions for storage facilities. This decree specifically sets out the conditions for granting and assigning storage capacity access rights and their distribution, and requires the authorized supplier or agent to maintain sufficient stores in order that, on October 31 of every year, they have enough natural gas to supply their customers from November 1 to March 31. An annual decree sets out the storage rights in question and related obligations. Pricing conditions vary according to the technical capacity of the reservoirs, the basic storage service and the type of additional operating services selected.

This system is expected to change very soon. Having consulted with stakeholders in April 2015, French public authorities are now seeking to regulate storage. An auction system would be set up to sell storage capacity under market conditions. In addition, a financial compensation mechanism would be established whereby storage operators could receive revenues as authorized by the regulator.

Germany

Storengy Deutschland GmbH, a wholly-owned subsidiary of Storengy, is one of the leaders on the German underground gas storage market, with over 8% market share by volume. The company owns and operates six storage sites for a working capacity of nearly 1.7 billion m^3 (three salt sites: Harsefeld, Lesum and Peckensen; and three depleted sites: Fronhofen, Schmidhausen and Uelsen). It also holds a 19.7% stake in the depleted site at Breitbrunn (992 million m^3 in total).

United Kingdom

Storengy UK Ltd, a wholly-owned subsidiary of Storengy, is dedicated to the construction and marketing of storage capacity in saline cavities at Stublach, in Cheshire. The planned storage capacity at the site is 400 million m^3 of useful volume, divided into 20 cavities. The UK’s Office of Gas and Electricity Markets (OFGEM) granted it a third-party access exemption for the entire project.

Storage strategy

Storengy must adapt to an environment characterized not only by long-term adverse market conditions but also by the ongoing move towards an “energy transition”. This means:

- optimizing and enhancing its business in its traditional markets;
- facilitating the momentum of natural gas as an energy solution, for example by contributing to new energy storage solutions (hydrogen, heat and biomethane storage);
- leveraging its core competencies (drilling, geoscience, risk management, etc.) on a global level and developing new activities such as geothermal energy.

1.3.4.6.2 LNG terminal activities

LNG terminals are port facilities that allow liquid natural gas (LNG) to be received and regasified. New services have been added since 2012: reloading and transshipment of LNG tankers and LNG truck loading (road transported LNG).

Elengy is the second-largest European LNG terminal operator (*source: GIIGNL*), with three LNG terminals in France. The facilities operated by Elengy have a total regasification capacity [(2)] of 21.25 billion m^3 (Gm^3) of gas per annum at December 31, 2015.

(1) Farming out: in mining law, the name given to an agreement by which the holder of the operating rights (Government or concessionaire) leases the mine to a third party in return for a royalty.

(2) Quantity of natural gas, expressed as a volume of gas in a gaseous state, that the terminal is capable of receiving over a given period as LNG and routing to the adjacent transmission network as a gaseous gas.

Fos Tonkin Terminal

Brought into service in 1972, Fos Tonkin is located on the Mediterranean coast and receives LNG primarily from Algeria. Its regasification capacity stands at 3 billion m^3 per year. Its jetty can accommodate ships carrying up to 75,000 m^3 of LNG and its tank has a total capacity of 150,000 m^3.

Montoir-de-Bretagne Terminal

Montoir-de-Bretagne, which was brought into service in 1980, is located on the Atlantic coast and receives LNG from various sources. It has a regasification capacity of 10 billion m^3 per year, two jetties that can accommodate ships transporting up to around 260,000 m^3 of LNG (Q-Max) and three tanks with a total capacity of 360,000 m^3. Renovation of the terminal was completed in 2013, allowing it to be operated at its current capacity until 2035.

Fos Cavaou Terminal

The Fos Cavaou terminal was brought into commercial service in 2010. It has a regasification capacity of 8.25 billion m^3 per year, a jetty that can accommodate Q-Max-size tankers, and three tanks with a total capacity of 330,000 m^3. The terminal is owned by a dedicated subsidiary, Fosmax LNG, in which Elengy has a 72.5% stake, while Total Gaz Electricité Holding France SAS holds a 27.5% stake. It is operated by Elengy.

Legal and regulatory environment specific to regasification activities in France

An LNG terminal is subject to classification for environmental protection purposes (so-called “Seveso” facilities) and, as such, its operation is subject to specific authorization by the prefecture. (These authorizations were obtained in 2008 for Montoir-de-Bretagne and Fos Tonkin, and in 2012 for Fos Cavaou).

Access to LNG terminals: principles and tariffs

Regulated tariffs for access to LNG terminals applicable since April 1, 2013 were adopted following the CRE ruling of December 13, 2012 and adjusted mid-period by the CRE ruling of December 17, 2014. They are scheduled to apply until March 31, 2017.

The tariff package consists of five terms depending on (i) the number of unload operations, (ii) quantities unloaded, (iii) use of regasification capacity, (iv) gas-in-kind and (v) seasonal adjustment. The RAB for Elengy and Fosmax LNG combined stood at €1,098 million at January 1, 2016 with an actual rate of return of 8.5%, before corporate income tax.

The LNG terminal activities strategy

Elengy’s strategy is centered on the following key points:

- to optimize operation methods for each of the three sites in order to get best value from them regardless of their utilization rate;
- to create and implement new services at the terminals, similarly to what is being done in terms of reloading, transshipment between LNG tankers and the loading of tanker trucks;
- to search for growth opportunities internationally by highlighting the asset management and operations expertise developed over the past 50 years.

1.3.4.6.3 Distribution activities in France

GRDF develops, operates and maintains the distribution network, delivers gas for suppliers and consumers, and connects biomethane producers to the network. With regard to its distribution activities, it operates within the general framework set out in Section 1.3.4.1 but has specific features related to its classification as a local utility.

Legislative and regulatory environment specific to these activities

The Concession system

Each municipality where a gas supply is available grants a concession to an authorized distributor to operate the public service of gas distribution on its territory. Concessions are entered into or renewed based on standard specifications established jointly by the French national federation of concession-granting and state-controlled municipalities (“*Fédération Nationale des Collectivités Concédantes et Régies”* or “*FNCCR*”) and GRDF. Concession-granting bodies exercise control to ensure the proper execution of the obligations resulting from these specifications.

Distribution structures belong to the municipalities even when they are built and financed by the distributor, who has an exclusive right to use them.

The Energy Code recognizes the entitlement of exclusive concession rights to historic concession-holders, i.e. GRDF and 22 local distribution companies (LDC), to exclusive service areas. As holders of a “distribution monopoly”, they are the sole operators with whom municipalities may renew the concession. The grounds for terminating a concession contract early are strictly controlled (listed exhaustively) as is the date the concession can be terminated (cannot be in the first half of the contracted term). Termination also requires two years’ notice and the concession-granting authority must pay compensation to the concessionaire for early termination.

Apart from the exclusive service areas of GRDF and the LDC, the Energy Code allows all municipalities not supplied with natural gas to entrust their public gas distribution to the operator of their choice.

The joint service specific to GRDF and ERDF

The Energy Code assigns a joint service, primarily responsible for construction, worksite project management, network operations and maintenance, and metering operations.

GRDF and ERDF are linked by an agreement defining their relationship within the joint service, the services it provides, and the distribution of the resulting costs. This agreement, signed for an indefinite period, may be terminated at any time, subject to 18 months’ notice, during which period the parties undertake to renegotiate this agreement.

GRDF activities

At December 31, 2015, the French natural gas distribution network operated by GRDF was the leading network of this type in Europe due to its length (197,928 km) [(1)]. It has some 10.9 million delivery points [(2)] in the 9,528 municipalities served (8,947 of them based on exclusive rights assigned to GRDF), representing approximately 77% of the French population.

With 276 TWh of natural gas delivered in 2015, GRDF represented 95% of the French market for network gas distribution.

(1) Source: Internal benchmark from public data for 2015.

(2) As of December 31, 2015, 2,383,991 customers supplied in this way used an alternative gas supplier.

The average residual term of its concession contracts, weighted by volumes distributed, was 12.91 years at December 31, 2015.

The joint service's agents took more than 21.9 million gas meter readings in 2015 and made some 2.3 million technical interventions related to gas on customers' premises.

Access to the gas distribution network: principles and tariffs

The GRDF gas distribution tariff (the "ATRD 4") came into force on July 1, 2012 [1] for a period of four years. It applies to the GRDF exclusive service area. The structure of this tariff is consistent with the previous tariff (compensation on asset base and consideration of operating expenses). A Charges and Revenue Regularization Account (CRRA) offsets the difference between some projected and actual income and expenses, specifically for the income relating to the volume of gas transported.

The regulated asset base (RAB) includes all distribution activity assets such as pipelines and connections, pressure regulation stations, meters and other technical and IT-related equipment, depreciated on a straight-line basis to determine the annual capital expenses. Pipelines and connections, which represent 92% of the assets in the RAB are depreciated over 45 years. The RAB stood at €14,226 million, subject to CRE validation, at January 1, 2015 with an actual rate of return of 6%, before corporate income tax.

The tariff structure changed on July 1 each year according to a percentage variation equal to "inflation + 0.2%" (excluding the effect of the CRRA), based on productivity of 1.3% per annum on net operating expenses. On July 1, 2015, the tariff increased by 3.93%, including the effect of the CRRA and covering the costs of the GRDF advanced metering infrastructure between mid-2013 and late 2015. In addition, periodic updates to the catalogue and the price of services (suppliers, customers and biomethane producers) are now subject to rulings by the CRE.

Following the CRE's discussions on March 10, 2016 to decide on the standard tariff for the use of GRDF's public networks for natural gas distribution, a new tariff (known as "ATRD 5") will take effect on July 1, 2016 for a period of four years. The tariff's application, calculation method and key principles (incentivizing regulations, CRRA) are similar to those of the previous tariff (ATRD4, applied from July 1, 2012 to June 30, 2016).

The RAB includes all distribution activity assets. The rate of return applied to the RAB is 5% (real, pre-tax). The 100 basis point cut from the rate used by the CRE for the previous tariff is mainly due to the decline in interest rates from the levels that prevailed during the previous tariff period. The tariff covers operating costs and introduces a cost-control incentive for operators. A CRRA offsets the difference between projected and actual income and expenses, specifically for the income related to the quantities of gas transported (to cover the climate change impact).

The tariff structure will increase by 2.76% on July 1, 2016 and will then change on July 1 of each year according to a percentage variation equal to "inflation - 0.8%" (excluding the impact of CRRA).

Lastly, a specific regulatory framework for the Gazpar smart meters project was defined in the CRE ruling of July 17, 2014. It is based on the allocation of a remuneration premium of 200 basis points on the metering assets brought into service during the industrial deployment phase (2017-2022), accompanied by a capped global mechanism to encourage compliance with all the project's aspects, i.e.:

- biennial monitoring of compliance with the provisional timetable for the project's deployment, with penalties for delays;
- annual monitoring of the unit cost of the meters;
- annual monitoring of the system's performance;
- annual monitoring of the investment expenditure on the IS and smart meter chain.

GRDF strategy

GRDF's strategy is revised every four years. At the end of 2015, GRDF reported on its previous company project and set new objectives for 2018 as follows:

- operational excellence in the performance of its businesses in order to be recognized as committed professionals;
- promote natural gas as an energy of the future by demonstrating its relevance to the energy mix on a daily basis;
- create a model with all businesses for a company that is responsible, more open and collaborative.

1.3.4.6.4 Transmission activities

Around 75% of GRTgaz is owned by ENGIE, with 25% owned by Société d'Infrastructures Gazières (SIG), a consortium composed of CNP Assurances, CDC Infrastructures and Caisse des Dépôts.

GRTgaz develops, operates and maintains a transmission network, manages the natural gas flows that flow through it, and markets network access services to gas suppliers. It also manages an interest in the Megal Germany transmission network.

Facilities

GRTgaz wholly owns one of the longest high-pressure natural gas transmission networks in Europe [2] representing 32,323 km in France at December 31, 2015. The main network (8,346 km) sends natural gas from entry points (LNG terminals, interconnection points with international pipeline networks) to the regional network. The regional network (23,977 km) then directs it towards some 4,500 delivery points serving industrial customers and distribution networks. GRTgaz operates 27 compression stations.

In 2015, GRTgaz sent 53.6 billion m^3 of gas across the French network (590 TWh).

In addition, GRTgaz has investments in the Megal transmission network in Germany (1,167 km), representing a cumulative length [3] of 429 km.

(1) CRE ruling of February 28, 2012.

(2) Source: internal benchmark from public data for 2010.

(3) Cumulative length of the network: length in kilometers of the pipes for the network in question multiplied by the percentage stake held by ENGIE.

Legal and regulatory framework for gas transmission in France

This activity takes place within a general framework (defined in section 1.3.4.5.) aimed at ensuring the independence of the network manager.

The Energy Code states that the construction and operation of natural gas transmission pipelines must be authorized by a competent administrative body, the conditions for which are set by Articles L. 555-7 *et seq.* and Articles R. 555-2 *et seq.* of the Environment Code. Authorizations are nominative and non-transferable. Entities that obtain natural gas transmission authorizations must comply with the terms and conditions of the authorizations.

On November 30, 2015, the French government and GRTgaz signed the first public service agreement setting out the objectives and procedures for implementing the public service missions(Art. L. 121-46 of the Energy Code). The agreement complies with the regulatory framework (allocated resources, objectives) and takes into account not only security of supply and continuity of delivery but also the new challenges facing the gas industry (integration and attractiveness of the French gas market, promotion of natural gas and renewable gas, development of new uses, and so on).

Access to the gas transmission network: principles and tariffs

Pursuant to its ruling on the pricing decision of December 13, 2012, the CRE defined the methodology and set the tariffs known as "ATRT 5", which were to enter into effect on April 1, 2013 for a period of four years. The tariff structure is updated annually on April 1. Each year, it is drawn up to cover the income authorized by the CRE, according to observed inflation data and the best available forecasts of capacity subscriptions for the year in question.

The blueprint for net operating expenses includes a productivity objective. An incentive for cost control in investment programs is introduced, along with a revision clause after two years enabling adjustment of the blueprint for net operating expenses for 2015 and 2016, under certain conditions.

The basic actual rate of return before corporate income tax applied to the regulated asset base (RAB) is 6.5%. An increase of 3% is retained for investments already made, creating additional capacity on the main network. In terms of new investment, the allocation of this increase is restricted to the Val de Saône projects and decentralized odorization of natural gas.

The CRE ruling on December 10, 2015 led to an average increase of 4.6% in the GRTgaz tariff at April 1, 2016.

The RAB 2015 for the transmission network stands at €7,579 million (subject to validation by the CRE).

Transmission Europe

Megal GmbH & Co. KG ("Megal"), 49% owned [1] by GRTgaz Deutschland (a wholly owned subsidiary of GRTgaz), and 51% by Open Grid Europe, has a pipeline network connecting the Czech and Austrian borders to the French border. Megal has granted rights to use its assets to GRTgaz Deutschland and to Open Grid Europe, which separately manage the transmission service purchased by the shippers on their part of the network. GRTgaz Deutschland GmbH markets approximately 58% of the capacity of the Megal network.

Transmission business strategy

The GRTgaz strategy aims to ensure its development in the long term both in France and internationally by:

- contributing to a better integration in the European markets either through investments or agreements negotiated with other transmission network managers (for example, with Switzerland's FluxSwiss and Italy's Snam Rete Gas to create the first major physical entry point of natural gas in France from Switzerland, in Oltingue, Haut-Rhin;
- promoting new uses of gas (for industry or mobility, for example), developing renewable natural gas through the injection of biomethane into the transmission network, and promoting research into maximizing the benefit of surplus renewable energy (power to gas);
- continuing to grow internationally, in countries where gas consumption is growing fast, in close collaboration with other Group entities.

(1) In 2013, GRTgaz sold its shares in Austrian carrier BOG and increased its stake in MEGAL from 44% to 49%.

1.3.5 Energy Services business line

1.3.5.1 Role

Environmental and energy efficiency is a European priority in the fight against global warming and one of the major aims in sustainable development policies for companies and local authorities worldwide.

It is one of the major elements in the energy transition, and is the core business of the Energy Services business line. More-efficient energy use means obtaining optimal service that reduces both the overall energy bill as well as its environmental impact.

European leader in energy services, the Energy Services business line offers, mainly via the Cofely brand, environmental and energy-efficient solutions to its industrial, tertiary, local authorities, public administration, and infrastructure customers through services which are:

- multi-technical (e.g. electrical, thermal or HVAC engineering and system integration);
- multi-service (engineering, installation, maintenance, operation and facility management);
- multi-energy (e.g. renewable energy sources and gas); and
- multi-country.

They cover the entire technical services value chain from design, installation and maintenance of equipment to the management of energy and utilities, multi-technical maintenance and facility management, in the long term. The business line supports its customers throughout the life cycle of their facilities and their sites, allowing them to get the most out of their assets, manage their costs more efficiently, improve their energy efficiency, and focus on their core activity. It develops local energy generation plants that include an increasing range of renewable energy sources, such as biomass, geothermal and solar energy. In addition, it is capable – in terms of technical expertise, project management, contract relations, and geographical networking – to meet the challenges that numerous industrial and service sector customers face:

- the need to refocus on core activities and outsource the search for integrated multi-technical and multi-service solutions, in both the private and public sectors;
- the need to implement energy-efficient solutions;
- modernization of public institutions: health care establishments, university campuses, military or penitentiary sites, etc.;
- the need to pay increasing attention to mobility and safety with, consequently, a major need to upgrade rail, road, and urban transport infrastructures;
- new forms of contracts that allow performance-based indexing or the sharing of savings made.

1.3.5.2 Strategy

The Energy Services business line has the following strategic priorities:

- to consolidate its position as the European leader of B2B energy efficiency solutions providers by emphasizing sales momentum and developing innovative products and services;
- to expand its international presence in targeted geographical regions through organic growth as well as acquisitions;
- to strengthen the technological content of its activities and develop innovation;
- to reinforce synergies with the Group’s other business lines;
- to continue to improve its profitability by optimizing processes, mobilizing internal synergies, and developing cross-functional products and services.

1.3.5.3 Organization

Business organization by country

The business line is composed of six activities: Engineering, France Facilities Systems & Maintenance, France Services, Networks, Benelux, and International.

Each activity is managed by a single manager responsible for its results and reports directly to the business line’s General Management. The business line’s management is deliberately decentralized to ensure that decisions are made as close to operations as possible. Commercial and technical cooperation between the Energy Services business line entities and other ENGIE entities is encouraged in order to achieve optimum efficiency in terms of sharing technical and commercial expertise and costs.

The Energy Services business line offer covers the entire multi-technical services value chain:

- design engineering;
- electrical, mechanical and HVAC engineering; system integration; large projects; industrial maintenance;
- multi-technical management (e.g. electrical, thermal and HVAC engineering and system integration);
- on-site management of energy networks and utilities as well as urban networks including mobility and public lighting;
- facility management.

1.3.5.4 Key figures

(in millions of euros)	2015	2014	Total change *(in %)*
Revenues	16,001	15,673	+2.1%
EBITDA	1,227	1,127	+8.9%

The business line is present in almost 40 countries, most of them in Europe, where it is active on some 1,300 sites.

1.3.5.5 2015 highlights

- January: In France, Cofely Services signed a partnership with start-up Partnering Robotics to develop services with the Diya One robot.
- February: In France, Cofely Réseaux teamed up with Kyotherm, Omnes Capital and Storengy to design and operate the geothermal network for the future *Villages Nature* holiday complex in Marne-la-Vallée.
- February: In the UK, a joint venture was created between Cofely (51%) and the Cheshire West and Chester Council to develop customer and integrated workplace management services. Under the contract, 300 municipal employees will be transferred to the joint venture.
- March: In Germany, through its subsidiary HGS, Cofely acquired the Services division of SEVA, which specializes in the construction and operation of cogeneration plants.
- April: In France, Cofely Ineo signed a 12-year energy performance contract for public lighting in the town of Sainte-Adresse.
- May: In South Africa, Tractebel Engineering signed a contract with Eskom to oversee the construction of six new generators and to replace some steam generators at the Koeberg plant.
- June: In France, Cofely Services was awarded a 25-year public service contract for the future biomass-fueled urban heating network in Périgueux.
- June: In Belgium, Cofely renewed a 15-year maintenance contract for the facilities of NRB, Belgium's leading IT services company.
- July: In the UK, Cofely signed a five-year facility management contract with brewing company Molson Coors.
- July: In Chile, Cofely acquired IMA, a provider of maintenance services for industrial companies, purchased 80% of Energia del Sur (a biomass producer), and signed a four-year facility management contract with Mall Plaza for a shopping mall in Santiago.
- August: In Italy, Cofely signed a five-year energy efficiency contract with the La Scala opera house in Milan.
- September: In the United States, as part of a public-private partnership, Cofely won a 15-year contract to provide Operations & Maintenance (O&M) services for the Detroit Metro Region Freeway Lighting.
- September: In Dubai, Cofely Besix FM won two new facility management contracts with the Emirates Group, for its headquarters as well as the Emirates Aviation University.
- September: In Australia, Cofely acquired TSC, which is active in building maintenance in Australia and New Zealand.
- September: In France, Cofely Axima acquired Nexilis, which specializes in HVAC engineering, and Promat, a specialist in fire protection.
- October: In the United States, through its subsidiary Ecova, Cofely acquired the start-up Retroficiency, which specializes in remote energy audits of buildings.
- December: in Australia, Cofely acquired DESA, a leading provider of communications, electrical and energy efficiency solutions in the country.

1.3.5.6 Description of activities

Engineering (Engineering Division)

Tractebel Engineering is one of the leading engineering firms in Europe. Operating in 20 countries, it provides engineering and consulting solutions to public and private-sector clients in the electricity, nuclear, gas, industry, and infrastructures sectors. Tractebel Engineering offers a range of innovative and long-term solutions throughout the life cycle of its customers' facilities: feasibility studies, basic engineering, assistance with project management, assistance with operations and maintenance, and dismantling.

Systems, Facilities and Maintenance (France SIM, Benelux and International Divisions)

Through its specialized subsidiaries, such as Cofely Axima, Cofely Endel, Cofely Ineo and Cofely Fabricom, the Energy Services business line provides its customers with multi-technical services to extend the working life and improve the reliability and energy efficiency of their facilities. The Energy Services business line operates in the tertiary, industrial, energy, transport and local authority sectors and provides innovative solutions for:

- electrical engineering and communication and information systems;
- HVAC engineering and refrigeration;
- mechanical engineering and industrial maintenance.

Energy services (FSE, Networks, Benelux and International Divisions)

Cofely develops services dedicated to energy and environmental efficiency for customers in the tertiary and industrial sectors and helps local authorities with sustainable urban development. Cofely offers solutions for:

- improving the energy efficiency and limiting the environmental impact of buildings (technical management-maintenance, energy efficiency agreements, etc.);
- generation, operation and distribution of local and renewable energy sources (cogeneration plants, industrial utilities, heating and cooling networks, etc.);
- integration of services (facility management, multi-site management, public-private partnerships, etc.).

Electricity generation and distribution (International Division)

The Energy Services business line, with its subsidiary SMEG, distributes electricity and gas in Monaco, and produces and sells electricity in the Pacific region with its subsidiaries EEC (New Caledonia), EDT (French Polynesia), EEWF (Wallis and Futuna) and Unelco (Vanuatu) as a partner in the development of these territories.

Main markets

The Energy Services business line is active in four main markets:

- industry, which accounts for about 33% of its business. The business line's major industry customers are the oil industry, the paper industry, chemicals, power generation, steel making and food processing;

- private services, accounting for some 28% of its business, mainly in offices and business centers, shopping malls, data centers and the private residential market;
- public services, which accounts for 22%. The business line has a strong presence in multiple occupancy buildings, public administration, hospitals, university campuses, etc.;
- the infrastructures segment, for the remainder of its activity. The business line carries out installation and maintenance work for the electricity and gas networks, ports and airports, street lighting networks, etc.

1.3.5.7 Regulatory framework

The main regulatory change impacting Energy Services in France was Law 2015-992 of August 17, 2015, known as the Energy Transition for Green Growth Act. To help meet ambitious targets for greenhouse gas emission reductions, changes to the energy mix, and lower energy consumption, the law provides numerous measures to encourage the growth of energy efficiency and energy solutions at the regional level. With the exceptional complementarity of its activities and areas of expertise, the business line is ideally positioned to meet the resultant demands.

At the European level, there is greater awareness of the crucial role heating plays on the path to a low-carbon economy. The European Commission is set to release its “Heating and Cooling Strategy”, which will be incorporated into laws providing a framework for the development of heating and cooling networks and better deployment of energy efficiency in buildings.

These changes will only be strengthened by the momentum achieved during COP21.

1.3.6 Solairedirect

On September 3, 2015, ENGIE acquired Solairedirect, which has reported to the Corporate office since December 31, 2015.

Solairedirect is a company with global reach in the solar energy sector. With its market share of 13.29% (total) et 22.37% (2015) in France as of December 31, 2015 in terms of megawatts (MW) of capacity into service [(1)] and its proven experience in developing photovoltaic power units in France and abroad, the company is taking opportunities to expand in the emerging sector of competitively priced solar energy in various markets worldwide.

Most of Solairedirect's business is focused on large-scale photovoltaic power units, including ground-mounted solar farms and roof installations generating more than 1 MW of power.

Solairedirect operates in three areas, aiming with this structure to capture maximum value at each life stage of a photovoltaic project:

- "Development and Construction", which encompasses project development, engineering, and the supply and installation of photovoltaic power units,
- "Asset Servicing", involving operating, maintenance and management services relating to photovoltaic power units under long-term contracts (20-25 years), and
- "Investment Management", involving the management and enhancement by Solairedirect of its portfolio of investments in photovoltaic power units.

At December 31, 2015, Solairedirect had developed, built and marketed 49 solar farms with total installed capacity of 392,5 MW in France and 9 solar farms with total installed capacity of 120.3 MW in South Africa, India, the US and Chile. The Group is currently installing 17 solar farms in France, Chile and India which will have total installed capacity of 229.5 MW when complete.

Capitalizing on its experience in France and through its network of investors and leading financial institutions in the solar energy market, Solairedirect is positioned to take advantage of emerging opportunities offered by markets combining high levels of sunlight, easy access to financing and a market dynamic that favors the competitiveness of solar energy compared to other energy sources. Apart from the solar farms mentioned above, which had already begun selling energy or were being installed at December 31, 2015, Solairedirect has potential projects with total capacity of 5,855 MW in various stages of development, including 655 MW at the backlog [(2)] stage, 1,807 MW at the pipeline stage [(3)], and 3,393 MW at the qualified lead stage [(4)]. Backlog projects account for 67% of Solairedirect's business, while pipeline projects and qualified leads account in photovoltaic markets outside France account for 94%, a sign of the increasing globalization of its activities.

Solairedirect offers investors in the photovoltaic industry a comprehensive range of turnkey solutions, enabling them to invest in photovoltaic facilities generating renewable power with no greenhouse gas emissions (GHGs) under financial conditions that offer high cash flow visibility. For each project, Solairedirect makes a strategic decision either to transfer control of the project company that it has created to equity investors at the time of the investment decision (the greenfield stage), in which case, it provides, installs and puts into service production facilities on behalf of the investors under one or more turnkey contracts, or it makes this transfer after the photovoltaic facility has begun selling electricity and has reached the provisional or definitive reception stage (the brownfield stage). In the latter case, Solairedirect benefits in its consolidated financial statements from recurring revenues from electricity sales from the time that the facility is commissioned until control of the project company that owns the operational photovoltaic facility is transferred to the investors. In both cases, Solairedirect may provide operational, maintenance and management services for the solar facilities under long-term contracts.

(1) Calculation issued from statistics of EnR RTE-ERDF-SER-ADeF Panorama 2015.

(2) Before the construction phase, in the case of projects not based on the sale of electricity at wholesale prices, projects for which the Group has entered into or is certain to enter into an electricity sales contract, and intends, in the next 12-18 months, to obtain the remaining elements necessary for project financing in the jurisdiction concerned (control of the site, permits, network connection agreements); in the case of projects based on the sale of electricity at wholesale prices, projects for which the Group has the necessary elements for project financing in the jurisdiction concerned.

(3) Projects for which the Group has not yet obtained the elements required to qualify the project as a backlog project, but for which the Group has completed one of the following stages: (i) control of the site and the required permits are obtained; (ii) a network connection agreement has been signed or is certain to be signed, (iii) the project has been selected or qualified after a call for tenders including an initial selection phase or (iv) a tender has been put forward as part of a call for tenders that does not have an initial selection phase.

(4) Potential projects for which development costs have been approved by the Group and internal resources have been allocated to carry ithem out.

1.4 Real estate, plant and equipment

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

As of December 31, 2015, the Group operated electricity power plants, natural gas terminals and storage facilities in over 40 countries.

The tables below show the main facilities currently in operation, either wholly or partially owned by the Group. Leased properties are covered in Notes 22 and 23 of Section 6.2 "Consolidated Financial Statements".

POWER PLANTS (CAPACITY > 400 MW AND FULLY CONSOLIDATED, EXCL. UNITS UNDER CONSTRUCTION)

Country	**Site/plant**	**Total capacity [(1)] *(MW)***	**Type of plant**
Germany	Wilhelmshaven	731	Coal
	Zolling	538	Coal-, biomass-, fuel oil-fired
Saudi Arabia	Marafiq	2,744	Natural gas
	Ju'aymah	484	Natural gas
	Shedgum	484	Natural gas
	Riyadh PP11	1,729	Natural gas
Australia	Hazelwood	1,554	Lignite
	Loy Yang	953	Lignite
	Pelican Point	479	Natural gas
Bahrain	Al Dur	1,234	Natural gas
	Al Ezzel	954	Natural gas
	Al Hidd	929	Natural gas
Belgium	Amercœur	451	Natural gas
	Coo	1,164	Hydraulic pumping
	Doel	2,905	Nuclear
	Drogenbos	508	Natural gas
	Herdersbrug	480	Natural gas
	Tihange	3,008	Nuclear
Brazil	Cana Brava	450	Hydroelectric
	Estreito	1,087	Hydroelectric
	Jirau	3,075	Hydroelectric
	Ita	1,450	Hydroelectric
	Jorge Lacerda	773	Coal
	Machadinho	1,140	Hydroelectric
	Salto Osòrio	1,078	Hydroelectric
	Salto Santiago	1,420	Hydroelectric
Chile	Mejillones	869	Coal-fired and natural gas
	Tocopilla	963	Natural gas, coal- and fuel oil-fired
United Arab Emirates	Fujairah F2	2,000	Natural gas
	Shuweihat 1	1,500	Natural gas
	Shuweihat 2	1,510	Natural gas
	Taweelah	1,592	Natural gas
	Umm Al Nar	2,240	Natural gas
Spain	Cartagena	1,199	Natural gas
	Castelnou	791	Natural gas

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

Country	Site/plant	Total capacity [1] (MW)	Type of plant
USA	Astoria 1	575	Natural gas
	Astoria 2	575	Natural gas
	Armstrong	620	Natural gas
	Bellingham	527	Natural gas
	Blackstone	478	Natural gas
	Coleto Creek	635	Coal
	Hays	893	Natural gas
	Midlothian	1,394	Natural gas
	Northfield Mountain	1,146	Hydraulic pumping
	Troy	609	Natural gas
	Wise County Power	746	Natural gas
France	CombiGolfe	435	Natural gas
	CyCoFos	490	Natural gas and steelworks gas-fired
	DK6 (Dunkirk)	788	Natural gas and steelworks gas-fired
	Génissiat	423	Hydroelectric
	Montoir-de-Bretagne	435	Natural gas
Greece	Viotia	570	Natural gas
Indonesia	Paiton	1,220	Coal
	Paiton 3	815	Coal
Italy	Torre Valdaliga	1,442	Natural gas
	Vado Ligure	1,373	Natural gas and coal-fired
Kuwait	Az Zour North.	668	Natural gas
Oman	Al-Rusail	665	Natural gas
	Barka 2	678	Natural gas
	Barka 3	744	Natural gas
	Sohar	585	Natural gas
	Sohar 2	744	Natural gas
Pakistan	Uch 1	551	Natural gas
Netherlands	Eems	1,931	Natural gas
	Flevo	873	Natural gas
	Rotterdam	731	Coal
	Gelderland	592	Coal- and biomass-fired
Peru	Chilca	805	Natural gas
	ILO 31	564	Fuel-oil fired
Poland	Polaniec	1,717	Coal-, biogas- and biomass-fired
Puerto Rico	Ecoelectrica	507	Natural gas
Portugal	Elecgas	840	Natural gas
	Pego	576	Coal
	Turbogas	990	Natural gas
Qatar	Ras Laffan B	1,025	Natural gas
	Ras Laffan C	2,730	Natural gas
United Kingdom	Deeside	515	Natural gas
	First Hydro	2,088	Hydraulic pumping
	Rugeley	1,026	Coal
	Saltend	1,197	Natural gas
Singapore	Senoko	3,201	Natural gas and fuel oil-fired
Thailand	Gheco One	660	Coal
	Glow IPP	713	Natural gas
Turkey	Ankara Boo	763	Natural gas
	Marmara	480	Natural gas

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

UNDERGROUND NATURAL GAS STORAGE (> 550 MM3 OF TOTAL USEFUL STORAGE VOLUME [(1)])

Country	Location	Gross useful volume (Mm^3) [(1)]
France	Gournay-sur-Aronde (Oise)	1,310
France	Germigny-sous-Coulombs (Seine-et-Marne)	820
France	Saint-Illiers-la-Ville (Yvelines)	690
France	Chémery (Loir-et-Cher)	3,710
France	Céré-la-Ronde (Indre-et-Loire)	570
France	Étrez (Ain)	640
France	Cerville (Meurthe-et-Moselle)	650
Germany	Uelsen	840

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

METHANE TERMINALS

Country	Location	Total regasification capacity (Gm^3(n) per annum) [(1)]
France	Montoir-de-Bretagne	10
France	Tonkin (Fos-sur-Mer)	3
France	Cavaou (Fos-sur-Mer)	8.25
USA	Everett	6.3
Chile	Mejillones	1.7
Puerto Rico	Penuelas	0.8

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

1.5 Innovation, research and technologies policy

1.5.1 Innovation

To be leader in the energy transition in Europe, the Group relies on innovation to meet its customers' new requirements.

ENGIE created a new entity in February 2014 called "Innovation, Marketing and New Business", intended to support changes on mature energy markets and the convergence between energy services and information technologies. Its aim is to position the Group at the forefront of these changes by developing additional growth vectors and new ways of doing business within the Group. Four priority sectors have been identified by the Group:

- smart energy management;
- decentralized generation and energy storage;
- cities, regions and mobility;
- energy efficiency and home comfort.

New tools and processes have been deployed to foster entrepreneurial creativity and to ensure that innovation promotes the Group's long-term commercial development. A social network for innovation, "innov@ENGIE", was launched in mid-2014 for Group employees. This internal tool is intended to boost the innovation dynamic in the Group and promote innovation among employees. At December 31, 2015, innov@ENGIE had over 8,700 members. On average, five new product or business ideas are submitted each week. At the end of 2015, 350 ideas had been submitted.

To turn these ideas into products, an incubation process for employee projects was created. At December 31, 2015, 14 teams of Group employees were developing projects in external incubators created from partnerships primarily in France (Paris Région Lab, Le Village, Agoranov, Atlanpole, Euratechnologie, and Midi-Pyrénées), Belgium (Costation and WSL), the Netherlands, the United Kingdom and Brazil.

This process enriches existing initiatives such as the Trophées de l'Innovation ("Innovation Awards"), an in-house competition held each year for innovative projects submitted by Group employees. In 2015, the seventh annual Innovation Awards attracted around 500 submissions.

To strengthen its links with the innovation ecosystem of its host regions, the Group partners with major innovation-themed events and has launched around 20 calls for projects to startups. ENGIE launched a number of public initiatives, such as a "Hackathon" on drones and "Innovation Days" in Marseille and Bordeaux. In June 2015, ENGIE's "Innovation Week" saw the organization of 120 events involving Group employees, startups and entrepreneurs in 21 countries.

The ENGIE New Ventures investment fund, with a €100-million endowment, was launched in May 2014 to back innovative startups. This fund was designed to take minority stakes in developing startups linked to the Group's activities by offering them dual leverage: financial leverage through investment and operational leverage with the Group's subsidiaries.

At December 31, 2015, there were eight new startups in fields such as energy storage (AMS), networks dedicated to connected devices (Sigfox), load shedding (Kiwi), drones (Redbird), nanotechnologies (APIX), big data (Tendril) and mobility (Powerdale). Lastly, the Group is spearheading cross-cutting projects to foster the emergence of new products such as Terr'Innove, a regional energy management system.

1.5.2 Research and Technologies

ENGIE conducts research in an effort to harness and bring to maturity tomorrow's technologies, which will set its businesses apart. Research is also carried out to improve operational performance. This research, which relies on partnerships with globally renowned organizations, helps promote widespread recognition of the Group's expertise and allows the Group to win new contracts.

In 2015, Group expenditure on research and technological development amounted to €190 million.

More than 1,000 researchers make up the Research and Technologies network, which includes the Research & Technologies Department and all Group entities conducting research specific to their fields of activity.

1.5.2.1 Priorities

In 2015, the Research & Technologies department:

- stepped up its activities and continued its international expansion with new laboratories in Masdar (United Arab Emirates) and Singapore, adding to the laboratory opened in Chile in 2014;
- created new centers of expertise such as the Drones Lab and 3D Printing Lab, following the Battery Lab launched in 2014;
- intensified its pilot-project policy with the start of construction on the Gaya project (gasification of dry biomass) and launch of new pilot projects in four areas: connected devices, low-temperature heat recovery, decentralized energy, and tidal energy farms;
- was heavily involved in COP21-related initiatives, proposing technical solutions (a green gas-fired cogeneration system to heat the Le Bourget building, selected following research conducted at CRIGEN), conducting public awareness campaigns on smart home energy management ("Smarty21" game), organizing a major international competition, the "Decarbonathon", focused on research into solutions to reduce CO_2 emissions and the urban ecological footprint (in partnership with the World Economic Forum's Young Global Leaders, the National Physical Laboratory, Climate-KIC and the French national intellectual property office, INPI).

Corporate office research programs support technology intelligence and coordinate prospective research in priority areas. The major achievements in 2015 in priority research areas are as follows:

- urban energy use: development of "PowerZee", a gamified app that allows campus residents at Nanyang University (Singapore) to participate in saving energy; contribution to the development of a 3D solutions simulator for French sustainable cities ("Astainable®"); completion of field tests to confirm the effectiveness of the 18 kW "Robur" natural-gas heat pump for the single-family home market; completion of fuel cell tests in laboratories and at customer sites as part of a European project;
- green mobility: testing of high-performance electric-vehicle recharging solutions in conjunction with Powerdale; collaboration developed with the Francorchamps driving school to train technicians in natural gas engines;
- digital technologies and smart energy management: quantification of the value provided by energy storage solutions to grid managers faced with increases in intermittent renewable generation; study of the opportunity to create value by cross-comparing data from various Group entities; selection of a project to test the interoperability and cyber security of digital home solutions;
- renewables and distributed energy: study of distributed energy systems and related technology building blocks; launch of new collaborative projects focusing on distributed energy, floating offshore wind power and floating tidal turbines; comparative trials in real conditions of the first organic photovoltaic modules; continuation of work on demonstration plants of second-generation biomethane production (Lyon, France) and concentrated solar thermodynamic power (Mejillones, Chile); pilot tidal energy farm (Raz Blanchard, France);
- hydrogen: continuation of work to develop electrolyzers to produce synthetic methane and methanol: demonstration and industrial specifications for flexibility;
- liquefied natural gas (LNG) and gas chains of the future: development of the LNG fuel sector by studying changes in LNG characteristics over time, performing life cycle analyses and developing applications to optimize LNG transmission and distribution chains; development of the retail LNG sector by studying infrastructure options for a small-scale LNG distribution offer;
- CO_2 reduction and recovery: investigation into CO_2 recovery methods such as hydrogenation for methane or methanol production, or biological methods for the production of renewable liquid fuel.

Activities coordinated by the Research & Technologies Department are carried out in the Group's specialized centers for research and expertise around the world which serve the Group's operating entities and external customers.

1.5.2.2 An international network of research units

- CRIGEN (*Centre de Recherche et Innovation Gaz et Énergies Nouvelles*) is the Group's laboratory dedicated to natural gas, new energies and emerging technologies. Located in the Paris region, it has 345 employees, seven test centers, one scientific computing center, and customers in over 30 countries. It also runs the Group's new laboratory in Singapore. CRIGEN develops working methods that promote innovation.

  Key achievements in 2015:

  - innovation: Organization of the third edition of "CRIGEN Innovation Days" with 15 Group entities, "Data Search Engine & Analytics Hackathon" in partnership with the Information Systems department; participation in the first drone "hackathon";
  - hosting of two startups at its incubator to help develop process engineering solutions: Lidron (measurements taken via laser sensor) and Cédalion (drone testing to detect problems in pipelines);
  - use of bio-polymers to replace chlorine in the treatment of microorganisms in the water channels of regasifiers at Elengy's LNG terminals;
  - commissioning of a test lab for GRDF's Gazpar smart meters and networks;

- completion of performance tests on a condensing boiler connected to smart devices.
- Laborelec is the Group's electricity technology laboratory. Located near Brussels, it has branch offices in the Netherlands and Germany and runs the Group's laboratories in the Middle East and Chile. Laborelec has a staff of 236. Its expertise focuses on reducing environmental impact, improving facilities availability and maintenance, and energy systems of the future.

  Key achievements in 2015:

  - technical assistance with facility commissioning at EnerSur plants in Chile, development of technical expertise in gas turbines, and development of photovoltaic plants;
  - updating of the Group's cyber-security guidelines, support in their roll-out, and creation of a support center for Group entities;
  - technical support for the WindFloat floating wind farm project (Portugal) in the areas of protection against corrosion, electrical system architecture, component welding and facilities monitoring;
  - technical assistance provided to the Doel and Tihange nuclear power plants for drawing up the report on the reactor restart (qualification of non-destructive tests, analyses of the causes of anomalies detected);
  - application of methods to assess the effectiveness of the carbon capture processes that have been developed: campaign to monitor emissions from the carbon capture pilot plant at the Mongstad test center (Norway).
- Cylergie, the Lyon-based EIG, conducts research into energy services for Cofely Services and other entities from the Energy Services business line. Its key research areas are heating and cooling networks, renewable energy and thermal storage, energy efficiency, comfort and indoor air quality, health risk management, and controlling the environmental impact of Group facilities.

  Key achievements in 2015:

  - roll-out of Sigfox connected devices to Cofely Services business lines;
  - incorporation of innovative solutions from a number of startups in the development of an interior air quality offer;
  - development of a "virtual building" to test regulation systems.
- Cofely Ineo, which reports to the Energy Services business line, is based in France and structures its R&D and innovation activity around the notions of systems and "systems of systems". It has expertise in energy, communication networks and information systems.

  Key achievements in 2015:

  - continuation of the Smart Grid project in a business park in Toulouse, with the development of battery and flywheel storage solutions;
  - development of a "SmartCity" multi-technology platform based on "OpenControl©" technology (Barcelona);
  - study into anti-drone solutions.
- Tractebel Engineering is a global engineering consulting firm specializing in energy and complex infrastructures. It offers services covering the entire project life cycle. The firm's R&D activities focus primarily on renewable energy, nuclear power, hydraulic engineering and electricity networks.

  Key achievements in 2015:

  - research in relation to collaborative projects focusing on the functioning of the future pan-European electricity grid;
  - inclusion of electric mobility in grid management taking into account the development of renewable generation.
- The Gaztransport & Technigaz BU focuses its R&D on improving the performance of its technologies and developing new product and service offers with high technological content;
- The International Exploration & Production BU carries out R&D in geosciences and operations to meet the operating needs of its subsidiaries and the Group's underground storage needs. Its research has led, for example, to the development and testing of treatment solutions for the process water of its offshore operations;
- With regard to nuclear power, R&D activities focus primarily on surface or geological storage of nuclear waste, final shutdown and dismantling of nuclear facilities, performance improvement of existing plants and safe extension of their lifespan, optimized fuel use, societal impacts of nuclear energy, and the safety of third-generation reactors/technologies and SMRs (Small Modular Reactors), particularly the innovative concept of immersed SMRs that offer rapid access to nuclear power generation.

02

Risk factors

02 Risk factors

The material risks to which the Group is exposed, based on its own assessment, are described below. Other risks not mentioned or unknown to date could also affect the Group. If these risks were to materialize, they could have a significant negative impact on the Group's operations, financial position and earnings, image and outlook, and/or on the ENGIE share price.

2.1 Risk management process

2.1.1 Enterprise risk management policy

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

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

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

To achieve this aim, the Group has appointed the Director of Audit, Risk and Internal Control as Chief Risk Officer, who oversees Risk Management Department. The Chief Risk Officer's role is to ensure that the Group has adequate expertise in all areas for effective risk management. Risk analysis and coordination of action plans are performed in collaboration with all the Group's functional lines.

Each year, the Group's ERM process begins with a risk review by the General Management Committee: each priority risk identified is coordinated by a member of the General Management Committee or by the head of the functional department concerned. The ERM campaign is then launched across the Group, setting out guidelines for risk management throughout the year. Finally, the Audit Committee examines the risk review and issues an opinion on the effectiveness of the risk management system, before reporting to the Board of Directors (see Section 4.1.4 "Standing Committees of the Board of Directors").

Knowledge of risks resulting from feedback from operating entities and functional departments is supplemented by interviews with directors, analysis of publications by external observers and review of major events. The current risk management system has been maintained and strengthened in the new Group organization.

2.1.2 Crisis management

ENGIE may have to face crisis situations. The Group has defined a crisis management and communication policy, which sets out general operating principles and the roles of the various participants, and it has set up a dedicated organization.

The Group is thus equipped with a warning, analysis and decision-making system to manage crises at the relevant organizational level.

The efficiency of the system and the way that it is structured (emergency plans, business continuity plans, etc.) are regularly assessed using internal controls and appropriate training exercises.

2.1.3 Risk and insurance coverage

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

For each of these areas:

- the amounts insured depend on the financial risks resulting from potential claim scenarios and coverage conditions offered by the market (available capacities and price conditions);
- financing is optimized: low or moderate-level hazard risks are covered by self-insurance plans, through deductibles and retentions or through the use of the Group's reinsurance company, whose commitments on a cumulative basis represent a maximum estimated loss of approximately 0.3% of the Group's 2015 revenues.

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

2.1.3.1 Civil liability

A Directors and Officers civil liability program covers the representatives of ENGIE, its subsidiaries and Group representatives within its equity holdings.

A general civil liability program (including for environmental damage) has been taken out for all the Group's entities in a total amount of €800 million, all damages combined. This program operates either at the first euro of liability or in excess of the underlying coverage taken out by some entities (usually with cover of $50 million).

2.1.3.2 Nuclear civil liability

As an operator of nuclear power plants in Doel and Tihange (Belgium), Electrabel's civil liability is governed by the Paris and Brussels Conventions, which aim to ensure that victims receive compensation and to encourage solidarity among signatory countries.

This liability falls exclusively on the operator of the facility where the nuclear accident occurs. In exchange for this strictly objective liability, the amount of compensation is capped per accident and establishes a 10-year statute of limitations. The signatory states to the conventions also created a mechanism that provides additional compensation beyond this maximum amount.

The nuclear civil liability insurance program taken out by Electrabel complies with the Belgian national law requiring the operator to provide financial guarantees or to take out civil liability insurance up to €1.2 billion.

2.1.3.3 Property damage

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

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

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

Exploration-production activity, which is carried out primarily offshore, is covered by a specific insurance program tailored to this sector's risks and in accordance with its practices.

2.1.3.4 Marine liability

An insurance contract covers LNG transportation by LNG vessel, limited to €50 million per shipment.

Marine insurance contracts cover liability as ship owner (limited to $6 billion, except for war risk limited to $500 million and pollution risk limited to $1 billion) or as charterer (limited to $750 million). Damage to ships is covered up to their agreed value.

2.1.3.5 Employee protection programs

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

2.2 Risks related to the external environment

The Group is sensitive to the structural and economic risk factors that affect the energy sector. These risks are all analyzed and measured as part of strategic planning processes that allow the Group to anticipate and prepare for changes in the external environment. The Group's research and innovation policy also helps to deal with strategic developments (see Section 1.5.1 "Innovation").

2.2.1 Economic environment

2.2.1.1 Group markets

The Group's business depends on economic activity, which may lead to reduced demand for energy and related services from the customers. Changes in supply and demand on the energy markets affect the price of commodities (gas, oil, coal, electricity, etc.). Such changes to the external environment directly affect the Group's business volumes and margins.

In the OECD area, the structural decline in the demand for energy is a result of improvements in energy efficiency (new and renovated buildings, networks, and industrial processes), voluntary regulations and an environmentally responsible attitude on the part of consumers (private and public).

In non-OECD countries, energy demand is growing, but is sensitive to the level of economic growth in these countries.

In view of these risks, monitoring mechanisms have been set up and business models adjusted. The Group's geographic and sector diversity provides a means of mitigation. In addition, the Group has a range of energy services that it offers to industrial, business and residential customers, both inside and outside Europe, to meet the specific requirements of the energy transition.

In Europe, the lack of substantial growth, the rise of renewables and the competitiveness of coal are generating excess capacity in thermal power plants, impacting the Group's generation fleet. Furthermore, stagnating demand for natural gas could also result in excess capacity in Europe's gas infrastructure, despite the fact that new uses are being developed, such as biogas and power to gas.

Policies aimed at reducing CO_2 emissions, renewable energy support systems, and other regulatory and tax systems increase the complexity of the competitive balance among different forms of energy and may compromise the profitability of existing assets and create uncertainty over relevant technology choices for the future (including gas, renewables, nuclear, and coal).

In the short term, the Group has optimized its generation fleet and is managing market risk (see 2.5.1 "Commodities market risk"). The Group closed or mothballed several thermal generation units in 2015. In the medium-term, the Group intends to propose a new energy market model in Europe, specifically as part of the Magritte initiative [1]. In the longer term, a technology watch enables the Group to develop strategic scenarios that anticipate changes in the energy mix.

2.2.1.2 Competitive environment

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

The emergence of digital and smart energy technologies has impacted the gas and electricity value chain, as well as services in general, with new competitors from information technology, telecommunications and equipment manufacturers. The Group is rationalizing its operations and processes to adapt its cost structure, enhance its integrated position on the value chain, and develop offers tailored to changes in its environment.

2.2.1.3 Changes in the business model

The energy sector is changing rapidly: in technologies (solar and wind power and electricity storage), in customer requirements (climate change), and in the structure of competition and increased digitization in the sector. In response to these changes, the Group has established a structure dedicated to innovation and new activities with representatives in its organization, in order to provide tailored solutions to its customers and prepare for future sources of growth.

The Group is focused on developing renewable energy sources and developing services specifically for the energy transition. The roll-out of the Group's new organization, even if it involves the same execution risk as any major project, will enable the Group to implement its development strategy.

2.2.2 Regulatory and political environment

The legal and regulatory landscape for the Group's businesses is changing in terms of both environmental and social issues and due to energy sector regulation.

2.2.2.1 Environmental and social legislation

The Group's businesses are subject to a host of laws and regulations that address environmental protection, promote energy systems with zero or low greenhouse gas emissions, reduce energy consumption, protect health and develop safety standards. The legislative bills and regulatory texts mentioned below would particularly impact the Group's strategy and results:

- European climate change and energy policy to the 2030 horizon is aimed at promoting energy efficiency, reducing CO_2 emissions, and increasing the contribution of renewable energy sources to the energy mix;
- the French Energy Transition Act provides greater visibility with regard to carbon targets and steering of the energy transition. Vigilance must be exercised when implementing certain measures as these changes take place, particularly support mechanisms for renewable energy, competitive tenders for hydroelectric concessions, and measures to combat fuel poverty, the scope of ambition and timetable of which present real challenges for all stakeholders;
- changes in European and national regulations on CO_2 allowances and prices have affected the CO_2 market in Europe and have consequences for the relative competition between natural gas and coal power generation. Increasing numbers of countries are adopting such regulations. At the European level, the post-2020 review of the European GHG allowance trading system is a major factor. In the non-ETS sector, a carbon price has been established in the French Energy Transition Act to calculate national taxes on the consumption of energy products and natural gas;
- the amendment of the policy document referring to the best available techniques for large combustion facilities could lead to substantial changes at some European sites. Similarly, the new directive for medium-sized combustion facilities adopted in 2015 could bring new restrictions;
- the EU Directive on energy efficiency adopted in late 2012 has to be transposed into the various Member State laws and entails, in France, for example, a doubling of the Energy Savings Certificates obligation in the third period (2015-2017), which could have an impact on the Group's margins in France;
- the EU regulation on data protection, which is scheduled for early 2018, may have an impact on ENGIE's commercial activities in the coming years;
- the bill providing a framework for biodiversity regulation in France includes a provision to include the "Avoid, Reduce, Offset" principle in the environmental code. This principle has also been applied to the regulations of other countries.

The increasing implementation of "soft law" worldwide requires the Group to analyze its activities through an additional lens that includes even more input and expectations from stakeholders.

The Group is rationalizing its generation fleet and its project portfolio so that it can take advantage of opportunities, and is working to limit all of these risks, principally as part of a proactive environmental and social policy (see Section 3.3 "Environmental information"). In 2015, the Group decided to no longer pursue new developments in coal, believing that a carbon price will steadily be established in the world's various regions and that coal-fired power plants will be adversely affected in the future.

(1) See 1.1.4 Strategic priorities.

2.2.2.2 Sector regulations

In some Member States and at European level, and in some other regions including the United States, Asia-Pacific, Mexico and Brazil, public measures have been implemented in the energy sector through regulation and the extension of regulatory powers in the area of competition. They can occur by the high taxation of the profits made by energy companies, the withdrawal of funds established for the dismantling of nuclear power plants, by changes to the market operating rules and supply security, by the regulator's intervention in the deregulated sector to encourage the development of competition or else by the desire to hand back control of utilities to local authorities. National budget deficits and high levels of indebtedness contribute to increase this risk.

Some regulatory changes may alter the risk profile of the Group and impact its earnings and its business model:

- on February 25, 2015, the European Commission published the key elements of its "Energy Union" policy. Some developments are positive, mainly because they introduce greater visibility, such as the formalization of an energy and climate framework for 2030 based on a stronger carbon market, and the redesign of the electricity market model. Others might have a variable impact on the Group's activities, such as new rules on security of gas supply, the reworking of the Third Energy Package and the oversight of intergovernmental agreements. In the work under way on the new electricity market structure and its evolutions in 2016, the Group is paying close attention to the framework that will enable coordinated development of national capacity markets;
- the implementation of common rules for the European internal electricity and gas market (including the electricity and gas network codes) are intended to complete the creation of a real internal energy market. These changes may require the technical adjustment of our operations;
- in February 2013, the European Commission adopted a Council Directive proposal to levy a tax on financial transactions whose entry into force is scheduled for January 1, 2017. The implementing provisions and exemptions, specifically the criteria for categorizing businesses as financial institutions, have yet to be agreed by the 11 Member States participating in enhanced cooperation;
- the guidelines for state aid for energy and the environment, published in 2014, have impacted the Group's activities, particularly national support mechanisms for renewable energy sources (to gradually integrate them into the market) and energy efficiency, infrastructure financing, environmental tax exemptions and fee waivers linked to the financing of renewables (preferential rates for industrial partners), and capacity payment mechanisms;
- in Brazil, the Group is exposed to regulatory changes on electricity markets. For example, drought conditions could result in restricted availability of hydro generation and greater exposure to market volatility to replace lost production;
- in the United States, the developments in progress and changes in electricity market regulation could lead to uncertainty in terms of the Group earnings in this region;
- in the Asia Pacific region and in Mexico, energy market deregulation and tariff renewal could also increase uncertainty about the Group's performance.

Through concerted action as part of the "Magritte" initiative, which brings together the CEOs of the European energy companies, and through its presence in EU and Member State institutions, the Group tries to anticipate any legislation likely to affect it, and formulates proposals for decision-makers. The Group also partially diversifies regulatory and legislative risk by conducting its business in a number of different countries. Some regulatory developments also offer new market opportunities for the Group's activities (see the description of the legislative and regulatory framework in which the various entities operate in Section 1).

2.2.2.3 Controlled, administered or regulated tariffs

In France, a portion of the Group's sales are made in the context of regulated tariffs. French laws and rules, European regulation and decisions by regulators (in particular, the French Energy Regulation Commission (CRE) for decisions on tariffs for access to certain infrastructures) may affect the Group's sales, profits or profitability, in the event of the partial impact of procurement, infrastructure and commercial costs on natural gas selling prices or the partial impact of costs on gas infrastructure access tariffs or electricity sales from renewable energy.

Also in France, the opening of the electricity market to suppliers other than the traditional operator, in addition to the opening for very large customers, is still limited and could be jeopardized by the emergence of price reductions arising from regulated tariffs that replace and compete with commercial offers.

Price control mechanisms also exist in other countries, specifically Belgium, Italy, Romania, Brazil and Mexico, for energy generation, distribution and sales.

2.2.2.4 Social acceptability

To engage in its activities, the Group must hold various permits and authorizations. Dealing with the regulatory authorities concerned to obtain or renew these can be a long and costly process. In addition, the Group may face opposition from the local population or associations during the installation or operation of certain equipment, or in relation to public energy price protests.

The Group therefore implements widespread consultation upstream of its projects, forges partnerships with civil society and ensures the positive economic impact of its activities, in line with community expectations (see Section 3.4 “Social information”).

2.2.2.5 Country risk

The Group is present, operates or procures natural gas in a growing number of countries. The Group is therefore exposed to risks including changes in regulation, sovereign default, convertibility, expropriation, corruption, acts of war, the extra-territorial effects of some legislation, etc. Moreover, in some countries, the Group might be unable to defend its rights before the local courts in the event of a dispute with governments or other local public entities.

The diversity of the Group’s locations results in some mitigation of country risk. Warning thresholds by country or group of countries enable the Group’s exposure to be monitored. The Group also manages these risks within partnerships or contractual negotiations adapted to each location. It chooses its locations by applying a formal investment procedure that appraises risk. The inclusion of international arbitration clauses in contracts is applied as widely as possible. Regular monitoring of economic and non-economic indicators relating to corruption, human rights, and inequality is done in each country to assess the Group’s exposure to country risk.

2.2.3 Impact of climate

Significant climate changes (mainly in temperature, but also in terms of water availability[1] and wind) from one year to the next can cause substantial fluctuations in the electricity and gas supply-demand balance. These factors, which combine price and volume impacts and which may intensify due to the future consequences of global warming, have a direct effect on the Group’s income.

Beyond annual changes, there has been a warming of the average climate, although periods of extreme cold are possible in Europe. Regulations require suppliers to provide storage capacity according to their customer portfolio. If supplier bookings are not adequate, it could lead to strong pressure on the supply-demand balance for gas in Europe, including France.

Although the Group cannot protect itself against fluctuations in demand, it is able to modulate its gas purchases and rationalize its electricity production, which enables it to adapt its production and supply costs (see Section 2.3.1 “Purchases and sales”).

In the longer term, the Group might be faced with an increase in extreme events (flooding, water shortage, drought, etc.). The Group is looking at ways of combining sustainable development and managing the impact of climate change on its business, particularly as part of a proactive environmental and social policy (see Section 3.3 “Environmental information”).

2.2.4 Reputational risk

The Group is exposed to reputational risk, both directly and indirectly, especially when the Group’s values, ethics, operational excellence or legitimacy as a utility are called into question.

In 2015, GDF SUEZ became ENGIE, in order to give the Group greater visibility in relation to its commitment to the energy transition. The flagship brand “ENGIE” (name and logotype) is registered in over one hundred countries. As a vital part of the Group’s intangible corporate assets, the brand is constantly monitored to protect it against any fraudulent use that could harm the Group’s image.

Through its policies, organization, procedures and governance, the Group endeavors to prevent operational risks (Section 2.3 “Operating risks”) and smear campaigns that could affect its reputation.

(1) *Availability of water resources for a dam or waterway, dependent on rainfall.*

2.3 Operating risks

2.3.1 Purchases and sales

2.3.1.1 Purchase and sale of natural gas

The Group has established a portfolio composed in part of long-term, take-or-pay contracts (see Section 1.3.1.6.1 “Central Western Europe”).

In case of major gas supply interruption (for example, due to an interruption of Russian deliveries or an interruption of transit in Ukraine) or an interruption of LNG supply (for example, from Yemen or Egypt), the replacement cost for gas, including transportation, could be higher and affect the Group’s margins. To mitigate this risk, the Group has a number of tools for flexibility and modulation (flexibility in long-term contracts, storage and regasification capacity, and purchasing in the marketplaces) as well as a diversified portfolio.

Prices of long-term purchase contracts (partially indexed to the price indices of oil products) may be decorrelated from selling prices or prices in the gas markets. This spread might have a significant impact on the Group’s results. Long-term contracts include price adjustment clauses, so that the economic balance between producer and buyer can be altered. The Group’s buy/sell margin may therefore change according to price adjustments in LNG or gaseous gas contracts and the state of the gas market in general.

Negotiations in recent years have led to the integration of market indices in long-term contracts and/or to the reduction of the difference between the contract price and market price. They have also led to increased frequency of price revisions.

2.3.1.2 Purchase and sale of electricity

The Group is an electricity producer in Europe, the United States and Australia, where the profitability of its assets is linked mainly to prices in electricity markets. The economic climate or decisions by some states regarding the electricity sector may lead to volatility in electricity prices, which may have an impact on Group earnings.

The Group may also have to buy power to supply its customers, for example to cover any non-availability of its fleet. These purchases are optimized but could generate extra supply costs.

The Group monitors changes in its risk exposure and makes decisions accordingly (see Section 2.5.1 “Commodities market risk”).

2.3.1.3 Operational risks related to the purchase and sale of energy

The main risks related to regulated sales are outlined in Sections 2.2.2.2 “Sector regulations” and 2.2.2.3 “Controlled, administered or regulated rates”.

In its portfolio optimization activities for physical assets (power plants, long-term contracts, etc.) and customers, as well as in managing the associated financial positions, the Group is exposed to operating risks such as fraud, execution error, and process and system failure. Operations are monitored via appropriate processes, and risks are taken into account as part of the Group’s internal control program, “INCOME”. In addition, a specific system for increased monitoring of operating risks has been set up in some of the Group’s entities.

2.3.1.4 Purchase risks and supply chain risks (excluding energy)

The performance of the Purchasing and Procurement function and its ability to manage the associated risks affect all of the Group’s activities. Management of purchasing and supplier risks is monitored at Group level: specifically, external risks that are regarded as having the biggest impact, such as the failure of a major supplier, or the dependence of a Group entity on a critical supplier, or vice versa.

The implementation of purchasing management by homogenous supplier market has strengthened processes for selecting and qualifying suppliers, and has enabled their performance to be monitored, thereby limiting the impact of these risks on the Group’s activities. Similarly, for new projects, risk management covers specific purchase and supplier/subcontractor risks (see Section 2.3.2.2 “Risks related to development and major projects”).

2.3.2 Management of assets and development

2.3.2.1 Optimization of the asset and investment portfolio

External expansion, notably by means of acquisitions, could lead the Group to issue equity securities, or to borrow. Acquisitions present risks related to integration difficulties and failure to achieve expected benefits and synergies. Risks related to the valuation of assets or liabilities or non-achievement of expected results could arise at the end of the acquisition process, resulting in provisions for asset impairment. The Group also sells assets for which it may retain certain liability guarantees.

The acquisition processes implemented by the Group, particularly during due diligences, aim to assess to the greatest possible extent the uncertainties related to these risks in such cases. The resulting appraisal depends on the quality of the information transmitted to the Group and is limited by the judicial and regulatory framework applicable under local corporate law.

2.3.2.2 Risks related to development and major projects

The Group bases its growth on various major industrial construction projects, such as gas and electricity plants and dams, where it usually acts as owner and/or operator. The profitability of these assets – whose service life is several decades – depends greatly on cost control and construction times, the operational performance of the industrial asset, external phenomena (e.g. natural disasters and strike actions), regulatory and fiscal changes and changes in the competitive environment and markets over the long term, which could reduce the profitability of certain assets or result in lost revenues or asset impairment.

The Group is also responsible for the facility design and construction phases of some projects. Although these projects are always subject to in-depth studies and the Group has acknowledged expertise, construction deadlines may not always be met resulting in penalties, construction costs may be higher than anticipated, the facilities' performance may not comply with the specifications and subsequent accidents may trigger the Group's civil liability, professional indemnity or criminal liability. This could have a negative impact on the Group's image, financial position, or earnings.

The Group has strengthened operational monitoring and oversight of projects and is monitoring the portfolio of projects at Group level, which provides the warnings needed to launch corrective action. A policy governing supervision of construction projects and joint project management methods have reinforced existing mechanisms within the entities executing industrial projects.

In addition, the implementation of contract management arrangements allows for better control of some of these risks, including through the use of indemnification mechanisms, in respect of our customers, as well as our suppliers and subcontractors. Insurance underwriting allows for insurance claims to be indemnified and also improves prevention.

2.3.2.3 Risk linked to nuclear development

The Group actively pursues its projects in the development, construction and operation of nuclear power plants. The Group has teamed up with Toshiba Westinghouse (AP1000 technology) in the United Kingdom, and is also a member of a consortium formed with Japanese groups Mitsubishi Heavy Industries and Itochu (ATMEA1 technology) in Turkey.

It should be noted that these projects are currently still in the initial development stage, and that the Group's financial exposure is therefore not material.

The Group has established governance principles for development, construction, operation and decommissioning based on its experience as a nuclear power plant operator. It is also active in employee recruitment, training and retention, both for facilities in operation, service entities and Group projects.

2.3.2.4 Risks relating to partnerships and minority investments

Partnerships and acquisitions of minority interests are one of the ways in which the Group can share the economic and financial risks inherent to some projects, by limiting its capital employed and allowing it to adapt more appropriately to the specific context of local markets (see Note 3 to Section 6.2 "Consolidated financial statements"). As much as possible, the Group protects itself against the risks resulting from joint control or lack of control (such as a lack of information or an impact on the Group's reputation) with the signing of shareholders' agreements on governance and information reporting, and with the role of the director representing the Group.

However, changes to the project, the economic situation, the partner's strategy or even the local political and economic environment may, in some cases, lead to the failure of a partnership or changes in its control or governance, a change of control or a partnership's governance, or to a disinvestment.

These situations may lead the Group to develop contractual arrangements for deadlock resolution or, in the event of conflict with the partner(s), to seek a solution before the relevant courts or arbitration bodies.

2.3.3. Legal risks

The Group faces legal risks in all its businesses and on global markets. These risks arise from the legal and regulatory framework, from operations, from partnerships, from purchases of companies, and from contracts signed with customers and suppliers (see respective subsections of this Chapter 2).

In the course of its operations, the Group is engaged in a certain number of legal disputes and arbitration procedures, and is also subject to investigations and procedures. The main investigations and procedures are described in Note 27 of Section 6.2. "Consolidated financial statements". With the exception of these procedures, and to the Company's knowledge, no other governmental, legal or arbitration procedure (including a suspended or threatened procedure [(1)] exists that is likely to have, or has had, a material impact on the financial position or profitability of the Company and/or Group in the past 12 months.

2.3.4 Ethical risks

Any breach of the ethical principles of the Group could expose it to ethical and legal risks (see Note 27 to Section 6.2 "Consolidated financial statements").

Ethics policies are established to avoid, as far as possible, the occurrence of such risks. Reporting to the General Secretary, who is the Group's Compliance Officer, the Ethics and Compliance Division promotes their implementation within the group, through the managerial line and the network of Compliance Officers.

Ethical risks (see Section 3.1 "Ethics and compliance") are analyzed each year and action plans are defined. Moreover, risks relating to human rights are specifically assessed at the operational level as part of the Group's risk analysis process.

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

2.3.5 Risks related to human resources

2.3.5.1 Workforce competences

Developments in the Group's activities (the impact of digitization, for example), as well as its international growth, require new know-how and the mobility of certain employees. In addition, demographic aging affects specific technical sectors. An active policy of mobility between entities and between activities, combined with policies for professionalization, for the development of support functions, for the recognition of experts, and for attractiveness, through remuneration measures and incentives tailored for the environment, is also implemented (see Section 3.2.1 "Human resources development policies"). The Group has strengthened its workforce forecasting through its professional observatory. The opening of negotiations for a labor agreement will make skills forecasting the main focus of the consultation with social partners.

2.3.5.2 Employee commitment and managerial behaviors

Rapid developments in the energy markets and the new company-wide project will bring major changes, requiring support and guidance for employees and managers. These changes must be given meaning so that all line managers can buy into them and employees can play an active role in their mobility and become change agents.

The Group invests in the promotion of behavior that helps in the development of staff, relying in particular on the deployment of the "ENGIE Management Way" (see Section 3.2 "Social information"), and emphasizes the prevention of psycho-social risks. Particular attention is also paid to the managerial chain to provide assistance in its role in change management.

(1) This term means investigations or controls that have begun.

2.3.6 Risks related to health and safety and protection of Group assets

2.3.6.1 Health and safety at work

The Group is committed to eradicating fatal accidents and reducing occupational accidents and illnesses. The Group health and safety policy was agreed with the union federations at European level and subsequently worldwide. An action plan was drawn up for 2010-2015, and a new plan was defined for 2016-2020 (see Section 3.2.6 "Health and safety policy").

Addressing the risk of death in the workplace is part of the overall system for controlling the risk of occupational accidents. On this basis, a specific plan for the sustainable prevention of fatal accidents was launched in 2012. It relies specifically on adherence to the nine "life-saving rules" in all of the Group's businesses.

2.3.6.2 Employee safety

The international scope of the Group means it may be exposed to a number of health and safety risks, the threat of which warrants a specific organization entrusted to the Safety Department which has established a country watch. In this way, the Group continually evaluates the risks of terrorism, armed conflicts and confrontation with criminal organizations. Geographic areas are subject to classification according to specific prevention and protection measures. To accomplish this mission, the Group relies on State services as well as specialized providers. Should a specific situation occur, the crisis unit can be mobilized to provide exceptional resources, for instance in the event of an evacuation.

2.3.6.3 Protection of tangible and intangible Group assets

The Group's sites and industrial or tertiary facilities, which make up its tangible Group assets, may be exposed to malicious acts. Information, whether digital, physical or even verbal in form, constitutes the Group's intangible assets and may also be exposed to the same malicious acts.

To combat this type of risk, the Group implements a policy for the protection of tangible and intangible Group assets, covering technical (including IT), legal, managerial and organizational areas. Sensitive sites where tangible corporate assets are located are subject to protective measures tailored to the local situation and revised according to the actual threat status. The Group is continuing to act to protect its intangible Group assets, in order to deal with any reported incidents and to prevent any internal or external action aimed at capturing and using sensitive information. An Information Security Committee, with members from all Group functional departments and chaired by the General Secretary, coordinates and manages the Group's security policies. It reports to the General Management Committee.

2.3.7 Risks related to information systems

The introduction of new technologies, the evolution of industrial control systems and the development of new uses (e.g. social networking) expose the Group to new threats. Cyber-attacks and hacking attempts are increasingly targeted and carried out by specialists, and can target the company along with its customers or partners. More generally, IT system failure could result in information losses or leaks, delays and extra costs that could be detrimental to the Group's activities or image. New regulations on information security require strengthening our protection measures.

In response, the Group has set up prevention and security measures for its information systems and data that are tailored to the risks identified. Large-scale attacks are managed by the Incident Management Committee (IMC), which reports to the Safety Department. In connection with its internal control policy and security policy, these organizational, functional, technical and legal security measures are subject to continuous controls (alert monitoring, infrastructure supervision, etc.), testing operations (intrusion tests, social engineering tests, cyber-crises management tests, etc.), and campaigns to raise awareness. The Group also invests in the architecture of its systems to improve their security and performance. The complexity of these projects could generate unexpected costs and delays.

2.4 Industrial risks

The areas of activity in which the Group operates entail major industrial risks capable of causing harm to persons and property, and exposing it to claims for civil, criminal and environmental liability. These risks may concern facilities that belong to the Group or are managed by the Group on behalf of third parties (manufacturers or local authorities), or facilities where the Group's employees work. The industrial safety of the facilities that the Group operates is one of its major concerns. The handling of these risks is subject to in-depth monitoring and specific targeted investments, and audits of the facilities in question are performed regularly.

2.4.1 Industrial facilities and Seveso sites

The Group operates and builds systems for gas transmission, distribution and storage systems, exploration-production facilities, LNG tankers, regasification and gas liquefaction facilities, electrical power plants, and hydro facilities and provides services in an industrial environment. Some of these facilities are classified as high-threshold Seveso sites.

Risks can stem, for example, from operating incidents, design flaws or from external events beyond the Group's control (including third-party actions and natural disasters). Industrial accidents can cause injuries, loss of life or major property and/or environmental damage, as well as activity interruptions and operating losses.

The Group carries out its industrial activities in compliance with a framework of safety regulations, including the "Seveso III European Directive [(1)]". These industrial risks are controlled by implementing a safety management system at these sites based on the principle of continuous improvement, which is intended to reduce the level of residual risk by responding to the highest risks on a priority basis. Moreover, industrial security is part of the Group's internal control program. The Group conducts periodic audit and control missions to ensure that these measures are effectively implemented.

A specific action plan for the protection of industrial control systems, linked to industrial processes, is being implemented. It aims to prevent the risk of activity interruption or accidents due to cyber-attacks.

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

2.4.2 Environmental pollution

Facilities that the Group owns or manages on behalf of third parties may entail risks of damage to the natural environment (air, water, soil, the habitat and biodiversity), and may pose health risks to consumers, neighboring residents, employees and subcontractors. These health and environmental risks are governed by strict national and international regulations. Non-compliance with these environmental standards or a process failure can have a significant negative impact on the Group's image, its business, financial situation, earnings and outlook, and lead to the engagement of its liability as a legal entity. Any amounts set aside, insured or guaranteed may be insufficient. Complaints and convictions relating to the environment are reported in Section 3.3.4.9 "Active prevention of environmental risks".

Health and environmental risks are regularly monitored by the Group, by external auditors and by governmental authorities, both for operational sites and closed facilities, such as former gas plants.

2.4.3 Nuclear power plants in Belgium

The Group owns and operates seven nuclear reactors of the pressurized water type at two nuclear electricity production sites at Doel and Tihange in Belgium. Since the commissioning of the first reactor in 1974, these sites have been without any major nuclear safety incidents that could have resulted in danger to employees, subcontractors, the general population or the environment. However, they could present civil liability risks for the Group, specifically in the event of a nuclear accident or the discharging of large quantities of radioactive material into the environment.

All persons working at Group nuclear power plants have appropriate qualifications, in particular control room operators. During operations, compliance with safety rules and conditions at the facilities are subject to inspection by the Belgian Federal Agency for Nuclear Control (AFCN), assisted by Bel-V, its technical support subsidiary. In addition, both nuclear sites are OHSAS 18001, ISO 14001 and EMAS-certified.

Electrabel takes account of feedback from accidents or incidents to continuously improve the security of its facilities. Electrabel has pursued the action plan implemented after the Fukushima accident in 2011, particularly in response to more severe natural disasters and the risk of cyber-attack. Similarly, after the sabotage of a turbine at the Doel plant in 2014, Electrabel stepped up its existing action plan to reduce the risk of internal threats at all its nuclear sites. In 2015, Electrabel established the "Rigor and Responsibility" action plan, designed to reinforce the safety culture at its nuclear sites. This was in response to a "pro justitia" of the AFCN on August 3, 2015 which stated that the safety culture at the Tihange plant had declined. The risk of terrorist attack was also reassessed and armed protection measures were approved and are currently being rolled out.

(1) Directive 96/82/EC ("Seveso II"), amended and repealed by Directive 2012/18/EU ("Seveso III").

In 2012, hydrogen-induced flaws created in the manufacturing process were detected in the vessel walls of the Doel 3 and Tihange 2 reactors. The other vessels, which were manufactured differently, were also inspected with no signs of flaws detected. The Doel 3 and Tihange 2 reactors were not authorized to operate in 2015, which impacted the Group's financial results. In 2015, Electrabel continued its efforts to comply with all the AFCN's requests. On July 17, 2015, it submitted a new supporting report for each of the two vessels to the nuclear safety authorities. In late November 2015, the AFCN authorized the restart of Doel 3 and Tihange 2, after a positive evaluation of the report with the help of the Oak Ridge National Laboratory (ORNL-USA).

The government agreed to an extension of the operating life of Doel 1 and Doel 2 beyond 40 years. The parliament voted to confirm this decision at the end of June 2015, but the agreement in principle with the government on the accord setting out the economic parameters for this extension has yet to be consolidated in legislation. In addition, the 10-year extension from 2015 for Tihange 1 took effect on October 1, 2015, with a program of associated works that will continue until 2019 (see Section 1.3.1 "Energy Europe" and Note 12.3.1 to Section 6.2 "Consolidated financial statements").

The operation of nuclear power plants is regulated in part by radioactive waste authorizations. The Group therefore reduces its discharges of radioactive liquid and gaseous effluents as much as possible, while controlling the volume of low and medium radioactive waste. In Belgium, all nuclear waste management is the responsibility of the National Agency for Radioactive Waste and Enriched Fissile Material (ONDRAF). In 2013, barrels of medium radioactive waste from the Doel plant, stored at Belgoprocess, were subject to additional checks related to the discovery of a gel-like substance on the surface of the barrels. However, this issue has no effect on the safety of the environment or the health of the population. Studies are in progress in liaison with ONDRAF. The phenomenon was not detected at the Tihange plant, where a different encasement process is used, one that does not contain aggregates.

Finally, spent nuclear fuel is stored at electricity production sites pending a political decision on the fuel cycle downstream process. Costs associated with the management of spent fuel and the dismantling of facilities are included in the costs of electricity production from nuclear sources and are the subject of provisions. The assumptions and sensitivities regarding the assessment of these amounts are detailed in Note 18.2 to Section 6.2 "Consolidated financial statements".

Objections have been raised in various EU countries to the Belgian government's extension or starting up of some nuclear plants.

2.4.4 Exploration and production of hydrocarbons

The exploration and production of hydrocarbons are activities subject to significant risks such as geological hazards and risks of industrial accidents.

Geological hazards are related to difficulties in investigating subsoil, the physical characteristics of oil or gas fields and those of hydrocarbons. In fact, estimates of discovered reserves must be large enough and have a positive economic analysis in order for said reserves to be exploited. During production, reserves may turn out to be lower than expected and this may adversely affect the economics of their use.

Risks of industrial accidents are related to hydrocarbon leaks, fire, explosion and the loss of control of wells.

In order to reduce the impact of these risks, the Group:

- conducts its activities by sharing risks as part of consortia in which it may be an operator or simply a partner. As far as possible, the Group teams up with companies that are known for their expertise, rules and high level of commitment to safety and accident prevention;
- carries out its operations under the rules of a safety management system (see also Section 2.4.1) based on the ISO 14001 and OHSAS 18001 international standards, and takes into account good practices in the E&P industry, particularly those of the International Association of Oil and Gas Producers (OGP);
- has its hydrocarbon reserves regularly assessed by an independent third party;
- insures its facilities against structural damages, loss of production and civil liability lawsuits, including pollution, in accordance with industry practice.

2.5 Financial risks

2.5.1 Commodity market risk

The Group is chiefly exposed to two kinds of commodity market risk: price risk relating directly to fluctuating market prices, and volume risk (weather risk and/or risk depending on economic activity). The Group is exposed to these risks, particularly in relation to gas, electricity, coal, oil and oil products, other fuels, CO_2, and other green products (see Section 6.1.1.7 "Outlook").

With the exception of trading activities, market risks are assessed by means of their impact on EBITDA. Accordingly, the main risk indicators for managing the energy portfolios include sensitivity to unit price changes, the EBITDA at Risk, portfolio hedging ratios and stress tests based on predefined unfavorable scenarios. For trading activities, and in accordance with market standards, risk indicators include sensitivities, Value at Risk (VaR) and stress tests (see Note 17.1.1 to Section 6.2 "Consolidated financial statements").

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

Most of its electricity production activity outside Europe and the United States is secured by long-term Power Purchase Agreements (PPAs), often with local authorities, in which variations in operating expenses, in particular fuels, are transferred as "pass-throughs" into electricity sale prices. This substantially limits exposure to price fluctuation risks, even if the transfer is imperfect in some contracts.

The Group also relies on derivative products linked to energy in order to provide its customers with hedging instruments and to hedge its own positions.

2.5.2 Counterparty risk

Due to its financial and operational activities, the Group is exposed to the risk of default by its counterparties (customers, suppliers, partners, intermediaries, banks).

The impact of this may be felt in terms of payment (non-payment for services or deliveries made), delivery (non-delivery of paid supplies or services) or assets (loss of financial investments).

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

2.5.3 Foreign exchange risk

The Group is exposed to foreign exchange risks defined as the impact on the balance sheet and the income statement of exchange rate fluctuations as it performs its operational and financial activities. These are broken down into (i) a transactional risk related to current operations, (ii) a specific transactional risk related to investment, merger-acquisition or disposal projects, (iii) a translational risk related to assets outside the Eurozone, and (iv) a risk related to consolidation in euros of the subsidiaries' accounts where the functional currency is not the euro. This risk is concentrated in dollar-denominated equity investments (in the United States and on assets considered on a dollarized basis), as well as equity investments located primarily in Brazil, Australia and the UK.

For an analysis of foreign exchange risk sensitivity, see Note 16.1.3.2 to Section 6.2 "Consolidated financial statements".

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

2.5.4 Interest rate risk

The Group is exposed to interest rate fluctuations which partly depend on decisions by central banks. The Group's objective is to control its borrowing costs by limiting the impact of interest rate changes on its income statement and, with this in view, to create a balanced distribution among the various reference rates over the medium-term. The Group's policy is therefore to diversify the net debt reference rates among fixed, variable and protected variable ("capped variable") rates. This distribution may change within the limits set by management according to the market situation.

The breakdown by type of interest rate of the outstanding financial debt and sensitivity analysis for interest rate risk are presented in Note 16.1.4.1 and Note 16.1.4.2, respectively, to Section 6.2 "Consolidated financial statements."

In order to manage the interest rate structure of its net debt, the Group uses hedging instruments, mainly rate swaps and options. Managed centrally, rate positions are reviewed periodically and when any new financing is raised. This management is subject to a risk mandate: any substantial change in the rate structure requires prior approval from the Finance Department.

2.5.5 Liquidity risk

Liquidity is based on the regular renewal of various financing tools available to the Group such as credit lines, bond financing or other financing tools, to ensure their availability and their adequacy in relation to financing requirements. The Group has pre-agreed credit facilities appropriate for the scale of its operations and for the timing of contractual debt repayments. Note 16.2.1 to Section 6.2 "Consolidated financial statements" explains the distribution of the various forms of financing used.

ENGIE pools the majority of the cash flow requirements and surpluses of the Group's majority owned subsidiaries, as well as most of their medium- and long-term external financing requirements. Financing vehicles (long-term and short-term) provide centralization, as do the Group's dedicated cash-pooling vehicles in France, Belgium and Luxembourg.

2.5.6 Impairment risk

Assumptions and estimates are made to calculate the recoverable value of goodwill and tangible and intangible fixed assets, with particular reference to market outlook, which is more sensitive for certain operations. These assumptions and estimates are needed to assess cash flows and the discount rate to apply. Any change in these assumptions could have a significant effect on the amount of the recoverable value and could lead to changes in the impairment to be recognized (see Note 1.3.1.2 to Section 6.2 "Consolidated financial statements").

2.5.7 Equity risk

As of December 31, 2015, the Group holds a number of non-consolidated interests in listed companies (see Note 16.1.1 to Section 6.2 "Consolidated financial statements"), the value of which fluctuates on the basis of trends in the world stock markets and/or the position of the relevant companies.

In addition, the Group holds interests in listed companies consolidated using the equity method, including SUEZ Environnement (see Note 4 to section 6.2 "Consolidated financial statements"), for which a significant or extended fall in the price below the value on the balance sheet is an indication of impairment.

2.5.8 Tax risk

Rule tightening by States seeking financial resources cannot be ruled out. Changes in tax regulation, particularly harmonization between European States, or case law relating to the application of tax rules, may have an impact on the Group's earnings (see Note 27.1 to Section 6.2 "Consolidated financial statements").

2.5.9 Pension funding risk

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

In recent years the Group has terminated a number of defined-benefit plans and replaced them with defined-contribution plans. The defined-benefit plans still in operation notably include, in France, the special electricity and gas industry (EGI) plan, which is a legal statutory plan.

Note 19 to Section 6.2 “Consolidated financial statements” details the items measured and recognized.

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

In France, commitments within the scope of the EGI are estimated using actuarial assumptions and rules respectively governing benefits paid out by plans operating under common ordinary law and amounts that remain the Group’s responsibility. These assumptions and rules may be subject to changes that increase the Group’s commitments and therefore require an increase in the relative relevant provisions.

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

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

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

03

Social and environmental information, corporate social commitments

3.1 Ethics and compliance

ENGIE's ethics and compliance policy is structured around the following priorities:

3.1.1 Commitment at the highest Group level

The Group's senior executives, particularly the Chairman and Chief Executive Officer and the General Secretary, member of the Executive Committee and Group Ethics and Compliance Officer, promote and oversee the ethics and compliance policy and ensure that it is properly applied.

A strong "zero tolerance" message with respect to ethical conduct – especially in the fight against corruption – runs throughout the Group's ethics framework and is regularly communicated by the Chairman and Chief Executive Officer.

The Group has made external commitments to organizations such as EITI (Extractive Industries Transparency Initiative), which promotes openness in the reporting of payments and revenues in the extractive sector in selected countries. It is also a member of the Global Compact, and issued a report on the 10th Principle Against Corruption, and of Transparency International France.

3.1.2 Risk assessment

The assessment of ethics risks is included in the Group's risk analysis process (see Section 2.2.4) and takes into account the special characteristics of the Group's operations. Seven risks have been identified: corruption, fraud, failure to take account of competition law, violation of human rights in countries with low governance, non-compliance with commitments to corporate responsibility, lack of ethics management, and customer dissatisfaction.

3.1.3 Organization and structure

The Ethics and Compliance organization is overseen by the Board of Directors. The Ethics, Environment and Sustainable Development Committee, which reports to the Board, assists it for subjects relating to governance, ethics and compliance.

This organization is led by the General Secretary, who also chairs the Ethics Officers Steering Committee, which drives the implementation of ethics-related action plans, and the Compliance Committee, which monitors compliance activities.

Within the General Secretariat, the Ethics and Compliance Department develops policies, provides tools and resources, and assists with the implementation of ethics policies. It coordinates a line of nearly 200 ethics officers from the various Group business lines and operational entities, and works closely with all relevant departments, including Risk Management, Internal Control, Internal Audit, Human Resources and Legal.

Ethics and compliance-related responsibilities are performed at all levels of line management. At every level of the organization, ethics officers advise and support their managers, who ensure that the Group's ethics policies will be applied.

3.1.4 Ethics and compliance policy

ENGIE's ethics policy aims to develop an ethics culture and practice based on:

- the Ethics Charter [1] which sets the general framework for the professional conduct of every employee. It specifies four fundamental principles: acting in accordance with laws and regulations; establishing a culture of integrity; behaving fairly and honesty; and respecting others. It also describes the ethics governance system;
- the "Ethics in Practice" guidelines [1] which specify the implementation procedures for ethics in business situations on a daily basis.

The above two documents are translated into 20 languages and also published on the Group's intranet. They are distributed to new employees who commit to comply with their principles.

In the framework of the "Integrity Referential", which is the foundation of the Group's program on preventing and combating fraud and corruption, the Group implements specific policies regarding:

- business consultants, with a focus on four key areas: analysis of the merits of their tasks, due diligence on all business consultants, controls on remuneration, and traceability of files and decisions on selections;
- gifts and invitations, patronage and sponsorship;
- due diligence on the partners involved in investment projects and key contracts.

(1) *These documents are available online at www.engie.com.*

The "Managing Ethical Compliance Referential" specifies the organization and processes deployed to achieve effective ethical measures;

The "Human Rights Referential" explains the Group's commitments in relation to human rights and provides risk analysis tools for projects and business activities.

3.1.5 Operational implementation

Ethics are an integral part of the annual appraisal process for senior executives; managers and employees.

An ethics, environmental and societal responsability clause is included in contracts with Group suppliers and subcontractors. In particular, the clause stipulates that suppliers and subcontractors may not engage in any form of corruption and must respect human rights standards and regulations.

A confidential whistle-blowing system is open to all Group employees through an email address.

Ethical failures are monitored using the INFORM'ethics reporting tool deployed in the business lines and business units. It covers the reporting and handling of incidents in six domains: accounting and financial integrity, conflicts of interest, social responsibility and human rights, business ethics, confidential information, and the protection of intangible property.

The above two systems have been declared to the CNIL (the French National Data Protection Commission).

3.1.6 Training and awareness

The Group conducts a series of awareness campaigns and training programs, including a mandatory awareness-creation seminar for senior executives on the risk of fraud and corruption, specific training for ethics officers, managers and purchasing departments on business ethics, and training on human rights.

E-learning courses (ethical decision-making, competition law in the European Union, ethics in public procurement, anti-corruption, ethics in business, human rights…) are available to all employees.

3.1.7 Control system

The monitoring of the implementation of the Group's ethics policy is based on an annual compliance procedure and a dashboard of 15 indicators (including the distribution of ethics documentation, training and the implementation of ethics policies). At each organizational level, ethics officers produce an annual report on the work and progress accomplished by their entity in terms of ethics and compliance. This report is submitted to the relevant supervising entity and accompanied by a compliance letter from the manager certifying his or her commitment to the application of the ethics and compliance procedure within the organization for which he or she is responsible. The annual compliance report resulting from this process is submitted to the Management Committee and the Ethics, Environment and Sustainable Development Committee of the Board of Directors.

Compliance with ethical principles, particularly the prevention of fraud risk, is included in the INCOME internal control program.

Internal and external audits are performed to assess policy implementation and, where applicable, define areas for improvement.

In 2015 the Group was awarded anti-corruption certification by Mazars, an accounting and auditing firm, and ADIT, a business intelligence firm.

3.2 Social Information

The ENGIE Group is a large and committed employer. The aim of its Human Resources function is to contribute to the Group's transformation in four key areas: anticipating and preparing for the future; playing a major role alongside managers; increasing the contribution of individuals and employee groups; and making the HR function stronger, more attractive and more effective. All HR actions are especially focused on two cross-cutting aspects: the obligation to be committed to the health and safety of everyone, and the desire to mark our actions and conduct with a social imprint.

In 2015, ENGIE's Human Resources function became even more customer-centric, positioning itself at the center of business, supporting change, involving as many talented individuals as possible with the Group's transformation, and giving projects a positive meaning. This led to innovative HR initiatives designed to develop skills, instill a spirit of initiative and foster employee well-being. These included trying out new working methods, launching a large-scale mentoring program, and increasing investment in digital solutions. As part of the Group's transformation, HR also created a development center for more than 600 members of business unit management committees and is sponsoring a large community of proactive young professionals with innovative ideas in management and human resources.

3.2.1 Human resources development and mobility policies

The personal development of employees is a key performance and development lever for the Group. It requires the cross-functional and shared knowledge of employees at every level of the organization (manager and HR manager). The Group also focuses on in-house talent in preparing for the future, building the skills of tomorrow, encouraging mobility and thus enhancing individual employability. The new "Development for People" guidelines bring together the various HR policies and approaches to amplify their effects on Group performance and development.

3.2.1.1 Mobility for Development

With more than 6,000 transfers in 2015, ENGIE's mobility policy aims to:

- optimize the match between internal expertise and the needs of the business units;
- enhance cultural integration, cooperation, innovation and the promotion of diversity; and
- contribute to the development of employability.

New Group guidelines on international mobility were also adopted in 2015.

HR networks provide the necessary cross-functionality to develop initiatives that boost employees' professional skills. After an employee-support training program in 2014, a new collaborative solution called a "mobility dashboard" was introduced in 2015. Every day it helps more than 200 employees involved in HR and mobility to narrow the gap between supply and demand.

In 2015, an average of 1,500 employees per week viewed in-house job opportunities, either on the company HR intranet or externally on the new website.

3.2.1.2 Learning for Development

In 2015, the Group gave priority to strengthening leadership practices throughout the organization. This development action is being stepped up in 2016 to help ENGIE employees implement the Group's company-wide project. In this regard:

- ENGIE University is supporting the Group's transformation through existing or customized leadership programs. Around 6,500 managers took part in a program in 2015.
- In France, SynerFORM sources the lowest-cost external training programs. Some 9,000 employees attended external training programs in 2015, 20% more than in 2014.
- An e-learning offer is available and used by all employees via the "e-campus" platform.

Promoting the Group's "Learning" track allows entity practices to be coordinated, leading to greater overall consistency.

3.2.1.3 Targeted development policies

To offer appropriate career development tools to senior managers, experts and managers, ENGIE deploys targeted policies through:

- the ever-expanding use of coaching and mentoring: 1,000 mentoring pairs were set up between 2014 and 2015 and a digital platform is now in use to connect new applicants to this international, cross-disciplinary program, which increases cooperation and shared knowledge;
- personalized career coaching for senior managers plus a Digital Reverse Mentoring program in which employees with expertise in one or several areas related to new digital uses pair up with a senior manager to provide support on an individualized basis;
- development and showcasing of experts and the Project Management segment;
- deployment of "Development Centers" as a resource for development and personal awareness;
- introduction of development programs based on 360° feedback, i.e. evaluations by line managers, peers and subordinates;
- sponsorship of the Young Professionals Network, comprising young Group employees from all backgrounds who are especially involved in driving innovative HR programs and rolling out the company-wide project.

At the end of 2015, the group had 545 senior managers. Women accounted for 18.5% of them (compared with 17% at the end of 2014). 28% of new managers appointed since the beginning of the year are women.

Development for Functional Lines

The functional lines wanted to set up an HR initiative for the challenges of skills development. The Group Human Resources Department (HRD) helps the management of each functional line and its HR coordinator to set up practical initiatives, such as organizing key-manager appraisals.

This approach, which was initiated by the Finance functional line, has been in place for three years in the Legal, Purchasing, Health & Safety, Communications, Information Systems, Audit and Human Resources functional lines.

Leaders for Tomorrow (LFT)

The aim of the LFT program is to develop the potential of Group employees and is a means of attracting, retaining and training future managers of the Group. Of 36,200 managers, 2,430 have been singled out as Leaders for Tomorrow. Of these, 28.1% are women. Every year 80% to 85% of new managers come from this program.

3.2.1.4 HR cross-functionality and innovation to boost the Group's performance

ENGIE encourages all types of collaboration, networks and new methods of working and management to promote trust, creativity and independence – factors that attract and retain employees.

This has led to the HR department's "Work Differently" initiative, which has been testing dynamic workspaces, collaborative projects and distance working since summer 2015. More broadly, the inclusion of HR projects in the Group's Innovation Awards continues to be encouraged. This year 45 such initiatives were published in the 2015 HR Initiatives Guide, and shared with Group HR staff to promote cooperation and innovation in this area.

The Group's 13 HR networks (7 in France), which bring together more than 200 HR managers, continue to facilitate job grouping exchanges and coordinate the smooth deployment of Group HR policies.

3.2.2 Attracting and hiring talent

In 2015 GDF SUEZ rebranded as ENGIE, a change in identity that conveys an employer promise that resonates with the type of talent the Group wants to attract. Efforts were therefore reinforced to focus on candidates with the expertise to help guide this transformation: energy efficiency, renewable energy, digitalizing of operations, big data and other careers of tomorrow. Many events were organized, aimed mainly at young, experienced technicians and recent graduates, particularly in the sciences. Events included job forums, presentations and special events at schools, as well as competitions and social media promotions. All these initiatives emphasized proximity and showcased Group business lines and employee know-how so that potential applicants could envision themselves working for the Group. This in turn would lead them to apply for one of the 15,000 jobs that the Group offers every year.

Efforts were also made in 2015 to professionalize key recruitment processes, both in terms of the relevance of our selection methods and the Group's employer image. Online training modules were set up to teach recruiters how to process applications more effectively, find applicants in the job pool, use reporting criteria, and navigate easily within the software. Expertise in finding applicants was also shared with recruiters, particularly the use of professional social networks.

3.2.3 Social commitment: building a company committed to corporate citizenship, diversity and solidarity (1)

For many years the Group has implemented an overall corporate social responsibility (CSR) policy that is proactive, ambitious and innovative to combat discrimination and promote equal opportunities and treatment. ENGIE's CSR policy is structured around five key priorities: diversity, inclusion, solidarity and social bonds, workplace wellbeing, and social innovation.

Diversity

ENGIE's diversity policy is based on and recognized by the Diversity label, obtained in May 2014 for all Group production and services activities in France. The policy is reflected in initiatives conducted both internally and externally depending on the segment.

Professional and gender equality

Internally, wage equality between women and men is one of the key points to which the Group is committed, in addition to achieving the following quantified goals: one in every three newly appointed senior managers, 25% of executives, 30% of new hires and 35% of "high potential talent" to be women. Externally, to promote gender equality within the business lines, ENGIE strives to raise awareness among young people so that they become familiar with the Group's technical careers. To this end, it has partnered with programs such as *"J'apprends l'énergie", "Ma caméra chez les Pros", "Elles Bougent"* and "Girls Day and Boys Day" in Belgium and the Netherlands. ENGIE is also tapping into the SME ecosystem to help increase the number of women in so-called male professions and the number of men in so-called female professions. As such it has formed two new partnerships, one with a Toulouse-based architectural firm and the other with the University of Limoges and Limousin Institute of Technology.

(1) For a full description of the Group's Corporate Social Responsibility policy, see also Section 3.4 "Corporate Societal Commitments".

Young employees, seniors and intergenerational policy

Employability, particularly that of young people, is a key priority, and the Group had a recruitment target of 8,000 young people before the end of 2015, with 5% in alternating work-study programs and a conversion rate of 50% at the end of the training period. With 4,000 young workers involved in 2015, work-study programs are particularly favored by the Group, who wants to make a path to excellence to lead to employment via high-quality training. In 2015 ENGIE got behind two new initiatives, the "*Engagement Jeunes*" intercompany job exchange platform dedicated to job-seeking technical apprentices, and the *Erasmus Pro* pilot project, a European exchange program for apprentices launched by France's minister of foreign affairs. At year-end, this commitment to young people was rewarded when the Group obtained the AJE (*Association Jeunesse et Entreprise* – Youth and Business Association) label.

Knowledge and skills transfer is also boosted by planning for pre-retirement periods, encouraging younger workers to take part in tutoring programs such as "*Les maîtres de l'énergie*" (Energy Experts), and mentoring and reverse mentoring programs, i.e. where employees receive personalized support from other employees who are either more senior or have more expertise in a specific area.

Religious diversity

One of the 20 legal criteria of the principle of non-discrimination is the adherence, or not, to a religion. ENGIE is committed to ensuring that no employee or applicant is treated unfavorably because of their religious beliefs. To support managers with this issue, in 2015 the Group prepared some points of reference on "religious diversity in the company".

Employees with disabilities

The Group pursues measures to encourage the hiring, career development and training of people with disabilities, along with campaigns to raise awareness of disability issues. For several years it has had a disabilities network which promotes discussion and skills-building initiatives in the field, and develops joint large-scale initiatives.

At the end of 2014, in France, the Group's employment rate of people with disabilities was 4.3% versus the national average of 3.8%. More than 2,600 employees with disabilities work at ENGIE, an increase of 30% in four years, primarily due to the "*Handi Recrut'Heures*" campaigns to hire applicants with disabilities. In addition, between 2012 and 2015, procurement from the "sheltered and adapted employment sector" increased 23% as a result of internal awareness campaigns. This is the equivalent of 369 indirect full-time jobs of individuals with disabilities.

Inclusion, job-seeking support and social solidarity

The Group is committed to the social and professional inclusion of people in severe difficulty or in a situation of exclusion. Its actions include:

- sponsorships aimed at talented students from disadvantaged neighborhoods (five scholarships awarded in Belgium, and 34 young people in France mentored by a committed Group employee post-baccalaureate and beyond);
- assistance with job creation via ENGIE's employment foundation, *Fondation Agir Pour l'Emploi* (FAPE), which operates under the auspices of the Fondation de France. The Foundation's resources come from donations by Group employees and retirees, which are fully matched by their companies. Since its establishment in 2013, FAPE (in France and Belgium) has awarded more than €800,000 in grants for 53 projects aimed at access to employment, the job creation and inclusion of the most vulnerable individuals. In 2015 it called for volunteers to work with supported associations. This led to the creation of the first-ever group of ENGIE employee volunteers who are now helping job seekers find work via the non-profit back-to-work association "*Solidarité Nouvelles Face au Chômage*". This nonprofit association uses sports as an inroad to social and professional inclusion. In 2015, volunteers helped a total of 120 young people from disadvantaged neighborhoods find employment or training through the PEMS (*Parcours Emploi – Mobilité – Sport*) program in the French cities of Lille, Arras, Calais and Lyon.

Quality of life in the workplace

With eight million people in France – 50% of them with jobs – providing assistance to someone dependent on them or disabled, caregiving has become a real issue for society, impacting businesses as a result of stress, fatigue or absenteeism of the caregiver. To address this problem, in 2015 ENGIE developed a help-for-caregivers program aimed at Group employees in France. The service provides information, advice and assistance, centralizing all the answers needed by the caregiver in a single source.

Involvement in the International Social Observatory

ENGIE supports the International Social Observatory (ISO) and the work of its international delegations in Europe, China, Brazil, Morocco and Africa. In 2015, various think tanks at conferences and symposiums around the world focused on the themes of "development and human capital", "management and digital technology", "CSR and social contracts", and "transformation of life at work".

3.2.4 Employee savings plans and shareholding

3.2.4.1 Group employee savings plans policy

These plans are available to employees of companies that are fully consolidated or whose share capital is majority-owned, directly or indirectly, by ENGIE S.A.

Savings plans

In France, since the end of 2009, ENGIE Group employees [1] have had access to a Group Savings Plan (a *Plan d'Épargne Groupe* – PEG), which includes the employee shareholding funds as well as a large range of diversified savings options.

(1) Companies that are fully consolidated (apart from GRTgaz) and companies whose share capital is majority-owned, directly or indirectly, by ENGIE S.A.

In other countries, measures have also been put in place to allow employees to save, under terms adapted to local laws.

Retirement savings plans

In France, since 2010, all Group employees may, at their own pace, build funds for retirement by paying into the ENGIE Group Collective Retirement Plan (*Plan d'Épargne pour la Retraite Collectif* – PERCO).

In other countries, products exist allowing employees to supplement their pensions by making voluntary contributions on favorable terms.

Solidarity funds

In France, the ENGIE "*Rassembleurs d'Énergies Flexible*" Fund has supplemented the range of Group Savings Plan and Retirement Savings Plan investment products since the beginning of 2012 and enables employees to take part in a social initiative in tune with their businesses.

3.2.4.2 Profit-sharing and incentive plans

Due to the existence of separate legal companies, a common collective profit-sharing and incentive plan is not possible for the Group.

At the ENGIE S.A. level, a new incentive agreement was signed with all representative trade unions on June 24, 2014 for the 2014-2016 period. The amount paid out in 2015 for 2014 profit-sharing was €20.7 million. The employee profit-sharing agreement for ENGIE was signed on June 26, 2009. Application of the statutory profit-sharing formula for 2014 resulted in no payment being made to employees in 2015.

3.2.4.3 Employee shareholding

ENGIE continues to operate its proactive employee shareholding policy in order to involve all employees in the Group's development and increase the employees' stake in the capital of ENGIE.

ORS 2015

The sale of 75 million ENGIE shares by the French government to the private sector on June 24, 2014 entailed a government obligation to offer shares to employees and former employees of ENGIE and its subsidiaries in which the issuer holds, directly or indirectly, the majority of the equity, pursuant to the provisions of Article 11 of Law No. 86-912 of August 6, 1986 on the terms of privatizations, and Article 26 of Law No. 2004-803 of August 9, 2004 on public electricity and gas utilities and electric and gas companies.

The operation, called "ORS 2015", the terms of which were defined by the Minister for the Economy, Industry and Digital Affairs on December 23, 2014, has been implemented in nine countries and comprises two formulae, one under the Group saving plan (or international group savings plan in the case of countries outside France) and the second outside the savings plan.

The purchase period for ORS 2015 ran from December 30, 2014 to January 20, 2015 and the purchase price was set at €19.53 per share. The shares' settlement and delivery date was February 27, 2015. A total of 13,235,294 ENGIE shares were offered and 1.36 million shares were subscribed by more than 22,000 subscribers in relation to this offer. (It should be noted that ENGIE received no income from the sale of shares under the ORS 2015, as all the gross proceeds from the sale were paid to the government, the selling shareholder).

Free share award plans

In 2015, several free share award plans were delivered for a total of 4.7 million shares. Employees have received approximately 21 million free shares since the first plan in 2007. Of this total, 2.45 million shares are in the vesting period of the various plans, representing a 0.10% stake in ENGIE.

At the end of 2015, employees held 2.72% of the share capital (including 1.97% held through employer-sponsored mutual funds). Pursuant to Article L. 225-100-3 of the French Commercial Code, the Supervisory Boards of these employer-sponsored mutual funds exercise the voting rights attached to the securities registered among their assets and decide, if necessary, whether to contribute these securities to public tender or exchange offers.

The Supervisory Boards of the employee-sponsored mutual funds comprise shareholder representatives; half of them at most are company representatives designated under the procedures set out in the funds' rules. Although the Supervisory Board is composed in an equitable way, its chairman, who must be chosen from the shareholder representatives, holds the casting vote.

3.2.5 Social relations

3.2.5.1 Employee representation in the Group

The representative bodies are places for consultation and collaboration between management and employee representatives.

The European Works Council (EWC)

With 40 members representing the Group's 136,830 employees throughout Europe, the purpose of the EWC is to develop and strengthen European social dialogue, ensure balanced representation between the Group's countries and main business activities, and develop social dialogue within these activities. A secretariat with 13 members representing eight countries meets once every two months. However, it met monthly from April on an exceptional basis.

In 2015, the EWC held four full-session meetings, the EWC secretariat held nine meetings, and working groups held five meetings.

French Group Works Council

This body represents more than 74,000 employees in France. Two meetings were held in 2015.

3.2.5.2 Collective bargaining agreements

In France, an agreement on the "Generation Contract" effective until 2015 was signed in 2013 to promote access to employment for young people, maintain seniors in employment and transfer skills between the generations. Accordingly, in the period from January 2013 to the end of December 2015, the generation contract led to the permanent hiring of nearly 7,770 people under the age of 34 in France, the hosting and training of work-study recruits representing approximately 4.8% of the workforce, the permanent hire of workers over 50 accounting for 7.1% of all permanent hires in France, and maintenance in employment of workers over 55, representing 13.6% of the French workforce.

The Group also began negotiations of a European social agreement in September 2015 with a view to this being effective from 2016. Eight negotiation meetings were planned to this effect.

In 2015, five meetings were held to discuss the monitoring of collective bargaining agreements in France and Europe.

3.2.6 Health and safety policy

3.2.6.1 Performance

In line with several years of steady progress, performance in terms of frequency and severity of accidents to Group employees continued to improve in 2015:

- accidents at work:
  - frequency rate of 3.6, below the defined target (FR < 4 by end of 2015) and down 56% from 2008 (from 8 to 3.6) and down 12% from 2014,
  - severity rate of 0.17 down by 45% compared to 2008 (from 0.33 to 0.17) and by 17% compared to 2014;
- commuting accidents with a frequency index of 2.9 in 2015 (down from 5 in 2010, 4 in 2013 and 3.1 in 2014).

The number of fatal accidents at work (Group employees, temporary workers and subcontractors) was stable with a total of 8 in 2015 versus 7 in 2014, 11 in 2013, 6 in 2012 and 16 in 2011. In addition, one fatal road accident involving a Group employee occured during commuting hours in 2015.

In the field of occupational health, the number of new cases of occupational illness gone from 150 in 2014 to 122 in 2015, while the number of hours of absenteeism for medical reasons per employee per year was up slightly from 63 hours in 2013 to 65 hours in 2015.

3.2.6.2 Targets and progress

Quantified progress targets focusing on the reduction in workplace accidents for the period 2010-2015 were defined as follows: (i) an accident frequency rate of less than 4 in 2015 and (ii) eradication of fatal accidents with a causal link to the Group's activities.

The Health and Safety Action Plan for 2010-2015 was completed in 2012 with a specific plan to eradicate fatal accidents. Its deployment was continued in 2015.

Targets set in 2015 for the period 2016-2020 focus on reducing workplace accidents, reducing absenteeism for medical reasons, identifying and dealing with potentially serious industrial safety accidents, and developing a health and safety culture and commitment for employees, and especially managers.

The associated actions plans for 2016-2020 have also been defined.

These areas of progress and their impact on the Group's occupational and industrial health and safety performance are monitored by the Board of Directors, the Ethics, Environment and Sustainable Development Committee, the Management Committee and the Health and Safety Steering Committee (which includes employee representatives). They are reported via a quarterly email from the Chairman and Chief Executive Officer to senior management, via various means within the Health & Safety and HR functional lines and on the Group intranet.

The management mechanism

The key principles of the Group's health and safety policy are set out in Group agreements signed by the Chairman and Chief Executive Officer and either employee representatives (for the European agreement on occupational health and safety signed on February 23, 2010), or trade union representatives around the world (for the global agreement on occupational health and safety signed on May 13, 2014).

The Group's Health and Safety Regulations set out the minimum requirements at a global level for all entities. These regulations are supplemented by the "Life-Saving Rules" [1].

In line with the ERM process, the level of control of health and safety risks was evaluated by line managers and by the Group Health and Safety Department. The INCOME mechanism provides a framework for the internal audits carried out by line managers on the control of industrial risks.

The deployment of these principles and health and safety requirements is verified by means of internal audits and controls performed by the Group Health and Safety Department. Thirty checks of the maturity of the management systems were carried out in 2015 with particular focus on regulatory controls and the application of the "Life-Saving Rules" by employees and subcontractors. In addition, eight cross-functional checks were carried out on specific subjects, including four on chemical risk prevention and one on subcontracting control.

Management reviews performed by the health and safety department at all levels (central office, business lines, business units) evaluate the results and set targets to improve the effectiveness of the management system. These reviews are intended in particular to assess the effectiveness of initiatives implemented as part of the plan to eliminate fatal accidents and to develop action plans to achieve its targets.

Finally, at least 10% of the performance-related pay of line managers and the health and safety functional line is based on their performance and commitment to improving occupational health and safety.

(1) These are practical rules which, had they been followed, could have avoided some of the fatalities in the Group in recent years.

Training

Training efforts continued in 2015: 30% of the total number of training hours delivered were devoted to quality, safety and the environment, and nearly 852 managers had Group training in health and safety leadership, set up by the Health and Safety Department in conjunction with ENGIE University. A six-month follow-up with managers who have attended this training was instituted in 2015 and short "perspectives" documentaries were made available to illustrate how proper use of key management components (team meetings, site visits, recognition, and so on) can help transform the Group's health and safety culture.

Raising awareness and sharing practices

A range of measures are used to strengthen the health and safety culture of each Group employee and make them more involved in their own health and safety and that of others.

Reflex, the in-house health and safety magazine (168,000 copies published in eight languages), discusses good practices and habits to be adopted in everyday life.

The Group launched its 2015 annual health and safety awareness campaign in April on World Day for Safety and Health at Work and also promoted it during European Health and Safety Week. This year the campaign focused on reducing risks while driving. A series of posters, exhibitions and driving simulators demonstrated to employees the consequences of using communication and GPS devices while driving. The campaign also encouraged them to commit to concrete steps.

The Group's health and safety intranet and two websites give everyone access to a library of documents, encouraging the sharing of solutions and field experiences. The two websites are:

- Prevention, dedicated to the "zero fatal accidents" action plan; and
- AGORA, dedicated to managerial guides and practices based on internal and external benchmarks.

The Group also promotes sharing practical solutions through networks such as specialist societies or professional communities of practice, or alternatively through the quarterly newsletter, *Prevention News*, and "sharing corners" at the annual gathering of the Group's health and safety professionals.

3.2.6.3 Dialogue with social partners

In 2015, dialogue with employee representatives and trade unions continued at the local, Group and business-line level, mainly in connection with the Group collective agreement on fundamental health and safety principles. The Health and Safety Steering Committee monitored the Group's results, analyzed the causes of serious accidents and the preventive measures put in place, and gave its opinion on proposed changes in the Group's standards. Monitoring committees for the various collective agreements signed at the Group level met in 2015 to review the implementation of these commitments.

In 2015, more than 100 Human Resources and Health and Safety employees plus workforce representatives attended a seminar aimed at sharing practices for auditing and improving the quality of life in the workplace. The agenda also included working together on the key action points and implementation of the European agreement signed in November 2014.

3.2.7 Social data

	Grenelle 2 Law	GRI	Energy Europe 2015	Energy Europe 2014	Energy Europe 2013	Energy International 2015	Energy International 2014	Energy International 2013
EMPLOYMENT								
TOTAL WORKFORCE ■■	**1.A**	**LA1**	**23,819**	**24,811**	**26,015**	**10,846**	**10,416**	**10,756**
Workforce by geographic region ■■	**1.A**	**LA1**						
France	1.A	LA1	11,040	11,179	11,521			
Belgium	1.A	LA1	5,644	5,884	6,416	62	65	59
Other European Union	1.A	LA1	7,135	7,748	8,078	956	961	1,020
Other European countries	1.A	LA1						
Total Europe	1.A	LA1	23,819	24,811	26,015	1,018	1,026	1,079
North America	1.A	LA1				2,135	2,110	2,122
South America	1.A	LA1				3,122	3,048	3,321
Asia-Middle-East-Oceania	1.A	LA1				4,571	4,232	4,234
Africa	1.A	LA1						
% reporting			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Breakdown of workforce by SPC	**1.A**	**LA1**						
Managers ■■	1.A	LA1	6,275	6,306	6,580	3,078	2,880	2,689
Non-managers ■■	1.A	LA1	17,544	18,505	19,435	7,768	7,536	8,067
% Managers	1.A		26.3%	25.4%	25.3%	28.4%	27.6%	25.0%
% Non-managerial staff	1.A		73.7%	74.6%	74.7%	71.6%	72.4%	75.0%
% reporting			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Breakdown of workforce by type of contract	**1.A**	**LA1**						
Permanent ■■	1.A	LA1	93.8%	94.2%	94.1%	97.2%	97.8%	97.9%
Other ■■	1.A	LA1	6.2%	5.8%	5.9%	2.8%	2.2%	2.1%
% reporting			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Age pyramid of permanent employees ■■	**1.A**	**LA1**						
Under 25 years old	1.A	LA1	1.8%	1.6%	2.1%	2.9%	2.8%	3.2%
25-29 yrs old	1.A	LA1	7.5%	8.8%	10.4%	11.4%	11.8%	11.6%
30-34 yrs old	1.A	LA1	16.1%	16.3%	16.6%	15.2%	15.1%	15.2%
35-39 yrs old	1.A	LA1	16.3%	16.3%	15.8%	15.8%	15.9%	15.8%
40-44 yrs old	1.A	LA1	15.7%	15.7%	16.0%	15.3%	15.1%	15.2%
45-49 yrs old	1.A	LA1	15.9%	15.3%	14.4%	13.6%	13.9%	13.6%
50-54 yrs old	1.A	LA1	13.4%	12.9%	12.8%	11.4%	11.5%	11.3%
55-59 yrs old	1.A	LA1	10.4%	10.1%	9.8%	8.9%	8.6%	8.6%
60-64 yrs old	1.A	LA1	2.8%	2.9%	2.1%	4.1%	4.1%	4.4%
65 and over	1.A	LA1	0.1%	0.1%	0.1%	1.3%	1.1%	1.1%
% reporting			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Female workforce ■■	**1.F**	**LA13**	**7,284**	**7,797**	**8,189**	**1,883**	**1,786**	**1,799**
% reporting			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Diversity and equal opportunity								
Proportion of women in workforce ■■	**1.F**	**LA13**	**30.6%**	**31.4%**	**31.5%**	**17.4%**	**17.1%**	**16.7%**
% reporting			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Proportion of women in management ■■	**1.F**	**LA13**	**29.1%**	**28.6%**	**28.7%**	**20.2%**	**20.4%**	**18.5%**
% reporting			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Proportion of apprentices in workforce	**1.F**	**LA1**	**2.2%**	**2.0%**	**1.8%**	**0.5%**	**0.4%**	**0.3%**
% reporting			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(1) The ENGIE Group includes the five business lines as well as Corporate.
(2) Scope: see 3.2.7.2. Note on methodology.
(3) Reporting percentage for severity rate: 85%
■■ Reasonable assurance for financial year (FY) 2015.

Global Gas and LNG [3]			Infrastructure			Energy Services			ENGIE Group [1]		
2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
2,472	**2,458**	**1,993**	**17,246**	**17,187**	**17,660**	**97,194**	**94,671**	**87,528**	**154,935**	**152,882**	**147,199**
910	917	512	17,021	16,968	17,439	42,449	42,550	42,251	73,951	74,156	74,214
						10,483	10,482	10,577	16,950	17,193	17,798
1,234	1,229	1,175	225	219	221	32,183	32,091	27,799	41,743	42,259	38,303
284	273	256				2,490	2,758	2,845	2,774	3,031	3,101
2,428	2,419	1,943	17,246	17,187	17,660	87,605	87,881	83,472	135,418	136,639	133,416
						2,015	1,963	493	4,150	4,073	2,615
						3,468	2,383	1,265	6,590	5,431	4,586
11	9	26				4,030	2,365	2,222	8,668	6,630	6,482
33	30	24				76	79	76	109	109	100
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
1,126	1,108	808	4,056	3,894	3,875	19,229	17,585	16,624	36,245	34,274	32,970
1,346	1,350	1,185	13,190	13,293	13,785	77,965	77,086	70,904	118,690	118,608	114,229
45.6%	45.1%	40.5%	23.5%	22.7%	21.9%	19.8%	18.6%	19.0%	23.4%	22.4%	22.4%
54.4%	54.9%	59.5%	76.5%	77.3%	78.1%	80.2%	81.4%	81.0%	76.6%	77.6%	77.6%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
94.5%	94.1%	95.3%	94.4%	94.9%	94.8%	92.9%	92.9%	92.9%	93.6%	93.7%	93.9%
5.5%	5.9%	4.7%	5.6%	5.1%	5.2%	7.1%	7.1%	7.1%	6.4%	6.3%	6.1%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	89.20%	100.00%	100.00%	93.60%
0.8%	1.0%	0.6%	4.3%	4.7%	5.1%	3.7%	4.3%	4.2%	3.3%	3.6%	3.7%
8.4%	8.0%	6.1%	11.9%	11.8%	11.6%	10.4%	10.7%	11.0%	10.1%	10.4%	10.8%
15.3%	15.7%	13.6%	13.5%	12.9%	12.7%	13.1%	13.2%	13.7%	13.8%	13.9%	14.3%
15.9%	15.8%	15.4%	13.5%	12.9%	12.2%	13.3%	12.5%	12.6%	14.0%	13.5%	13.5%
15.1%	14.5%	14.6%	14.3%	13.7%	13.3%	12.9%	13.2%	14.1%	13.8%	13.9%	14.5%
12.5%	12.4%	13.4%	12.7%	12.9%	12.9%	14.7%	15.0%	15.4%	14.6%	14.7%	14.6%
11.7%	11.8%	13.5%	16.3%	18.6%	20.6%	14.2%	13.9%	13.6%	14.1%	14.1%	14.3%
12.8%	13.5%	15.7%	11.6%	11.2%	10.4%	11.5%	11.4%	11.1%	11.2%	11.1%	10.7%
7.1%	7.0%	7.0%	1.7%	1.4%	1.2%	5.2%	4.8%	3.9%	4.4%	4.1%	3.3%
0.5%	0.2%	0.2%	0.0%	0.0%	0.0%	1.1%	1.0%	0.4%	0.8%	0.7%	0.3%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	89.20%	100.00%	100.00%	93.60%
631	**633**	**527**	**4,223**	**4,079**	**4,099**	**18,006**	**17,268**	**13,796**	**33,529**	**33,044**	**29,826**
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
25.5%	**25.8%**	**26.4%**	**24.5%**	**23.7%**	**23.2%**	**18.5%**	**18.2%**	**15.8%**	**21.6%**	**21.6%**	**20.3%**
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
24.9%	**24.3%**	**25.5%**	**30.4%**	**29.6%**	**28.4%**	**16.1%**	**15.8%**	**16.3%**	**22.0%**	**21.9%**	**21.9%**
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
1.6%	**1.8%**	**1.8%**	**5.5%**	**5.0%**	**5.1%**	**2.4%**	**2.6%**	**3.1%**	**2.6%**	**2.6%**	**2.9%**
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	89.22%	100.00%	100.00%	93.60%

3

	Grenelle 2 Law	GRI	Energy Europe 2015	Energy Europe 2014	Energy Europe 2013	Energy International 2015	Energy International 2014	Energy International 2013
Proportion of disabled employees	**1.F**		**1.6%**	**1.5%**	**1.4%**	**0.5%**	**0.5%**	**0.5%**
Employees under 25 as a% of permanent hires (at constant scope)	**1.F**		**17.9%**	**14.0%**	**18.6%**	**20.3%**	**15.2%**	**19.5%**
Employees over 50 as a% of permanent hires (at constant scope)	**1.F**		**7.6%**	**6.5%**	**7.0%**	**8.1%**	**8.4%**	**6.8%**
Staff and job movement								
No. of permanent hires (at constant scope)	**1.A**	**LA2**	**708**	**788**	**741**	**1,088**	**729**	**899**
No. of temporary hires (at constant scope)	**1.A**	**LA2**	**1,851**	**1,924**	**1,738**	**248**	**197**	**250**
No. of hires (at constant scope)	**1.A**	**LA2**	**10.7%**	**10.8%**	**9.5%**	**13.6%**	**9.0%**	**10.6%**
% reporting			100.00%	100.00%	100.00%	91.82%	100.00%	100.00%
No. of permanent hires (at constant scope)	**1.A**	**LA2**	**27.7%**	**29.1%**	**29.9%**	**81.4%**	**78.7%**	**78.2%**
% reporting			100.00%	100.00%	100.00%	91.82%	100.00%	100.00%
No. of lay-offs (at constant scope)	**1.A**		**220**	**419**	**340**	**65**	**94**	**199**
% reporting			100.00%	100.00%	100.00%	91.82%	100.00%	100.00%
Turnover (at constant scope)	**1.A**	**LA2**	**3.7%**	**4.9%**	**4.3%**	**6.3%**	**6.1%**	**6.7%**
% reporting			100.00%	100.00%	100.00%	91.82%	100.00%	100.00%
Voluntary turnover (at constant scope)	**1.A**	**LA2**	**1.6%**	**2.2%**	**2.1%**	**5.5%**	**4.9%**	**4.8%**
% reporting			100.00%	100.00%	100.00%	91.82%	100.00%	100.00%
Career development								
Proportion of workforce trained ■■	**1.E**	**LA10**	**73.9%**	**73.8%**	**79.5%**	**91.2%**	**79.5%**	**75.7%**
% reporting			99.59%	99.46%	100.00%	85.98%	91.87%	98.82%
Proportion of women in trained workforce	**1.E**	**LA10**	**29.0%**	**30.8%**	**31.0%**	**16.1%**	**15.6%**	**14.9%**
% reporting			99.59%	99.46%	100.00%	85.98%	91.87%	98.82%
Proportion of managers and non-managers in trained workforce:	**1.E**	**LA10**						
Managers	1.E	LA10	26.9%	26.4%	25.5%	24.7%	22.9%	16.3%
Non-managers	1.E	LA10	73.1%	73.6%	74.6%	75.3%	77.1%	83.7%
% reporting			99.59%	99.46%	100.00%	85.98%	91.87%	98.82%
Total no. of training hours	**1.E**	**LA10**	**590,811**	**649,530**	**818,958**	**378,234**	**321,486**	**342,711**
% reporting			99.59%	99.46%	100.00%	84.70%	90.60%	98.82%
Hours of training by topic	**1.E**	**LA10**						
Business techniques			51.8%	46.3%	56.4%	50.4%	48.0%	43.7%
Quality, safety and environment			22.3%	21.7%	17.7%	30.0%	30.4%	24.0%
Languages			5.8%	6.9%	6.9%	5.6%	7.1%	15.8%
Management and personnel development			10.4%	13.4%	nd	9.6%	8.6%	nd
Other			9.7%	11.7%	19.0%	4.5%	5.9%	16.5%
% reporting			99.59%	99.46%	100.00%	84.70%	90.60%	98.82%
No. of training hours per person trained	**1.E**	**LA10**	**34**	**35**	**39**	**45**	**42**	**42**
% reporting			99.59%	99.46%	100.00%	84.70%	90.60%	98.82%
No. of training hours per woman trained	**1.F**	**LA10**	**26**	**28**	**36**	**29**	**30**	**37**
% reporting			99.59%	99.46%	100.00%	84.70%	90.60%	98.82%
Training expenses per hour of training (€)	**1.E**	**LA10**	**23**	**22**	**27**	**36**	**38**	**23**
% reporting			99.45%	99.46%	100.00%	84.31%	89.79%	97.82%

(1) The ENGIE Group includes the five business lines as well as Corporate.
(2) Scope: see 3.2.7.2. Note on methodology.
(3) Reporting percentage for severity rate: 85%
■■ *Reasonable assurance for financial year (FY) 2015.*

Global Gas and LNG [3]			Infrastructure			Energy Services			ENGIE Group [1]		
2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
1.5%	1.4%	1.8%	3.3%	3.3%	3.0%	2.1%	2.1%	2.4%	2.1%	2.0%	2.1%
4.8%	5.9%	3.7%	23.3%	29.8%	35.4%	17.6%	19.6%	22.7%	18.0%	19.1%	22.4%
9.6%	11.1%	15.2%	7.6%	4.6%	3.1%	13.7%	11.6%	8.6%	12.1%	10.3%	7.9%
167	153	217	924	718	710	7,948	6,828	5,796	10,974	9,347	8,423
50	54	44	636	584	484	4,775	5,201	4,791	7,713	8,090	7,365
8.8%	10.1%	13.4%	9.2%	7.5%	6.7%	13.4%	13.7%	13.6%	12.4%	11.9%	11.4%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.42%	100.00%	100.00%
77.0%	73.9%	83.1%	59.2%	55.1%	59.5%	62.5%	56.8%	54.7%	58.7%	53.6%	53.4%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.42%	100.00%	100.00%
6	11	8	4	4	21	3,044	2,235	1,978	3,342	2,770	2550
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.42%	100.00%	100.00%
2.8%	2.9%	4.0%	2.0%	1.9%	1.5%	9.2%	7.3%	6.7%	7.1%	6.0%	5.5%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.42%	100.00%	100.00%
1.9%	2.3%	3.4%	1.9%	1.8%	1.3%	5.1%	3.8%	3.5%	4.1%	3.3%	3.0%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.42%	100.00%	100.00%
71.9%	71.6%	76.0%	70.5%	70.1%	70.9%	57.8%	64.8%	63.7%	64.0%	68.1%	68.5%
84.81%	84.47%	100.00%	100.00%	100.00%	100.00%	97.94%	85.33%	99.28%	97.43%	90.07%	99.50%
26.1%	26.7%	24.4%	20.1%	20.3%	19.7%	10.8%	10.0%	9.5%	16.7%	17.0%	17.0%
84.81%	84.47%	100.00%	100.00%	100.00%	100.00%	97.94%	85.33%	99.28%	97.43%	90.07%	99.50%
41.0%	42.8%	40.0%	20.2%	20.8%	20.4%	21.5%	19.2%	18.8%	24.0%	22.7%	21.6%
59.0%	57.2%	60.0%	79.8%	79.2%	79.6%	78.5%	80.8%	81.2%	76.0%	77.3%	78.4%
84.81%	84.47%	100.00%	100.00%	100.00%	100.00%	97.94%	85.33%	99.28%	97.43%	90.07%	99.50%
56,917	67,155	66,468	450,352	465,768	471,333	1,440,526	1,445,310	1,317,964	2,971,607	2,997,908	3,071,401
84.81%	84.47%	100.00%	100.00%	100.00%	100.00%	98.03%	85.33%	99.28%	97.39%	89.98%	99.50%
40.0%	36.1%	48.5%	46.0%	46.3%	53.1%	39.8%	46.0%	48.9%	44.3%	45.8%	50.5%
23.9%	31.8%	28.0%	22.8%	19.9%	23.7%	37.3%	34.6%	34.6%	30.3%	28.5%	26.6%
10.9%	10.3%	8.9%	1.9%	3.0%	2.8%	2.9%	3.8%	3.1%	4.1%	5.1%	5.9%
13.5%	13.5%	nd	18.7%	20.9%	nd	12.3%	7.5%	nd	12.8%	11.3%	nd
11.7%	8.4%	14.6%	10.6%	9.9%	20.4%	7.7%	8.0%	13.4%	8.5%	9.3%	17.0%
84.81%	84.47%	100.00%	100.00%	100.00%	100.00%	98.03%	85.33%	99.28%	97.39%	89.98%	99.50%
38	46	45	38	38	37	26	28	26	31	32	32
84.81%	84.47%	100.00%	100.00%	100.00%	100.00%	98.03%	85.33%	99.28%	97.39%	89.98%	99.50%
35	39	46	36	38	30	22	24	22	27	29	31
84.81%	84.47%	100.00%	100.00%	100.00%	100.00%	98.03%	85.33%	99.28%	97.39%	89.98%	99.50%
53	58	67	64	60	65	30	30	26	36	NS	NS
70.34%	84.47%	100.00%	100.00%	100.00%	100.00%	97.50%	78.69%	98.61%	96.76%		

	Grenelle 2 Law	GRI	Energy Europe 2015	Energy Europe 2014	Energy Europe 2013	Energy International 2015	Energy International 2014	Energy International 2013
Training expenses per person trained (€)	**1.E**	**LA10**	**775**	**779**	**1,076**	**1,615**	**1,622**	**976**
% reporting			99.45%	99.46%	100.00%	84.31%	89.79%	97.82%
Working conditions								
Days of absence per person	**1.B**	**LA7**	**15**	**15**	**15**	**7**	**6**	**6**
% reporting			100.00%	99.62%	100.00%	98.72%	100.00%	100.00%
Overtime	**1.B**	**LA7**	**1.4%**	**1.2%**	**1.5%**	**7.1%**	**7.2%**	**7.0%**
% reporting			100.00%	99.62%	100.00%	100.00%	100.00%	100.00%
Safety at work (2)								
No. of fatal accidents (employees)			0	1	0	1	0	0
Frequency rate			2.62	2.5	3.9	0.53	0.7	0.8
Severity rate (French benchmark)			0.09	0.11	0.18	0.02	0.03	0.02
Severity rate (ILO benchmark)			0.06	0.06	0.11	0.02	0.03	0.02
% reporting			100%	100%	100 %	100%	100 %	100 %
Number of new cases of occupational illness			4	11	17	5	0	6
Compensation	**1.A**							
Average salary of manual workers, clerical staff and technicians compared with national minimum wage		**Legal annual minimum wage in 2015 in €**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
France		17,490	1.55	1.51	1.49			
Belgium		18,022						
Spain		9,080	4.55	4.41	4.36			4.09
Netherlands		18,094	2.45	2.62	2.82			
United Kingdom		18,116				1.68	2.06	2.18
Luxembourg		23,076						
Romania		2,817	3.69	4.26	5.15			
Poland		5,011	4.23	3.53	3.53			
Czech Republic		4,051						
Hungary		4,001	3.15	2.57	3.04			
Slovakia		4,560						
Portugal		7,070						5.81
Greece		8,205						
Germany		17,676						
Turkey		5,102				4.20	4.83	4.73
United States		13,478				7.28	7.62	6.78
% reporting			93.97%	98.52%	98.49%	21.56%	21.72%	21.76%

(1) The ENGIE Group includes the five business lines as well as Corporate.
(2) Scope: see 3.2.7.2. Note on methodology.
(3) Reporting percentage for severity rate: 85%
■■ Reasonable assurance for financial year (FY) 2015.

Global Gas and LNG [3]			Infrastructure			Energy Services			ENGIE Group [1]		
2015	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
1,998	**2,686**	**3,013**	**2,424**	**2,292**	**2,427**	**788**	**842**	**701**	**1,093**	**NS**	**NS**
70.34%	84.47%	100.00%	100.00%	100.00%	100.00%	97.50%	78.69%	98.61%	96.76%		
11	**11**	**10**	**16**	**17**	**15**	**11**	**11**	**11**	**NS**	**NS**	**NS**
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.91%	100.00%	99.37%			
1.4%	**1.5%**	**1.7%**	**2.4%**	**2.4%**	**2.3%**	**3.1%**	**2.7%**	**2.5%**	**NS**	**NS**	**NS**
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.37%			
0	0	0	1	0	0	2	1	0	4	2	0
1.79	1.5	0.6	2.45	3.0	3.3	4.39	5.2	5.5	3.56	4.1	4.4
0.06	0.03	0.01	0.10	0.11	0.11	0.21	0.27	0.27	0.17	0.20	0.21
0.04	0.02	0.01	0.06	0.07	0.08	0.15	0.18	0.17	0.11	0.13	0.13
100%	100 %	100 %	100%	100 %	100 %	98%	100 %	100 %	100%	100 %	100 %
0	0	0	3	1	1	110	138	109	122	150	133
2015	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
			1.61	1.62	1.65	1.45	1.47	1.45	NS		
						2.03	2.05	1.95			
						3.22	2.99	3.03			
4.60	4.61	3.84				1.84	1.82	1.90			
			3.17	2.36	2.19	1.36	1.18	2.53			
						1.77	1.72	1.72			
						2.15	3.56	4.19			
						2.35	2.35	3.54			
						3.38	3.51	3.80			
						3.05	3.07	2.73			
						2.19	2.28	2.31			
						2.67	2.89	2.66			
						2.09	1.98	2.23			
3.32						2.34					
						2.47	2.49				
80.34%	45.52%	45.71%	100.00%	100.00%	100.00%	82.20%	80.49%	82.07%			

3.2.7.1 Note on methodology of social indicators

1 Tool

The social indicators are derived from Group social reporting (GSR). They are set out in a shared Group referential (which can be viewed on request).

The collection, processing and reporting of data entered by the local legal entities, subsidiaries of the ENGIE Group, is carried out in the Magnitude financial consolidation application, in accordance with the IFRS financial scope.

The indicators published in this report relate to fully consolidated companies, whose capital and management are under the control of ENGIE.

The social indicators are completely integrated, regardless of the percentage of the company's capital owned.

2 Scope of reporting

A reporting percentage is attached to each indicator, according to the workforce covered. Some missing or inconsistent data are omitted from the report.

Sizable entities that were recently acquired were excluded from the scope of reporting of indicators relating to training and compensation, as ENGIE's reporting methods are being rolled out progressively.

3 Consolidation methods

The indicators for this report are consolidated using clearly defined procedures and criteria.

Data on the organization's scope, employee turnover, working conditions, training and safety were consolidated by aggregation.

4 Internal control

The social data are successively consolidated and controlled by each operational entity and by each business line, before reaching the Group HRD level.

5 Grenelle 2 Law

Social information pursuant to Article R. 225-105 of the French Commercial Code can be found in sections 3.1 and 3.2. A concordance table showing the sections of this Registration Document is provided in Appendix B. The table of indicators also refers to the information required by the implementation decree.

6 Additional information on some indicators

a) Employment

The Group data include data from the five business lines and Corporate data (including 3,358, 3,339 and 3,247 employees in 2015, 2014 and 2013 respectively).

As of July 2013, the Environment business line was no longer included within the scope of consolidation as a fully consolidated entity. Its workforce was 79,421 and it had contributed to 7,022 hires and 1,665 employee transfers in the first half of 2013, i.e. a total for the Group with BE of 22,810 hires and 7,134 transfers in 2013.

- The geographical areas correspond to those integrated under the scope of IFRS. Although the companies in the Global Gas & LNG business line are located in Africa, they are considered part of Europe for this reason.
- Administrative employees are recognized under "senior technicians and supervisors".
- The French concept of *cadres* (managerial staff) is sometimes difficult to understand in other countries. This can lead to a slight underestimation of the number of managerial staff because some entities may take only their senior management into account.

b) Staff changes

- All indicators in this section are calculated on a constant scope basis, i.e. the fully consolidated reporting entities included in the scope of consolidation at 12/31/N-1 and at 12/31/N.
- The lay-offs indicator does not include contractual terminations.

c) Diversity and equal opportunity

The declared percentage of people with disabilities provides the best possible information on the inclusion of people with disabilities. We do not consider it relevant to provide a scope definition for this indicator, since some entities are unable to gather information due to local regulatory restrictions.

d) Career development

- The training indicators provided in this document do not take e-learning into account.
- When all data cannot be provided within the timelines, the most recent are provided as well as a forecast of the missing data for year-end.

e) Organization of working time

The working hours of personnel within the Group companies are organized within the legal framework for working time, which varies from country to country.

- Days of absence per person are calculated according to the Group convention of eight hours of work per day.

f) Compensation

Group policy is to offer compensation to all that is personalized, fair and competitive on the market, and which reflects the performance and level of responsibility of each person.

- The compensation indicator is the ratio of the gross average salary in the "manual workers, clerical staff and technicians" category as a proportion of the national legal minimum wage. This ratio enables assessment of the relative average national salaries of full-time manual workers, clerical staff and technicians.
- The average gross salary is obtained by dividing the annual gross salary by the average monthly full-time equivalent (FTE) workforce.
- The restitution rate mainly depends on the existence and availability of a legal minimum wage. Overall, it is close to 80%. Note that this ratio is not calculated for Belgium at BEE, which has not declared any manual workers, clerical staff and technicians. Legal minimum wage data for 2015 are provided by Eurostat.

Changes in payroll costs are also provided in Chapter 6, Note 4-4.2.

3.2.7.2 Note on methodology of health and safety indicators

Scope

Only the fully consolidated entities are covered by the analyses in this document.

Methods for checking and consolidating indicators

After being collected, the quantitative health and safety data in this report were checked and consolidated according to clearly defined procedures and criteria.

For the Infrastructures business line, in consolidating the data for the GRDF distribution business unit, which operates jointly with ERDF, only the “natural gas” portion of hours worked was taken into account.

3.3 Environmental information

ENGIE faces the main environmental challenges: climate change, the quality and availability of natural resources (air, water, soil and energy) and the protection of biodiversity and ecosystems. Although its activities sometimes have an impact on ecosystems and natural resources, the Group seeks to measure and reduce this within a process of environmental management of its activities.

ENGIE’s challenges and ambitions in this area are reflected in the Group’s environmental policy (page 16 of the Group’s environmental and societal responsibility policy, available at http://www.engie.com/en/analysts/policy/) and in the performance indicators deployed across all its activities. A team in charge of analysis and coordination is specifically dedicated to environmental responsibility and reports to the Director of Environment. It has environmental coordinators at each business line who oversee environmental reporting, lead their own networks of coordinators, organize actions, and supplement corporate expertise with their knowledge of operations.

The Environmental and Social Responsibility Department produces an annual report which it sends to the Management Committee and presents to the Board of Directors’ Ethics, Environment and Sustainable Development Committee. This report is supplemented by business lines’ own reports and letters of environmental compliance, as well as the results of environmental audits ordered by the Management Committee.

3.3.1 Legal and regulatory framework

The Group actively monitors regulatory developments (set out in Chapter 2, “Risk Factors”), stating its positions while they are being prepared and applying the new rules as soon as they are published. In particular, the Group has been calling for the harmonization of international regulations and greater integration between the various environmental and energy policies. In the run-up to COP21, the Group strongly pledged to support an ambitious international climate agreement to limit the global temperature rise to 2°C. It also pledged to support the more widespread application of regulations on carbon pricing, which would be a price signal for investment in low-carbon technologies and an incentive to reduce greenhouse gas emissions. Moreover, Gérard Mestrallet was co-moderator of the COP21 Business Dialogue working groups, made up of international business leaders and negotiators. Internally, the Group organized a climate-energy debate for all its employees.

3.3.2 The environmental management system [1]

At the end of 2015, the entities that had published an environmental commitment policy or declaration accounted for 97.34% of relevant Group revenue [2] in terms of environmental impact. These commitments usually lead to the implementation of Environmental Management Systems (EMS) with regard to economic conditions and interest of such a procedure. Where necessary, such systems may be externally certified.

PERCENTAGE OF RELEVANT REVENUE COVERED

Indicator title	Scope covered in 2015 *(% relevant revenue)*	ENGIE 2015	ENGIE 2014
By an EMAS certification ■■	98.73%	9.3%	11.8%
By an ISO 14001 certification (non-EMAS) ■■	98.53%	57.2%	55.1%
By other external EMS certifications	98.54%	3.1%	4.2%
TOTAL EXTERNAL CERTIFICATIONS		**69.5%**	**71.1%**
By an internal certification (but not by a certified EMS)	98.59%	14.7%	12.9%
TOTAL INTERNAL AND EXTERNAL EMS		**84.2%**	**84.2%**

■■ *Verified by the Auditors with "reasonable" assurance for 2015.*

When the implementation of a certified or registered management system is not economically justified, entities are encouraged to define an internal management system ensuring concern for the environment in carrying out their activities. As a result, some Group entities have defined their own management system standard. When an internal or external EMS is implemented, employees take part in awareness and training sessions relating to the environmental issues they encounter at their sites so that they adopt the EMS and make it their own.

(1) *Section 3.5 "Report of the Statutory Auditor, Designated as an Independent Third-Party Entity, on the Review of Environmental, Social and Societal Information Published in the Management Report" and Section 3.6 "Reasonable Assurance Report on a Selection of Social and Environmental Information".*

(2) *Relevant Group revenue excludes revenue generated by activities not considered relevant in terms of environmental impact (such as tertiary, trading and sales activities, etc.).*

3.3.3 Environmental responsibility, performance control and measurement systems

To monitor the implementation of its environmental policy, to control environmental risks and to encourage the communication of its environmental performance to stakeholders, ENGIE has developed a specific reporting system that goes beyond the requirements of the French law, based on work conducted within international bodies such as the Global Reporting Initiative (GRI) and the World Business Council for Sustainable Development (WBCSD).

Environmental reporting is closely tied to operational performance reporting, thus becoming a management tool. The Group's Executive Management transmits this goal of making environmental concerns an integral part of management responsibilities. Auditors trained in the Business Units and corporate auditors perform environmental audits on compliance with environmental regulations and key environmental risks.

A system of letters for environmental compliance ensures operational management involvement.

Methodological elements of the 2015 environmental reporting

ENGIE conducts its environmental reporting using a dedicated tool that allows data to be reported following a defined methodology. This tool, called CERIS, is an environmental reporting IT solution used to manage the network of environmental correspondents and coordinators; to handle the management and documentation of the scope of environmental reporting; to manage data entry, monitoring and consolidation of indicators; and to provide the documentation necessary for producing and collecting data (reporting procedures and instructions).

CERIS is deployed in each of the business lines and thus covers the entire ENGIE organization.

The legal entities included in the reporting scope are those whose operations are relevant in terms of environmental impact and that are consolidated fully or proportionately under the rules of financial consolidation (IFRS). Legal entities solely engaged in energy trading, financial activities or engineering are excluded. The selected entities report on the performance and impacts of the industrial facilities over which they have technical operational control, including facilities operated on behalf of third parties. Legal entities consolidated at equity are excluded.

Thus, in accordance with the rules of financial consolidation, 100% of the impact data collected is consolidated when the entities are fully consolidated. For entities proportionately consolidated, the environmental impact data are consolidated in proportion to the Group's consolidation rate provided that it has 100% technical operational control or that as a minimum this is shared with other shareholders.

The scope is determined on June 30 of the fiscal year. For disposals after that date, the entity is expected to complete the environmental questionnaire with the data available on the last day of the month prior to the disposal. Acquisitions made after June 30 are not taken into account, unless the business line has requested an exception, and provided that the data are available.

To calculate environmental management indicators such as the "share of relevant revenue covered by an environmental certification, an environmental crisis management plan, etc.", the relevant revenue is estimated for each legal entity. To obtain the relevant revenue, operations regarded as "not relevant in terms of environmental impact" (e.g. trading, finance and engineering) are stripped out of the consolidated revenue figure of each legal entity.

The procedures of environmental data reporting encompass general procedures defined as standard guidelines to be implemented at the appropriate levels of the reporting process. Procedures and guidelines are rolled out Group-wide via a network of duly mandated environmental contacts and coordinators. These procedures and guidelines at Group and business line level describe in detail the environmental data collection, control, consolidation, validation and transmission phases at different levels of the organization, as well as the rules for defining the scope of consolidation. They include technical documents that provide methodological guidelines for the calculation of some specific indicators. Depending on its activities, each entity is assigned a profile that determines the indicators to answer. The list of the entities included in the environmental reporting scope is approved by each business line.

The definitions of the indicators used to measure the environmental performance of Group businesses have been revised based on comments made by the statutory auditors. They also take into account the comments by line managers represented in dedicated work groups. All the documentation is available from the Group upon request (Environmental and Societal Responsibility Division).

The following points should be noted with regard to the data published in this report:

1. the reliability of the scope of environmental reporting is an ENGIE priority and it evolves in an international context of business disposals and acquisitions. Before every reporting campaign, the financial scope for consolidation is compared against the information fed back by the business line's environmental managers in order to check which industrial entities contributing to CERIS report to which financial entities;
2. for fiscal year 2015, the campaign was closed a month early to take into account the elimination of business lines at December 31, 2015. This ensured that all expected data could be delivered and validated in a timely manner. As a consequence, the estimated part of the data can reach up to 3 months in some indicators;
3. ENGIE has been a signatory to the CEO Water Mandate since 2007, thus indicating its commitment to preserving water resources. To improve the Group's water management, the indicators relating to water have been adjusted and brought into line with the GRI (Global Reporting Initiative) indicators in 2011. ENGIE is thus able to respond more fully to external questionnaires such as SAM, CDP Water Disclosure, CEO Water Mandate, etc. These indicators fall into four categories: Withdrawal, Discharge, Consumption and Recycling/Reuse. In 2015, the materiality of the water indicators published was reassessed and ENGIE asked the statutory auditors to audit the inputs, outputs and consumption of fresh and non-fresh water;

4. as it is concerned about what becomes of the waste generated by its activities, the Group has indicators on its waste recovery. These are based on definitions of waste and recovery established by local regulations. To avoid erroneous data about stocks, only the tonnages taken away and weighed on site are reported as disposed of. The tonnages that must be reported are wet or dry, depending on the way they are disposed of: if the waste disposed of was wet, the reported tonnages are wet and the converse for dry waste. As an exception, if the waste is definitively stored on site, the associated dry tonnages must also be reported as disposed of, in which case, the waste will not be recycled. For example, this situation applies to the Hazelwood and Loyang B plants in Australia;
5. CO_2 emissions from the combustion of fossil fuels were calculated based on the most recent emission factors published by the IPCC (IPCC Guidelines for National GHG Inventories, Vol. 2 Energy – 2006). The global warming potential (GWP) compares the warming capacity of the various greenhouse gases to CO_2. The GWP used to convert the Group's greenhouse gas (GHG) emissions to CO_2 equivalent are the latest GWP published by the IPCC (5th Assessment Report – 2014), considered on a 100-year scale;
6. the Biodiversity indicators used to monitor changes in the Group's objective (see section 3.3.4.8) are based on the notions of "priority site" and "targered action plan". A priority site is one that presents a potential risk for biodiversity due to the nature of its activities. It is located in or near a protected area, and has no separation (natural or artificial break) between it and the protected area. Subject to appropriate justification, a site that does not meet these objective criteria still has the option to declare itself a priority site. In 2015, studies conducted by consulting firms on sites that were shown to have no impact on biodiversity were taken into account. As a result, some priority sites were reclassified as non-priority sites. In addition, non-productive sites and temporary sites such as worksites are now excluded from the reporting perimeter. The targered action plan includes all voluntary and regulatory measures implemented to restore, preserve or encourage biodiversity locally;
7. specific GHG emissions from energy generation in kg CO_2 eq/MWh are calculated for the three business lines where this is a main activity: the Energy Services business line, the Energy International business line and the Energy Europe business line;
8. data related to LNG vessels' activity, including impacts and consumption, have been incorporated as operating sites and are therefore reported as such. The vessels included in the calculations are those in which ENGIE has majority ownership, or those operated by a subsidiary in which ENGIE has a majority stake, as well as long-term chartered vessels (> 1 year). This gives a list of 13 ships: Grace Cosmos, BW GDF SUEZ Everett, BW GDF SUEZ Boston, Matthew, Provalys, GDF SUEZ Global Energy, Gaselys, BW GDF SUEZ Paris, BW GDF SUEZ Brussels, GDF SUEZ Neptune (SRV), GDF SUEZ Point Fortin, Grace Acacia, and Grace Barleria. Any ISO 14001 certification of vessels is also taken into account;
9. for the sake of consistency, the factor for converting thermal energy produced (GWhth) into electric power (GWhe) is set at 0.44 for all Group businesses and at 0.25 for incinerators;
10. significant environmental impacts resulting from subcontractors during services performed at one of the Group's facilities must be included in the Group's impacts except when a specific contractual clause provides that a subcontractor is liable for impacts generated at the site while providing the service. Data provided by subcontractors is not subject to systematic internal verification before being included in Group data and is the responsibility of the subcontractors alone. Regulations and legal obligations related to the environment may differ from one country to another, and certain data may thus be sometimes more difficult to gather.

3.3.4 Group actions

3.3.4.1 Climate change

By developing a low carbon energy mix and through its energy efficiency activities, the Group has put energy transition and the fight against climate change at the heart of its strategic focus. ENGIE has set itself the target of a 10% reduction in its specific CO_2 equivalent emissions between 2012 and 2020. The emission rate at the end of 2015 was 445.5 gCO_2 eq/kWh, a slight increase over 2014 due to natural gas becoming less competitive than coal. However, the Group remains confident of achieving its target for 2020. In this regard, in fall 2015 ENGIE undertook not to launch any new developments in coal. The Group continues to be committed to developing regulations on carbon pricing, renewable energy, and solutions for energy efficiency. ENGIE actively participates in the work done by civil society on climate change, providing operating expertise – including to Group customers – through a range of commercial offerings, including participation in the carbon market, technical solutions, support for and/or implementation of strategies and action plans to reduce greenhouse gas (GHG) emissions. In addition, the Group responds annually to the Carbon Disclosure Project questionnaire.

In 2015, the Group's GHG emissions (Scope 1 excluding tertiary emissions) totaled 132.7 million tons of CO_2 eq. [1].

Indicator title	Scope covered in 2015 *(% relevant revenue)*	ENGIE 2015	ENGIE 2014
Total direct GHG emissions – Scope 1 ■■	96.59%	132,757,296 t CO_2 eq.	131,154,736 t CO_2 eq.
GHG emissions per business unit – energy generation		445.5 kg CO_2 eq./MWheq	434.2 kg CO_2 eq./MWheq
GHG emissions per business unit – gas exploration, production		4.5 kg CO_2 eq./MWheq	5.7 kg CO_2 eq./MWheq
GHG emissions per business unit – gas storage		0.9 kg CO_2 eq./MWheq	1.3 kg CO_2 eq./MWheq
GHG emissions per business unit – gas transmission (excluding LNG fleet)		1.3 kg CO_2 eq./MWheq	0.9 kg CO_2 eq./MWheq
GHG emissions per business unit – LNG terminals		2.0 kg CO_2 eq./MWheq	3.2 kg CO_2 eq./MWheq
GHG emissions per business unit – gas distribution		2.2 kg CO_2 eq./MWheq	2.54 kg CO_2 eq./MWheq
GHG emissions per business unit – gas transportation by boat		12.2 kg CO_2 eq./MWheq	10.8 kg CO_2 eq./MWheq

■■ *Verified by the Auditors with "reasonable" assurance for 2015.*

ENGIE is introducing a number of measures to make its infrastructure more resilient to the impacts of climate change (increase in extreme events), including building a wall at the Tihange site in Belgium to protect against the risk of exceptional flooding, and carrying out revegetation in Mexico to avoid soil erosion in the event of a storm. In continuation of the work begun in 2014, the Group carried on its evaluation of the impact of climate change (floods and drought) using Aqueduct software to supplement its work on water stress (see Section 3.3.4.5 Water). The Group also strives to better anticipate gradual change through research programs and takes advantage of opportunities such as the increased need for air conditioning. Group subsidiary Climespace is developing urban cooling networks as a solution to the problem of heat islands in major cities in the summer.

(1) *The scope used for environmental reporting is specific (it includes facilities where ENGIE has technical operational control) and thus differs from the scope used, for example, when assessing the power generation fleet.*

3.3.4.2 Renewable energy

Maintaining a balanced energy mix means increasing the Group's capacity in renewable energy, whether for generating electricity or heat, and in the case of biogas for transportation.

In 2015, renewable energy accounted for more than 16.1 GW of installed electric equivalent, representing 20.2% of the Group's total installed capacity.

Indicator title	Scope covered in 2015 *(% relevant revenue)*	ENGIE 2015	ENGIE 2014
Renewable – Net installed power (electric and thermal) ■■	99.26%	16,143 MWeq	15,875 MWeq
Share of renewable resources in installed capacity	99.26%	20.2%	19.7%
Renewable – Electricity and heat produced ■■	99.37%	70,391 GWheq	72,036 GWheq
Energy produced – share of large hydropower		80.5%	81.7%
Energy produced – share of small hydropower		1.7%	2.0%
Energy produced – share of wind		5.4%	6.5%
Energy produced – share of geothermal		0,092%	0,073%
Energy produced – share of solar		0,433%	0,173%
Energy produced – share of biomass and biogas		12.0%	9.5%

■■ *Verified by the Auditors with "reasonable" assurance for 2015.*
These capacities correspond to the scope of the environmental reporting specified in Section 3.3.3 (excluding equity-accounted and non-controlled facilities).

3.3.4.3 Energy efficiency

For electricity generating facilities, energy performance is directly connected to the site's efficiency which influences its profitability. Measures taken to improve the generation fleet, and which are compliant with environmental regulations and the constraints of the electricity market, have helped optimize energy efficiency and hence consumption of raw materials. For example, the replacement of older turbines or boilers with recent models has an immediate positive impact on a facility's energy efficiency.

Indicator title	Scope covered in 2015 *(% relevant revenue)*	ENGIE 2015	ENGIE 2014
Primary energy consumption – total (excluding own consumption) ■■	98.68%	479,560 GWh	468,866.8 GWh
Share of coal/lignite		42.0%	42.2%
Share of natural gas		49.4%	49.4%
Share of fuel oil (heavy and light)		1.1%	1.3%
Share of biomass and biogas		5.1%	4.3%
Share of other fuels		2.2%	2.3%
Proportion of fuel in transport		0.3%	0.4%
Electricity and thermal energy consumption (excluding own consumption) ■■	98.09%	11,759 GWheeq	12,105 GWheeq
Energy efficiency of fossil fuel plants (including biomass) ■■	99.14%	41.6%	41.3%

■■ *Verified by the Auditors with "reasonable" assurance for 2015.*

3.3.4.4 Nuclear energy

Maintaining a very high level of safety at the seven nuclear reactors operated by ENGIE is a key priority for the Group. ENGIE also attaches great importance to limiting the environmental impact of these facilities (e.g. waste).

The downstream portion of the nuclear fuel cycle represents all operations related to this fuel after its use in a nuclear reactor. The costs for this portion are and will be covered by total financial provisions of €4,733 billion at the end of 2015. A safety case, prepared by Synatom every three years, has been submitted to and approved by the Belgian Commission on Nuclear Reserves. The costs of dismantling nuclear power plants after their closure have also been provisioned pursuant to current regulatory obligations. At the end of 2015, the provisions recognized amounted to €3,301 billion.

Indicator title	Scope covered in 2015 (% relevant revenue)	ENGIE 2015	ENGIE 2014
Radioactive gas emissions			
Rare gases	100%	54.51 TBq	37.79 TBq
Iodines	100%	0.06 GBq	0.05 GBq
Aerosols	100%	0.34 GBq	0.34 GBq
Radioactive nuclear waste (weak and average activity)	100%	$164 m^3$	$161.4 m^3$
Radioactive liquid wastes			
Beta and Gamma emitters	100%	12.83 GBq	8.65 GBq
Tritium	100%	19.60 TBq	76.67 TBq

3.3.4.5 Water

As a committed player in water management, ENGIE is taking part in the current debate over corporate risk disclosure and water stewardship, alongside organizations such as the World Business Council for Sustainable Development and the CEO Water Mandate of the UN Global Compact. Water risk is assessed each year using the Aqueduct program (developed by the World Resources Institute). These initiatives have resulted in a standard definition and implementation of water stewardship, along with a shared scorecard, such as the one included in the CDP questionnaire. In 2015, the Group worked on developing an action plan for sites located in regions of extreme water stress and operating "energy" facilities. The indicators reported relate to water use related to industrial processes.

Indicator title	Scope covered in 2015 *(% relevant revenue)*	ENGIE 2015	ENGIE 2014
Fresh water			
Total withdrawal	99.55%	$5,503 Mm^3$	$5,772 Mm^3$
Total discharge	99.33%	$5,371 Mm^3$	$5,647 Mm^3$
Non-fresh water			
Total withdrawal	99.80%	$8,234 Mm^3$	$8,481 Mm^3$
Total discharge	99.82%	$8,230 Mm^3$	$8,471 Mm^3$
Total consumption	99.61%	$135.9 Mm^3$	$135.4 Mm^3$

3.3.4.6 Waste

Indicator title	Scope covered in 2015 *(% relevant revenue)*	ENGIE 2015	ENGIE 2014
Total quantity of non-hazardous waste and by-products discharged (including sludge)	99.66%	5,724,707 t	5,447,783 t
Fly ash, refioms	99.69%	3,256,838 t	3,230,240 t
Ash, bottom ash	100%	1,691,403 t	1,500,588 t
Desulfurization by-products	100%	410,887 t	381,892 t
Sludge	99.81%	52,762 t	47,171 t
Drilling waste	100%	9,328 t	20,977 t
Total quantity of non-hazardous waste and by-products recovered (including sludge)	99.11%	5,109,566 t	4,861,623 t
Total quantity of hazardous waste and by-products discharged (including sludge and excluding radioactive waste) ■■	99.62%	411,150 t	417,954 t
Total quantity of hazardous waste and by-products recovered (including sludge and excluding radioactive waste) ■■	98.93%	54,664 t	56,914 t

■■ *Verified by the Auditors with "reasonable" assurance for 2015.*

Accordingly, in January 2014, ENGIE took the recommendations of an internal audit on waste management and incorporated them into its environmental policy. Its chief aim was to reduce the quantities of waste it produces and to increase its rate of waste recovery.

These efforts have led to a recovery rate of 89.3% for non-hazardous waste and 13.3% for hazardous waste in 2015. The Group's industrial sites actively seek local waste recovery solutions, even though some of these channels remain dependent on market opportunities governed by the laws of supply and demand.

3.3.4.7 Atmospheric pollutants

ENGIE uses a wide range of techniques to further reduce its emissions: reduction at the source using a tailored energy package; filters or water injection to reduce particle emissions; installation of low-NOx burners or urea injection (secondary treatment) to control nitrogen oxides; and choosing fuels with very low sulfur content to reduce sulfur dioxide emissions.

Indicator title	Scope covered in 2015 *(% relevant revenue)*	ENGIE 2015	ENGIE 2014
NOx emissions	100%	143,253 t	149,401 t
SO_2 emissions	99.49%	237,031 t	246,448 t
Particulate matter emissions	98.59%	12,919 t	14,672 t

3.3.4.8 Management of biodiversity

In order to contribute to the fight against the global erosion of biodiversity and to remedy its impact under the "prevent, reduce, offset" process, the Group has been committed since 2010 to integrating biodiversity into its strategy and activities. Restoring natural habitats, reducing the impact of wind turbines on wildlife, installing fish ladders at dams, ensuring that gas-grid easements contribute to ecological continuity, and applying differentiated landscaping to green spaces. In pursuit of its commitment to biodiversity, the Group relies on the skills and expertise of its two partners: the French committee of the IUCN (International Union for Conservation of Nature) and France Nature Environnement.

As part of a voluntary initiative, which was recognized at the end of 2012 by the French government's National Strategy for Biodiversity, the Group pledged to provide each of its priority sites [1] in Europe with a targeted action plan designed to address the biodiversity protection issues identified at the site and/or by local stakeholders, based on the site's activity. At the end of 2015, a total of 98.3% of these sites had an action plan. Biodiversity action plans are also deployed outside Europe, such as programs for flora restoration and wildlife protection along the banks of dams in Brazil. And in October 2015, the Group renewed its partnership with *Souffleurs d'écume,* a nonprofit that advocates for the protection of marine mammals. To reduce collisions between vessels and marine mammals, Engie has equipped two of its LNG tankers with detection systems.

(1) *A targeted action plan must combine and detail all the measures taken to preserve or restore local biodiversity.*

3.3.4.9 Active prevention of environmental risks

The management of industrial, health and environmental risks has two components: risk prevention and crisis management.

Indicator title	2015 data	2014 data
Environmental analyses	82.4% relevant revenue	83.1% relevant revenue
Environmental risk prevention plan	84.5% relevant revenue	85.1% relevant revenue
Environmental crises management plan	85.6% relevant revenue	86.3% relevant revenue

There were 173 claims and four awards for environmental or public health damages. However, the total compensation was negligible (€1,500). The Group actively monitors these data and implements actions to reduce them further. ENGIE has financial provisions of €19 million for risks associated with environment-related disputes. In 2015, environmental expenses (capital expenditure and recurring operating expenses related to environmental protection) came to nearly €635 million.

Indicator title	Scope covered in 2015 *(% relevant revenue)*	2015 data	2014 data
Environment-related claims	99.80%	173	478
Environment-related fines	99.82%	4	1
Amount of compensation *(thousands of euros)*	99.79%	1.5	27.9
Environmental expenses *(thousands of euros)*	94.51%	634,722	1,008,105

3.3.4.10 Nuisance

Any industrial activity is a source of noise. In order to reduce its impact, Group entities conduct regular soundproofing work (acoustic cladding, noise barriers, containment, and so on). For more recent projects, reducing this potential form of nuisance is directly integrated into the design.

For its renewable energy projects, particularly onshore wind and solar, ENGIE conducts impact studies and offers support measures to prevent, reduce or offset any noise or visual impact. Examples of such actions include defining and implementing turbine restrictions (stoppage or reduced power at key times and/or under certain wind conditions), conducting specific actions with builders to reduce the sound power of machines, seeking better harmonization with the landscape during the design and, after construction, initiating planting and vegetation schemes on sites or for neighbors if there is an obvious visual impact. By way of illustration, in France, ENGIE has partnered with the "Respect" project launched as part of the offshore wind project in the city of Tréport and on the islands of Yeu and Noirmoutier. The aim is to improve understanding of the biological impact related to the noise footprint of projects and reduce them by developing appropriate technology.

3.3.4.11 Land use

Protection of soil and groundwater is an integral part of the Group's environmental policy. The environmental consequences of soil pollution can be significant, as can be the costs of subsequent remedial measures. It is therefore important to prevent this risk and to hedge it with financial provisions. These amounted to €1,999 billion in 2015 and concerned site rehabilitation, the dismantling of non-nuclear facilities, and scheduled product elimination.

At Electrabel in Belgium, a soil pollution survey was carried out at several power plant sites. Risks were assessed in conjunction with the appropriate environmental authorities and a remediation program was implemented.

ENGIE owns a number of former gasworks. These sites may be affected by oil, heavy metals and other volatile substances that can adversely affect health. As a result, they must be repaired before reuse. In 1996, a 10-year plan was agreed via a memorandum between Gaz de France and the French government to rehabilitate these sites, which have been compatible with their use from a health perspective since 2007. When these former sites are sold, ENGIE is committed to ensuring that the buyer's project is compatible with the environmental and industrial liabilities of the site and that the risk to the environment and residents is effectively managed.

At all its sites, the Group monitors the soil and underground water, in accordance with its operating permits, in order to prevent pollution.

The fragmentation of natural habitats through land use represents the biggest threat to biodiversity and is at the root of the great majority of land-use conflicts. Gas pipelines account for the largest amount of land use by ENGIE. As these gas routes are buried underground, they do not fragment natural habitats. Consequently, land use is not a key issue for the Group's activities.

3.4 Societal information

The responsible growth model developed by ENGIE is based on professional dialog with all stakeholders to encourage co-construction and shared value creation.

3.4.1 Socioeconomic development in local communities

For ENGIE, adapting its offerings to meeting its customers' requirements and learning about them make innovation and partnerships a central part of its local activities. These aims mean that dialog is the main foundation of the Group's approach, emphasizing the importance of a professional attitude on the part of ENGIE's teams, who have a good knowledge of stakeholders and a proactive, regular dialog with them.

Internationally, in agreement with local authorities, the Group is committed in the same way, as part of a professional and participatory approach, to developing social programs linked to its industrial projects and resulting from consultation.

ENGIE supports small and medium-sized enterprises (SMEs) and start-ups through various programs implemented in local communities. The Group also supports social enterprise through the ENGIE Rassembleurs d'Energies, which aims to bring together and strengthen the Group's actions to encourage access to energy and basic services in the countries where it currently operates or plans to operate in the future. The ENGIE Rassembleurs d'Energies initiative is based on three pillars: donations, technical assistance and investment.

The social investment fund *ENGIE Rassembleurs d'Énergies* has invested €8.1 million and manages a portfolio of 16 investments in social enterprises. These enterprises cover a broad range of technologies that respond to the problem of energy access: energy efficiency in social housing in Europe, individual solar systems, solar micro-networks and biogas in emerging countries. *ENGIE Rassembleurs d'Énergies* is present on four continents – Europe, Africa, Asia and South America – and in more than 10 countries. As of the end of 2015, the fund had helped to connect 700,000 people to power networks. The fund made eight investments in 2015 alone: two in Mexico, one in France, one in India, two in East Africa, and two in West Africa.

To encourage the exchange of good internal practices in these areas, the Group has established a community of practices with regard to local societal responsibility, which brings together the Group's leading practitioners. Its aim is to create a toolbox containing all the methods that might be used throughout a project, from design to assessment, and to make these available throughout the entire Group.

In addition, as part of an ENGIE University, a cross-functional working group is studying the issue of strengthening the "License to Operate" in the area of stakeholders' engagement. The ENGIE Group is also looking at the various commercial opportunities associated with access to energy for all.

3.4.2 Stakeholder dialog and partnerships

ENGIE maintains a continuous, proactive dialog with all the stakeholders associated with its industrial activities. Ensuring the company's sustainability and creating shared value, this culture where listening and dialog are paramount is extended thanks to sustainable partnerships tackling social and environmental issues.

Internationally, ENGIE is a member of the United Nations Global Compact in the "Global Compact Advanced" category.

In France, ENGIE has concluded structural partnerships to support its environmental efforts. Of note in this respect is its partnership with France Nature Environnement, which brings together 3,000 environmental protection associations that support the Group in its efforts to protect biodiversity. In 2015, the Group launched a partnership with the GRET (Technological Research and Exchange Group) as part of its contribution to energy access, and with the ONE (Ocean, Nature and Environment) Foundation, to help improving its territorial anchorage in renewable marine energy projects. To combat energy poverty, ENGIE is a partner of Emmaüs France under a framework partnership agreement.

3.4.3 Community philanthropy, solidarity and combating energy poverty

In all geographical regions where ENGIE operates, initiatives promoting community philanthropy, solidarity and combating energy poverty are implemented by the ENGIE Corporate Foundation or Group entities, in connection with local authorities, local associations, internal NGOs (Codegaz and Energy Assistance) or the Group's corporate functional departments.

Since its creation in 2010, the ENGIE Foundation has supported 38 energy access projects, which is expected to help some 114,000 people in the longer term. ENGIE has launched several initiatives promoting solidarity and combating energy poverty.

In France, in 2015, ENGIE helped more than 857,000 customers receive the *Tarif Spécial de Solidarité* (special solidarity rate) for gas, and more than 212,000 customers receive the *Tarif de Première Nécessité* (basic needs rate) for electricity, representing an increase in volume of 50% on 2013. ENGIE also continued to support the *Fonds de Solidarité* Solidarity Housing Fund, providing €6 million in line with the Public Service Agreement. In 2015, nearly 90,000 ENGIE customers were benefiting from these departmental council subsidies.

Since 2011, the Group has been acting alongside the public authorities as a partner in the national "Live Better" program. Under the new agreement signed in December 2014, ENGIE has renewed its commitment to the program, and will pay out €53 million in the period 2014-2017 to renovate 185,000 homes.

ENGIE has created a network of mediation partners with over 300 customer assistance centers throughout the country as of end-2015. Mediators at these associations, who are trained by ENGIE, talk to customers facing payment difficulties, help them to understand their bills, give them advice on their energy spending, and can help them to set up structured payment plans or direct them towards social services to apply for assistance.

ENGIE Energy Solidarity partners are in touch with local communities, departments and associations. Some 170 ENGIE solidarity advisers are also dedicated to processing requests from social workers. In 2015, these partners responded to more than 50,000 requests from ENGIE's customers.

In 2015, the ISIGAZ (*Information Sécurité Intérieure GAZ*) program, which informs and raises awareness among disadvantaged customers about their domestic natural gas facilities and energy savings, covered more than 20,000 homes in around 20 French towns. Since the launch of ISIGAZ in 2006, 284,000 families in around 100 towns have received this advice.

3.4.4 Purchases, subcontracting and suppliers

The Group's Purchasing organization has defined four ambitious objectives that contribute to the Group's development and reputation, over and above negotiations on price:

- to be a recognized contributor to the Group's operational performance;
- to uphold the Group's values in respect of its suppliers and to be a key player in its societal responsibility approach;
- to be a model for cross-functional initiatives within the Group;
- to drive career development.

The Group's Purchasing and Procurement Policy defines the objectives and principles that govern how the Purchasing and Procurement organization carries out its activities in interacting with the line management internally and with the suppliers and subcontractors' market, in connection with its responsibilities, which are outlined below:

- ensure that external supplies meet the requirements for quality and economic performance;
- uphold commitments and maintain balanced relations with suppliers;
- effectively manage the exchange of information using optimized tools and processes. The implementation of PYRAMID, the Group's Procurement solution, continued in 2015;
- professionalize staff and develop the expertise of the employees in the Procurement network. The purchasing and procurement training program, the "Procurement Passport", was launched in January 2014 and continued in 2015. It aims to provide information about the challenges that the Group faces and its strategy, and to give participants a clearer understanding of the role played by Purchasing in the Group's necessary transformation. It raises awareness among all actors in the Procurement network about the purchasing policy, methods and processes, so that they can perform their duties more effectively. The program is delivered in two ways: a two-day physical seminar, and the online training program, the "Procurement ePassport", accessed via the Group's online training platform. In addition, the heads of Purchasing (and eventually all of Purchasing) were provided with specific training in ethics in supplier relations;
- implement purchasing portfolio management by category in order to develop the cross-functional nature of strategies within the Group; 42 Category Managers were appointed in 2014/2015 and PYRAMID, the Group's purchasing solution, was a concrete step in this implementation;
- ensure that all agreements with suppliers are the subject of a written document (that includes a mandatory ethical, environmental and social responsibility clause) negotiated in advance and signed between the parties by the approved buyer, pursuant to the authorizations in force.

3.5 Report of one statutory auditor designated as an independent third-party entity on the review of environmental, social and societal information published in the management report included in the registration document

Independent verifier's report on consolidated social, environmental and societal information presented in the management report.

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC [(1)] under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company ENGIE, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31 12 2015, presented in chapter 3 "social, environmental and societal information" of the Registration Document, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105 of the French Commercial code (*Code de commerce*), in accordance with the Reporting Criteria used by the company (hereafter referred to as the "Criteria"), available on request at the company's headquarters from the Strategy and Sustainable Development Department (Environment and Climate Department), the Group Human Resources Department and the Health, Safety and Management Systems Department; a summary of which appears in the Registration Document in the section "Methodological elements of the 2015 environmental reporting" and "Methodological memo on the social indicators".

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria;

Our verification work was undertaken by a team of 13 people between September 2015 and signature date of our report for an estimated duration of twenty weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[(2)].

1. Attestation of presence of CSR Information

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code *(Code de commerce).*

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code *(Code de commerce).*

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code *(Code de commerce)* with the limitations specified in the Methodological Note in sections 3.2 and 3.3 of the Registration Document.

Conclusion

Based on this work, and given the limitations mentioned above we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook around fifty interviews with the people responsible for the preparation of the CSR Information in the Strategy and Sustainable Development Department (Environment and Climate Department), the Group Human Resources Department and the Health, Safety and

(1) Scope available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information

Management Systems Department, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important(3):

- At the level of the consolidated entity we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- At the level of the representative selection of sites and branches that we selected(4), based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 21% of the workforce and between 13 and 84% of environmental quantitative information.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information taking into account, if relevant, professional best practices formalised in the sector.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, the 4 March 2016

French original signed by:

Independent Verifier

ERNST & YOUNG et Associés

Alexis Gazzo	Bruno Perrin
Partner Cleantech & Sustainability	Partner

(3) *Social, health and safety information: Total workforce, Total workforce - Workforce by geographic region, Total workforce - Breakdown of workforce by SPC- Managerial staff and non-managers, Age pyramid of permanent employees, Turnover (total departures), Voluntary turnover, Number of dismissals, Number of hiring of permanent employees, Hiring rate in permanent contract, Proportion of employees under 25 in hiring in permanent contracts, Proportion of employees over 50 in hiring in permanent contracts, Number of hiring of non-permanent contracts, Hiring rate, Number of disabled employees, Average salary of WET, Proportion of workforce trained – gender and SPC, Total number of training hours – topics – gender, Days of absence per employees, Number of fatal accidents (employees), Frequency rate (based on the number of work accident), Severity rate, Total number of worked hours, Number of new cases of occupational diseases.*
Societal information : Stakeholders dialogue
Environmental information : Percentage of relevant revenue covered by an EMAS certification, Percentage of relevant revenue covered by an ISO14001 (non-EMAS) certification, Total direct GHG emissions - scope 1, NOx emissions, SO2 emissions, Particulate matter emissions, Primary energy consumption – total (excluding own consumption), Electricity and thermal energy consumption (auto-consumption excluded), Energy efficiency of fossil fuel plants (including biomass), Renewable – Net installed capacity (electric and thermal), Renewable – Electricity and heat produced, Total input – Fresh water, Total output – Fresh water, Total input – Non-Fresh water, Total output – Non-Fresh water, Total Consumption - Fresh & non fresh water, Total quantity of non-hazardous waste and by-products evacuated (including sludge), Total quantity of non-hazardous waste & by products evacuated & recovered (including sludge), Total quantity of hazardous waste & by products evacuated (including sludge and excluding radioactive waste), Total quantity of hazardous waste & by products evacuated & recovered (including sludge and excluding radioactive waste), Proportion of sites deemed to be priority and having a targeted action plan.

(4) *Social, health and safety information : BEE : Savelys SAS Hodling, GDF SUEZ Energy Romania; ELECTRABEL; N-ALLO; GDF SUEZ Energie Deutschland; GDF SUEZ ENERGIA ITALIA ; BEI : Suez Energy North America ; E-CL; Tractabel Energia Consolidated ; Enersur ; BES : INEO SA ; Cofely Worplace Limited ; COFELY Limited; COFELY FM LTD; Cofely District Energy Ltd; COFELY Nederland NV; ENDEL; Cofely Services Facilities Solutions; Cofely Sud-Est; TRACTEBEL ENGINEERING; EMAC BRAZIL; LEME ENGENHARIA; B3G : GDF SUEZ E&P Norge AS; GDF SUEZ E&P UK LTD UK ; GDF Production Nederland BV; BI : GrDF (ex GDF Distribution Réseau; SDI new: GRT gaz Deutschland Gmbh.*
Environmental information : BEI : Armstrong Energy Ltd Partnership LLP; Troy Energy LLC; ANP Hays; KWINANA CONSOLIDATED; Hazelwood Power Partnership; Loy Yang B consolidated; UCH Power (Private) Limited (full conso); UCH-II Power (Private) Limited; MA Hydro; ITASA; Salto Santiago; Tractebel Energia de Altamira - in MXN; TRACTEBEL ENERGIA DE MONTERREY S. RL CV; Tractebel Energia de Panuco - in MXN; Energia Mayakan; Baymina Enerji A.S.; Dinorwig; ANP Midlothian; Mejillones CGGT ; Mejillones Conventional ; Tamaya; Tocopilla CCGT (Unit 16); Tocopilla Conventional (Units 12 to 15); Tocopilla GT (TG 1 to 3); BEE : Electrabel SA (BU, site Amercoeur, site Coo et site Doel); Electrabel Nederland (BU et site EEMS); CNR; CN'AIR; SPEM (Montoir); GDF SUEZ Kraftwerk Wilhelmshaven GmbH & Co. KG ; VOGHERA ; GDF SUEZ ENERGIA POLSKA SA ; CASTELNOU; Biomasseheizkraftwerk Zolling GmbH; BES : Conso Službyt - SKAL – Termming, COFELY a.s. SK – Consolidation, COFELY Réseaux Sud Est (s4) (< 200 MWth), COFELY Services Sud Est (s4), COFELY UK, Cofely Espana; BI : GrDF (ex GDF Distribution Réseau); B3G : GDF SUEZ DExPro (E&P Deutschland), Global LNG.

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3.6 Statutory auditors' reasonable assurance report on selected social, environmental and governance information

This is a free translation into English of the original report issued in the French language and is provided solely for the convenience of English speaking readers.

Pursuant to your request and in our capacity as statutory auditors of ENGIE SA, we performed a review in the aim of providing reasonable assurance on the environmental and social indicators selected by ENGIE SA and identified by the symbols ☐☐ in sections 3.2 and 3.3 of the Reference Document for fiscal year 2015 (the "Data").

Responsibility of the Company

The Data has been prepared under the responsibility of ENGIE SA executive management, in accordance with the criteria used (hereinafter the "Reporting Criteria") for social and environmental reporting data available upon request at the Company's headquarters from the Strategy and Sustainable Development Department (Environment and Climate Department), the Group Human Resources Department and the Health, Safety and Management Systems Department; a summary of which appears in the Registration Document in the section "Methodological elements of the 2015 environmental reporting" and "Methodological memo on the social indicators".

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as the provisions set forth in Article L.822-11 of the French Commercial Code (*Code de commerce*). Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with ethical rules, professional standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditors

Based on our work, our responsibility is to express reasonable assurance on the fact that the Data has been prepared, in all material aspects, in accordance with the Reporting Criteria. The conclusions expressed here below cover only this Data and not all of the information set forth in sections 3.2 and 3.3 of the Reference Document.

We have performed the procedures described below in accordance with professional standards applicable in France and ISAE 3000[(1)].

- We have assessed the appropriateness of the Reporting Criteria with respect to its relevance, completeness, reliability, neutrality and clarity, by taking into consideration, when relevant, the sector's best practices;
- We have verified the set-up of a process to collect, compile, process, and check the completeness and consistency of the Data[(2)];
- We have interviewed the relevant staff from the Strategy and Sustainable Development Department (Environment and Climate Department), the Group Human Resources Department and the Health, Safety and Management Systems Department at the headquarters and the branches (Energie Europe (BEE), Energie Internationale (BEI), Global Gaz and GNL (B3G), Infrastructures (BI), Services à l'Energie (BES)) in order to analyze the deployment and application of the Reporting Criteria.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

(2) Social, health and safety information: Total workforce, Total workforce - Workforce by geographic region, Total workforce - Breakdown of workforce by SPC- Managerial staff and non managers, Age pyramid of permanent employees, Female workforce, Proportion of women in workforce, Proportion of women in management, Breakdown of workforce by type of contract – Permanent, Breakdown of workforce by type of contract – Other, Proportion of workforce trained, Frequency rate.
Environmental information : Percentage of relevant revenue covered by an EMAS certification, Percentage of relevant revenue covered by an ISO14001 certification, Primary energy consumption – total (excluding own consumption), Electricity and thermal energy consumption (excluding own consumption), Energy efficiency of fossil fuel plants (including biomass), Renewable – Net installed power (electric and thermal), Renewable – Electricity and heat produced, Total quantity of hazardous waste and by-products discharged (including sludge and excluding radioactive waste), Total quantity of hazardous waste and by-products recovered (including sludge and excluding radioactive waste), Total direct GHG emissions - scope 1.

- We have set up analytical procedures on the Data and verified, using sampling techniques, the calculations as well as the consolidation of Data.
- We have tested the Data for a representative sample of entities that we selected(3) based on their activity, their contribution to the consolidated Data, their location and a risk analysis. We have conducted interviews to verify the proper application of procedures and conducted substantive tests, using sampling techniques, to verify the calculations performed and reconcile data with supporting evidence. The selected sample represented 51% of the workforce and between 45% and 86% of the environmental information.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express a reasonable assurance. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the Data cannot be totally eliminated.

We believe that these procedures enable us to express reasonable assurance on the Data.

Conclusion

In our opinion, the information selected by the Group and identified by the sign ◻◻ have been prepared, in all material aspects, in accordance with the Reporting Criteria.

Neuilly-sur-Seine and Paris-La Défense, March 4, 2016

The statutory auditors

Deloitte & Associés	Ernst & Young et Autres
Véronique Laurent	Pascal Macioce

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(3) *Social, health and safety information : BEE : Savelys SAS Hodling, GDF SUEZ Energy Romania; ELECTRABEL; N-ALLO; GDF SUEZ Energie Deutschland; GDF SUEZ ENERGIA ITALIA ; BEI : Suez Energy North America ; E-CL; Tractabel Energia Consolidated ; Enersur ; BES : INEO SA ; Cofely Worplace Limited ; COFELY Limited; COFELY FM LTD; Cofely District Energy Ltd; COFELY Nederland NV; ENDEL; Cofely Services Facilities Solutions; Cofely Sud-Est; TRACTEBEL ENGINEERING; EMAC BRAZIL; LEME ENGENHARIA; B3G : GDF SUEZ E&P Norge AS; GDF SUEZ E&P UK LTD UK ; GDF Production Nederland BV; BI : GrDF (ex GDF Distribution Réseau; SDI new: GRT gaz Deutschland Gmbh.*
Environmental information : BEI : Armstrong Energy Ltd Partnership LLP; Troy Energy LLC; ANP Hays; KWINANA CONSOLIDATED; Hazelwood Power Partnership; Loy Yang B consolidated; UCH Power (Private) Limited (full conso); UCH-II Power (Private) Limited; MA Hydro; ITASA; Salto Santiago; Tractebel Energia de Altamira - in MXN; TRACTEBEL ENERGIA DE MONTERREY S. RL CV; Tractebel Energia de Panuco - in MXN; Energia Mayakan; Baymina Enerji A.S.; Dinorwig; ANP Midlothian; Mejillones CGGT ; Mejillones Conventional ; Tamaya; Tocopilla CCGT (Unit 16); Tocopilla Conventional (Units 12 to 15); Tocopilla GT (TG 1 to 3); BEE : Electrabel SA (BU, site Amercoeur, site Coo et site Doel); Electrabel Nederland (BU et site EEMS); CNR; CN'AIR; SPEM (Montoir); GDF SUEZ Kraftwerk Wilhelmshaven GmbH & Co. KG ; VOGHERA ; GDF SUEZ ENERGIA POLSKA SA ; CASTELNOU; Biomasseheizkraftwerk Zolling GmbH; BES : Conso Službyt - SKAL – Termming, COFELY a.s. SK – Consolidation, COFELY Réseaux Sud Est (s4) (< 200 MWth), COFELY Services Sud Est (s4), COFELY UK, Cofely Espana; BI : GrDF (ex GDF Distribution Réseau); B3G : GDF SUEZ DExPro (E&P Deutschland), Global LNG.

04

Corporate governance

4

4.1 Report by the Chairman of the Board of Directors on corporate governance and internal control and risk management procedures

This Report, which was prepared by the Chairman of the Board of Directors pursuant to Article L. 225-37 of the French Commercial Code, includes information regarding the composition of the Board of Directors and application of the principle of balanced representation of women and men within it, the conditions under which its work was prepared and organized, the internal control and risk management procedures implemented by the Company, and any limitations imposed by the Board of Directors on the powers of the General Management. The Report outlines the statutory provisions applied to the calculation of compensation and benefits of any kind granted to the corporate officers. After the Report was submitted to the General Management Committee for approval, the relevant parts were presented to the Audit Committee and the Appointments and Compensation Committee. It was then approved by the Board of Directors at its meeting of February 24, 2016 [1].

4.1.1 Board of Directors: Composition – Terms of office – Information – Independence

4.1.1.1 Composition of the Board of Directors

Pursuant to Article 13 of the Company by-laws and the provisions of Articles L. 225-17, L. 225-23 and L. 225-27 of the French Commercial Code regarding the composition of the Board of Directors, the Board of Directors of ENGIE is composed of a maximum of 22 members, including three Directors who represent the Group's employees and one Director who represents employee shareholders.

The duration of the Directors' terms of office is four years, as described in Section 7.1.2 "Corporate governance bodies".

The Board of Directors noted the resignation of Pierre Mongin, a Director representing the French State, on March 17, 2015.

The Shareholders' Meeting of April 28, 2015 ratified the co-optation of Isabelle Kocher as a Director to replace Paul Desmarais.

The terms of office of Albert Frère, Ann-Kristin Achleitner, Edmond Alphandéry, Aldo Cardoso and Françoise Malrieu came to an end at the Shareholders' Meeting of April 28, 2015. Ann-Kristin Achleitner, Edmond Alphandéry, Aldo Cardoso and Françoise Malrieu were reappointed to the board. Albert Frère did not seek reappointment.

The Shareholders' Meeting of April 28, 2015 elected Barbara Kux and Marie-José Nadeau as Directors (replacing Albert Frère and Jean-François Cirelli).

On the recommendation of the French State pursuant to Article 6 of Decree No. 2014-948 of August 20, 2014 relating to the governance and transactions in the capital of companies with a public participation, the same Shareholders' Meeting also elected Bruno Bézard, Catherine Guillouard, Mari-Noëlle Jégo-Laveissière and Stéphane Pallez as Directors. In accordance with Article 4 of the same decree, Astrid Milsan was appointed by ministerial order of April 28, 2015 as Director representing the French State. Following ministerial order of February 4, 2016, Lucie Muniesa was appointed as Director representing the French State, to replace Astrid Milsan.

In addition, Gérard Lamarche resigned on April 28, 2015 from his duties as Non-voting Director and was not replaced.

Lastly, on July 29, 2015, the Board appointed Jean-Louis Beffa as Vice-Chairman & Lead Director.

At the date of this report, the Company is managed by a Board of Directors composed of 19 members, including:

- 10 Directors elected by the Shareholders' Meeting pursuant to the provisions of the French Commercial Code relating to public limited companies;
- 4 Directors elected by the Shareholders' Meeting on the recommendation of the French State pursuant to Article 6 of Decree No. 2014-98 of August 20, 2014, in view of the French State's interest in ENGIE's share capital;
- 1 Director representing the French State appointed by ministerial order pursuant to Article 4 of the same decree; and
- 3 Directors representing employees, pursuant to Articles L. 225-27 et seq. of the French Commercial Code, and 1 Director representing employee shareholders, pursuant to Article L. 225-23 of the French Commercial Code.

The Board of Directors includes 8 independent Directors (see Sections 4.1.1.2 "Directors in office" and 4.1.1.5 "Independence of Directors in office – Conflicts of interest"), making the percentage of independent Directors 53% (NB: pursuant to the Afep-Medef Code, the number of Directors representing employees and employee shareholders is not taken into account in calculating the percentage of independent Directors).

(1) The changes in composition of the Board of Directors submitted to the Shareholders' Meeting on May 3,2016 are listed in Section 4.2

The Board of Directors includes 11 women Directors out of a total of 19 members. The 2011-103 Act of January 27, 2011 and the Afep-Medef Code impose a principle of balanced representation of men and women on boards of directors. In assessing the ratio of women to men on boards of directors, the law and the Code stipulate that directors who are employee representatives – who are not elected by the General Shareholders' Meeting – are not taken into account. As the Board of Directors of ENGIE includes 3 Directors representing employees, the assessment is based on 16 Directors, 10 of whom are women (a ratio of 63%).

ENGIE also seeks to increase the diversity and international experience of its Board of Directors. Of its 19 Directors, 4, representing 21%, are not French.

4.1.1.2 Directors in office

DIRECTORS ELECTED BY THE SHAREHOLDERS' MEETING

	Nationality	Date of first appointment	Date of last appointment	End of current term	Address
Gérard Mestrallet (66 years old) Chairman and Chief Executive Officer	French	7/16/2008	4/23/2012	2016	ENGIE 1, place Samuel de Champlain 92400 Courbevoie
Isabelle Kocher (49 years old) Deputy Chief Executive Officer	French	11/12/2014	-	2016	ENGIE 1, place Samuel de Champlain 92400 Courbevoie
Jean-Louis Beffa (1) (74 years old) Vice-Chairman & Lead Director	French	11/20/2004	4/23/2012	2016	Saint-Gobain Les Miroirs 18, avenue d'Alsace 92096 La Défense Cedex
Ann-Kristin Achleitner (1) (49 years old)	German	9/19/2012	4/28/2015	2019	27, Residenzstrasse 80333 Munich (Germany)
Edmond Alphandéry (1) (72 years old)	French	7/16/2008	4/28/2015	2019	Nomura Bank 7, place d'léna 75016 Paris
Aldo Cardoso (1) (59 years old)	French	11/20/2004	4/28/2015	2019	ENGIE 1, place Samuel de Champlain 92400 Courbevoie
Barbara Kux (1) (61 years old)	Swiss	4/28/2015	-	2019	4, Gustav-Gull-Platz 8004 Zurich (Switzerland)
Françoise Malrieu (1) (69 years old)	French	5/2/2011	4/28/2015	2019	19, avenue Léopold II 75016 Paris
Marie-José Nadeau (1) (62 years old)	Canadian	4/28/2015	-	2019	1, place Ville Marie Montreal (Quebec) H3B 2C4 (Canada)
Lord Simon of Highbury (1) (76 years old)	British	7/16/2008	4/23/2012	2016	1, St James's Square London SW1Y 4PD (United Kingdom)

*(1) **Independent Director** (see Section 4.1.1.5 "Independence of Directors in office – Conflicts of interest").*

DIRECTORS ELECTED BY THE SHAREHOLDERS' MEETING ON THE RECOMMENDATION OF THE FRENCH STATE

	Nationality	Date of first appointment	Date of last appointment	End of current term	Address
Directors from the public sector					
Bruno Bézard (52 years old)	French	7/28/2014	4/28/2015	2019	Ministry of Finance and Public Accounts Ministry for the Economy, Industry and Digital Directorate-General for the Treasury 139, rue de Bercy Télédoc 230 75572 Paris Cedex 12
Stéphane Pallez (56 years old)	French	4/19/2012	4/28/2015	2019	La Française des Jeux 126, rue Gallieni 92643 Boulogne-Billancourt Cedex
Directors from the private sector					
Catherine Guillouard (51 years old)	French	4/28/2015	-	2019	Rexel 13, boulevard du Fort de Vaux 75017 Paris
Mari-Noëlle Jégo-Laveissière (47 years old)	French	4/28/2015	-	2019	Orange 75, rue Olivier de Serres 75015 Paris

DIRECTOR REPRESENTING THE FRENCH STATE, APPOINTED BY MINISTERIAL ORDER

	Nationality	Date of first appointment	Date of last appointment	End of current term	Address
Lucie Muniesa (41 years old)	French	2/4/2016	-	2019	Ministry of Finance and Public Accounts Ministry for the Economy, Industry and Digital French State Shareholding Agency Bâtiment Colbert – Télédoc 228 139, rue de Bercy 75572 Paris Cedex 12

DIRECTORS ELECTED TO REPRESENT EMPLOYEES

	Nationality	Date of first appointment	Date of last appointment	End of current term	Address
Alain Beullier (51 years old)	French	1/21/2009	2014	2018	Elengy LNG terminal BP 35 44550 Montoir-de-Bretagne
Philippe Lepage (51 years old)	French	4/28/2014	-	2018	Elengy Zone Portuaire – BP 35 44550 Montoir-de-Bretagne
Anne-Marie Mourer (56 years old)	French	1/21/2009	2014	2018	GrDF Sud-Est Immeuble VIP 66, rue de la Villette 69425 Lyon Cedex 03

DIRECTOR ELECTED BY THE SHAREHOLDERS' MEETING TO REPRESENT EMPLOYEE SHAREHOLDERS

	Nationality	Date of first appointment	Date of last appointment	End of current term	Address
Caroline Simon (47 years old)	French	4/23/2013	-	2017	Inéo Défense Établissement de Sophia-Antipolis 90, Traverse des Messugues 06560 Valbonne

4.1.1.3 Information about the Directors in office

Directors elected by the General Shareholders' Meeting

Gérard Mestrallet, born April 1, 1949

Gérard Mestrallet is a graduate of the prestigious French engineering school, École Polytechnique, and of École Nationale d'Administration. Having held various positions at the Treasury Department and on the staff of the Minister of Economy and Finance (Jacques Delors), Gérard Mestrallet joined Compagnie Financière de SUEZ in 1984 as a Special Advisor. In 1986 he was appointed Senior Executive Vice-President in charge of industrial affairs. In 1991 he was named Executive Director and Chairman of the Management Committee of Société Générale de Belgique. In 1995, he became Chairman and Chief Executive Officer of Compagnie de SUEZ. Gérard Mestrallet was appointed Chairman and Chief Executive Officer of GDF SUEZ (now ENGIE) when SUEZ merged with Gaz de France on July 22, 2008. He is also Chairman of Paris Europlace, a member of the European Round Table of Industrialists, Honorary Chairman of the International Council of the Mayor of Chongqing, a member of the International Councils of the Mayor of Shanghai and Beijing, and a Director of Tongji University (Shanghai). He also holds an honorary doctorate from the University of Cranfield (UK).

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Chairman and Chief Executive Officer	Chairman of the Board of Directors of ENGIE E.S (2), SUEZ Environnement Company (1) (France), Electrabel (2), and GDF SUEZ E.M.T. (2) (Belgium) Director of Saint-Gobain (1) (until June 4, 2015), Société Générale (1) (since May 19, 2015) (France), and of International Power (2) (United Kingdom) Member of the Supervisory Board of Siemens AG (1) (Germany)	Chairman of the Board of Directors of International Power S.A. (2) (Belgium) Vice-Chairman of the Board of Directors of Aguas de Barcelona (Spain) and Electrabel (2) (Belgium) Director of Saint-Gobain (1) (until June 4, 2015) (France), and of Pargesa Holding (1) (Switzerland) Chairman of the GDF SUEZ Rassembleurs d'Énergies SAS (2) (France)

(1) Listed company.
(2) ENGIE Group.

Isabelle Kocher, born December 9, 1966

Isabelle Kocher is a graduate of the École Normale Supérieure. She is also a Corps des Mines Engineer and a qualified lecturer in Physics. From 1997 to 1999, she was Budget Officer for telecommunications and defense at the French Ministry for the Economy. From 1999 to 2002, she served as Industrial Affairs Advisor to Prime Minister Lionel Jospin. In 2002, she joined the Suez Group, which later became ENGIE, where for 12 years she held various functional and operational positions: from 2002 to 2005, in the Strategy and Development Department; from 2005 to 2007, as Director of Performance and Organization; and from 2007 to 2011, as Deputy Chief Executive Officer and later Chief Executive Officer of Lyonnaise des Eaux. From 2011 to 2014, she was Executive Vice-President, Chief Financial Officer of the Group. On November 12, 2014, she became Director, Deputy Chief Executive Officer and Chief Operating Officer of the Group.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Deputy Chief Executive Officer and Chief Operating Officer	Vice-Chairman of Electrabel (2) (Belgium) Director of Axa (1), ENGIE E. S. (2), SUEZ Environnement Company (1) (France) and of International Power (UK) (2)	Chairman and Chief Executive Officer of Eau et Force (France) Chief Executive Officer of Lyonnaise des Eaux (France) Director of Arkema France (1), Degrémont, R+i Alliance, Safège, and Sita France (France)

(1) Listed company.
(2) ENGIE Group.

Jean-Louis Beffa, born August 11, 1941

A graduate of the École Polytechnique, Jean-Louis Beffa also holds degrees from the École Nationale Supérieure du Pétrole and the Institut d'Études Politiques de Paris. He began his career in the Fuels Division of the French Ministry of Industry. In 1974, he joined Saint-Gobain as Vice-President of Planning until 1977. From 1978 to 1982, he served as Chief Executive Officer then Chairman and CEO of Pont-à-Mousson SA. He also served concurrently as Director of the Pipe and Mechanics Division of Saint-Gobain, from 1979 to 1982. Mr. Beffa served as Chairman and Chief Executive Officer of Saint Gobain from January 1986 to June 2007, having served as the group's Deputy Chief Executive Officer from 1982 to 1986. From June 2007 to June 2010, Jean-Louis Beffa served as the Chairman of the Board of Directors of Compagnie de Saint-Gobain, before becoming its honorary chairman.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Vice-Chairman & Lead Director Chairman of the Appointments and Compensation Committee	Chairman of Claude Bernard Participations SAS and JL2B Conseil Vice-Chairman of the Supervisory Board of the Fonds de Réserve des Retraites (pension fund) Director of Saint-Gobain Corporation (US) and Élée SAS Member of the Supervisory Board of Le Monde, Société Éditrice du Monde and Le Monde & Partenaires Associés SAS Member of the Supervisory Board of Caisse des Dépôts	Permanent representative of Compagnie de Saint-Gobain on the Board of Directors of Saint-Gobain PAM Director of Groupe Bruxelles Lambert (1) (Belgium) Member of the Supervisory Board of Siemens AG (1) (Germany)

(1) Listed company.

Ann-Kristin Achleitner, born March 16, 1966

A doctor of business administration, a doctor of law and authorized to direct research at the University of St. Gallen (HSG – Switzerland), Ann-Kristin Achleitner successively held the office of consultant for MS Management Service AG in St. Gall (1991-1992) and Assistant Professor of finance and external audit at the University of St. Gall (1992-1994). Since 1994 she has been a teacher of business administration (finance and accounting) at the University of St. Gall. In 1994, she became a consultant at McKinsey & Company Inc. in Frankfurt (Germany), and in 1995 she took up the banking and finance chair and the office of Chairman of the Board at the Institut für Finanzmanagement, the European Business School at the International University Schloss Reichartshausen in Oestrich-Winkel (Germany). Since 2001, she has held the corporate finance chair at the Technical University of Munich, where she became Scientific Director of the Enterprise and Finance Research Center in 2003. In 2009, she was also Associate Professor of corporate finance at the University of St. Gall.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Member of the Audit Committee (until April 28, 2015) Member of the Ethics, Environment and Sustainable Development Committee	Member of the Government Commission on the German Corporate Governance Code Member of the Supervisory Board of Linde AG (1), Metro AG (1), and MunichRe (1) (Germany) Member of the Board of Directors of Johannes B. Ortner-Stiftung (Germany) Economic Council of the Embassy of France in Berlin (Germany)	Member of the Board of the Private Capital Industry Agenda, World Economic Forum (WEF) Member of the Scientific Advisory Board, Knowledge Centre of the European Venture Philanthropy Association (EVPA) Member of the Board of the Private Fund Managers Industry Agenda, World Economic Forum (WEF) Member of the Supervisory Board of SpineWelding AG (previously WW Technology SA), Vontobel Holding AG and Bank Vontobel AG (Switzerland) Member of the Board of Helmholtz-Validierungsfonds, Helmholtz-Gemeinschaft Deutscher Forschunszentren and Fraunhofer Gesellschaft Member of the Advisory Committee of the Social Entrepreneurship Akademie (SEA) Member of the Research and Innovation (EFI) Expert Committee, German Federal Government Member of the Finance Committee for Social Enterprises within KfW-Bankengruppe on behalf of the German Federal Ministry of Family Affairs, Senior Citizens, Women and Youth (BMFSFJ)

(1) Listed company

Edmond Alphandéry, born September 2, 1943

A graduate of the Institut d'Études Politiques de Paris and a qualified lecturer (*agrégé*) in economics, he is a Professor Emeritus at the University of Paris II. He served as Mayor of Longué-Jumelles and member of the Maine-et-Loire departmental council until 2008 and was Minister of the Economy from March 1993 to May 1995. He chaired the Supervisory Board of CNP from 1988 to 1993 and was the Chairman of Électricité de France from 1995 to 1998. From July 1998 to July 2012, he again served as Chairman of CNP Assurances. He has also been Chairman of the CEPS (Center for European Policy Studies) since January 1, 2014.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Chairman of the Strategy, Investment and Technology Committee Member of the Audit Committee	Chairman of the CEPS (Center for European Policy Studies) (Belgium) Senior Advisor of Nomura Securities (France) Member of the Advisory Board of A.T. Kearney France Member of the Board of Directors of the Stichting Continuïteit ST Foundation (Netherlands) Non-voting Director of Crédit Agricole CIB (until October 13, 2015) (France) Member of the Advisory Committee of Omnès Capital (France) Member of the Advisory Board of Quadrille (France)	Chairman of Centre des Professions Financières Chairman of the Board of Directors of CNP Assurances (1) Chairman of CNP International Director of Neovacs (France), Caixa Seguros (Brazil) and CNP Vita (Italy) Non-voting Director of Crédit Agricole CIB (until October 13, 2015) (France)

(1) Listed company.

Aldo Cardoso, born March 7, 1956

A graduate of the École Supérieure de Commerce de Paris, Aldo Cardoso holds a Master's Degree in Business Law and is a Certified Public Accountant. From 1979 to 2003, he held several successive positions at Arthur Andersen, including Consultant, Partner (1989), President France (1994), member of the Board of Directors of Andersen Worldwide (1998), Chairman of the Board of Directors (non-executive) of Andersen Worldwide (2000) and Chief Executive Officer of Andersen Worldwide (2002-2003). Since 2003, he has served as Director of French and foreign companies.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Chairman of the Audit Committee Member of the Strategy, Investment and Technology Committee	Director of Bureau Veritas (1), Imerys (1), GE Corporate Finance Bank SAS (France) Non-voting Director of AXA Investment Managers (France)	Director of Accor (1), Gecina (1), Rhodia (1) (France), Mobistar (1) (Belgium)

(1) Listed company.

Barbara Kux, born February 26, 1954

Barbara Kux holds an MBA, with honors, from INSEAD Business School in Fontainebleau. In 1984, she joined McKinsey & Company as a management consultant, handling global assignments in strategy and business transformation for major international clients. Between 1989 and 1999, she was head of business development in emerging markets for ABB, and later for Nestlé. She served as a director of Ford Motor Europe from 1999 to 2003. In 2003, Ms. Kux joined the Management Board of the Philips Group, taking charge of the group's sustainable development initiatives in 2005. From 2008 to 2013 she was a member of the Management Board of Siemens AG, serving as Head of Supply Chain Management and Chief Sustainability Officer. Since 2011, she has been a director of global companies such as Total S.A.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Member of the Ethics, Environment and Sustainable Development Committee (since April 28, 2015)	Director of Total SA (1) (France), Umicore (1) (Belgium), Pargesa Holding SA (1) and Firmenich SA (Switzerland) Member of the Supervisory Board of Henkel AG & Co KGaA (1) (Germany)	Member of the Managing Board of Siemens AG (1) (Germany) Director of INSEAD (France) and ZF Friedrichshafen AG (Germany)

(1) Listed company.

Françoise Malrieu, born February 7, 1946

A graduate of HEC School of Management, Françoise Malrieu began her career in 1968 at BNP as a financial analyst. In 1979, she became Assistant to the Director of the Financial Analysis Department, before becoming Director of this department in 1983. She joined Lazard Frères et Cie in 1987 as Director of Financial Affairs. She was later appointed Manager in 1993, and then Managing Partner. In 2001, she joined Deutsche Bank France as Managing Director. She was appointed Chief Executive Officer of the Société Financière de Grenelle in 2004. From 2006 to 2009, she was Senior Advisor at Aforge Finance, an independent consultancy active in mergers, acquisitions and restructuring. At the end of 2008, she helped to create the Société de Financement de l'Économie Française, where she was appointed Chairman of the Board of Directors and of the Audit Committee in 2009. She also serves in a variety of roles in the non-profit sector and is notably a director of Ares, Chairman of Arescoop and a Director of the Institut Français des Administrateurs (IFA).

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Chairman of the Ethics, Environment and Sustainable Development Committee Member of the Audit Committee Member of the Appointments and Compensation Committee	Chairman of the Board of Directors of the Société de Financement de l'Économie Française (SFEF) (until March 11, 2015) (France) Director of La Poste (France) Member of the Supervisory Board of Bayard Presse SA (France)	Chairman of the Board of Directors of the Société de Financement de l'Économie Française (SFEF) (until March 11, 2015) (France) Deputy Controller on the Taskforce to Control the Compensation of Financial Market Professionals Director of Aéroports de Paris [1] (France)

(1) Listed company.

Marie-José Nadeau, born May 28, 1953

Marie-José Nadeau holds a Bachelor of Law degree and a Master's degree in Public Law from the University of Ottawa. She interned at the Canadian Supreme Court, and is a member of the Quebec Bar. After practicing law in the federal government, she joined the Quebec government in 1986, occupying various key positions in the Environment and Energy. In 1993 she joined Hydro-Québec where, for 22 years, she served as Secretary General and Executive Vice-President, Corporate Affairs. She retired at the beginning of January 2015 and devotes her time to non-executive activities. She was elected Chairman of the World Energy Council in 2012, after sitting on the Council for nearly 10 years. She is also Vice-Chairman of the Council and a member of the Executive Committee of the Montreal Symphony Orchestra.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Member of the Audit Committee (since April 28, 2015)	Chairman of the World Energy Council (United Kingdom) Director and Chairman of the Corporate Governance and Nominations Committee and a member of the Human Resources Committee of Métro Inc. [1] (Canada) Director and member of the Audit Committee and the Safety, Health and Environment Committee of Churchill Falls and Labrador Corporation Limited (Canada)	Executive Vice-President, Corporate Affairs and General Secretary of Hydro-Québec (Canada) Chairman of the Communications and Outreach Committee of the World Energy Council (United Kingdom) Member of the Audit Committee of Métro Inc.(1) (Canada) Vice-President of the Council and member of the Executive Committee and of the Audit Committee of Concordia University (Canada)

(1) Listed company.

Lord Simon of Highbury, born July 24, 1939

Lord Simon of Highbury has an MA from Cambridge University and an MBA from INSEAD in Fontainebleau (France). In 1961, he joined British Petroleum, where he held a number of management positions before being appointed Chairman in 1995. After holding several ministerial positions from May 1997, he became Advisor to the British Prime Minister for government modernization. He was also appointed Advisor to President Prodi for institutional reform within the European Union. He entered the House of Lords in 1997.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Member of the Strategy, Investment and Technology Committee Member of the Appointments and Compensation Committee	Senior Advisor of MWM Board Consultants (United Kingdom) Chairman of the Advisory Board of Montrose Associates Limited (UK) Director of the Institute for Government (United Kingdom) and the Centre for European Policy Studies (Belgium) Member of the Advisory Board of Dana Gas International (UAE), Centre for European Reform (UK) Trustee, Institute for Strategic Dialogue (UK) Trustee of the Hertie Foundation (Germany)	

Directors elected by the Shareholders' Meeting on the recommendation of the French State

Directors from the public sector

Bruno Bézard, born May 19, 1963

Inspector General of Finance and an alumnus of the École Polytechnique and the École Nationale d'Administration, Bruno Bézard served as a finance inspector at the French Inspectorate General of Finance from 1988 to 1992. He subsequently held various positions at the Treasury Department until January 2000. Successively Deputy Chief of Staff for the Minister of Economy, Finance and Industry, sub-Director in the Treasury Department for development assistance of multilateral banks and emerging countries and Vice-Chairman of the Club de Paris, he went on to serve as Economic and Financial Advisor to the Prime Minister from mid-2001 to April 2002. From July 2002 to March 2003, he was Head of the Equity Investments Department at the Treasury Department before being appointed Deputy Managing Director of the French State Shareholding Agency (APE) in March 2003 and then its Managing Director in February 2007. From September 2010 to August 2012, Bruno Bézard was Minister Counselor for Economic and Financial Affairs and Head or the Greater China Regional Economic Department at the French Embassy in Beijing. In August 2012, he was appointed Director General of Public Finance, and became Director General of the Treasury in July 2014.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director	Member of the Supervisory Board of PSA (1) (France)	Director Air France KLM (1) (France)

(1) Listed company.

Stéphane Pallez, born August 23, 1959

A graduate of Institut d'Études Politiques de Paris and of École Nationale d'Administration, Stéphane Pallez began her career at the French Treasury from 1984 to 2004, where she successively held the posts of civil servant (1984-1988), supplementary administrator representing France at the World Bank in Washington (1988-1990), Head of the "International Monetary Affairs and G7" Department (1990), Technical Advisor to the office of the Ministry of Economy and Finance (1991-1993), Head of the "Banking regulation and national banks" office (1993-1995), Sub-Director "Insurance" (1995-1998), Sub-Director in charge of state shareholdings, head of the transport, energy, high technology, banking and insurance sectors (1998-2000) and Head of the European and International Affairs Department at the Treasury (2000-2004). In 2004, she became Deputy Chief Financial Officer of France Telecom-Orange, before becoming Chairman and Chief Executive Officer of the Caisse Centrale de Réassurance on April 28, 2011. She has been Chairman and CEO of la Française des Jeux since November 2014.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Member of the Ethics, Environment and Sustainable Development Committee (until April 28, 2015)	Chairman and CEO of la Française des Jeux (France) Chairman and Chief Executive Officer of the Caisse Centrale de Réassurances (CCR) (until January 13, 2015) (France) Director of CNP Assurances (1) and Positive Planet (France) Member of the Supervisory Board, the Audit Committee and the CSR Committee of Eurazeo (1) (France)	Chairman of the Board of Directors of the joint venture OBPS (Orange BNP Paribas Services) Chairman of the Board of Directors of OBP (Orange Business Participations) Chairman of the Supervisory Board of Page Jaunes Director of CACIB (Crédit Agricole Corporate & Investment Bank), FTCD and TPSA (Poland)

(1) Listed company.

Directors from the private sector

Catherine Guillouard, born January 23, 1965

A graduate of Institut d'Études Politiques de Paris and of École Nationale d'Administration, Catherine Guillouard also holds a post-Master's specialization (DESS) in European Union Law. She started her career in 1993 at the Treasury Department of the French Finance Ministry, where she served as Deputy Director of the CFA Zone in Africa, and then in the Banking Affairs Department. She then held various positions at Air France, including as Deputy Vice-President of Corporate Control, Vice President of Flight Operations, Vice-President of Human Resources and Change Management, and, from 2005 to September 2007, as Senior Vice-President of Finance. In September 2007, she became Chief Financial Officer and Executive Committee member of Eutelsat. In April 2013, she became Director of Finance, Control and Legal Affairs at Rexel, and then Deputy Chief Executive Officer in May 2014.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Member of the Strategy, Investment and Technology Committee (since April 28, 2015)	Deputy Chief Executive Officer of Rexel (1) (France)	Director of Technicolor (1) and Aéroports de Paris (1) (France)

(1) Listed company.

Mari-Noëlle Jégo-Laveissière, born March 13, 1968

A graduate of the École Normale Supérieure in Paris, Mari-Noëlle Jégo-Laveissière is also an engineer of the Corps des Mines. She began her career in 1996 in the Distribution Network Department of France Télécom's Paris Regional Department. She then held various management positions within the Orange group from July 1, 2013, including in Marketing, Research and Development, and International Networks and Business. Since March 2014, Mari-Noëlle Jégo-Laveissière has held the position of Senior Executive of Innovation, Marketing and Technologies and member of the Executive Committee within the Orange group.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Member of the Ethics, Environment and Sustainable Development Committee (since April 28, 2015)	Senior Executive of Innovation, Marketing and Technologies and member of the Executive Committee of the Orange group [(1)] (France) Director of the Agence Nationale des Fréquences (France), and of the companies Orange Roumanie (Romania), Nordnet, Soft@Home and Viaccess (France)	Director of International and Backbone Network Factory for the Orange group and Director of R&D for the Orange group Director of Institut Mines Télécom and the companies Next.com, Francetel, France Telecom R&D UK Ltd, France Telecom R&D Beijing Company Limited, France Telecom Japan Company Ltd, OrangeDistribution, CBax, and INRIA Non-voting member of the Supervisory Board of Cloudwatt. Member of the Supervisory Committee at Orange Marine and INNOVACOM Gestion

(1) Listed company.

Director representing the French State, appointed by ministerial order

Lucie Muniesa, born February 22, 1975

Lucie Muniesa is a graduate of the *Ecole nationale de la statistique et de l'administration économique* (ENSAE School of Economics and Statistics) and began her career at INSEE (French Institute for Statistics and Economic Studies), before being appointed Deputy Manager of the Office of Mergers and Aid in the French Department of Competition, Consumption and Repression of Fraud in 2002. In 2004, she joined the Agence des participations de l'Etat (APE – French public shareholding agency) as Deputy Manager of the "Energy, Chemicals and other Investments" and "La Poste – France Telecom" offices, before being appointed General Secretary of APE in 2007. In 2010, Lucie Muniesa joined Radio France as Financial Director and subsequently Deputy Director in charge of Finance, Procurement, Legal Affairs and Own Resources Development. In 2014, she was appointed Director and Deputy General Secretary of the French Ministry of Culture and Communication in 2014.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Member of the Audit Committee (since February 24, 2016) Member of the Strategy, Investment and Technology Committee (since February 24, 2016) Member of the Appointments and Compensation Committee (since February 24, 2016)	Director representing the French State at Safran(1) and Orange(1) (France)	Director representing the French State at Palais de Tokyo, la Française des Jeux, and the Park and Great Hall of Villette public corporation Member representing the Ministry of Culture on the board of directors of the French National School of Fine Arts Alternate member representing the Ministry of Culture on the board of directors of the French National Center for Song, Variety and Jazz, the Paris National Opera and the Cité de la Musique - Paris Philharmonic public corporation Alternate qualified person on the board of directors of the French Mint in Paris

(1) Listed company.

Directors elected to represent employees

Alain Beullier, born March 26, 1964

Alain Beullier joined EDF GDF in 1984, holding various positions in the Customer Service and Sales Advisory departments in several EDF GDF services centers in the Paris region. Currently an employee of Elengy, responsible for monitoring environmental regulation, Alain Beullier was named Director representing the "Other Employees" category by employee vote on December 18, 2008.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Sponsored by the Chemical Energy Federation – CFDT trade union Member of the Ethics, Environment and Sustainable Development Committee	None	None

Philippe Lepage, born June 17, 1964

Recruited in 1982, Philippe Lepage was High-voltage Maintenance Technician from October 1982 to July 2002, and Chemical Production Supervisor from July 2002 to January 2009. Since January 2009, he has been Assistant Shift Supervisor at the LGN terminal at Montoir-de-Bretagne. Philippe Lepage was named Director representing the "Other Employees" category by employee vote on March 14, 2014.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Sponsored by the National Federation of Employee Unions in the Electricity, Nuclear and Gas Industries – CGT trade union Member of the Strategy, Investment and Technology Committee	Director representing employees and member of the Investment Committee at Elengy (France)	None

Anne-Marie Mourer, born April 20, 1959

With a Master's Degree in Economic Sciences and a PG Diploma in Marketing, Anne-Marie Mourer joined EDF GDF Services in 1982, holding a series of management positions within the regional sales departments. In 1992, she became an internal marketing consultant at the EDF GDF Services Centers, and then headed up Direct Energy, a national pilot structure for operational marketing within the Gas Sales Department, until the end of 2001. The Gaz de France Sales Department then made her responsible for managing the newly created Marketing entity for the Southeast Region. In 2004, she joined GrDF, the new gas management network, where she handles support and management duties for the Development department in the Rhône-Alpes-Bourgogne region. Since 2007, the date of the opening of the energy market for individuals, she has been a program manager at GrDF. She has also been an advisor to the Lyon Industrial Tribunal (Supervisory section) since 2009. Since May 2014, Anne-Marie Mourer has also been a member of the Board of Directors of the French Institute of Directors (ASC, France). More recently, she was appointed Governance Expert at the CFE CGC Confederation and in this capacity coordinates her Circle of Employee Directors.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Sponsored by the Federation of the Gas and Electricity Industries – CFE-CGC trade union Member of the Appointments and Compensation Committee	None	None

Directors elected by the Shareholders' Meeting to represent employee shareholders

Caroline Simon, born November 3, 1968

Caroline Simon trained in industrial purchasing and began her career at Thomson-CSF in 1991 as a buyer of electrical and electronic components, general expenses, upstream purchasing and investment negotiation. She joined the Group in 1997 and currently holds a purchasing position at INEO Défense in the area of cabling and mechanical subcontracting.

Directorships and offices held at the Company	Directorships and offices held in any company in 2015	Other directorships and offices held in the last five years
Director Sponsored by the Federation *Construction Bois* – CFDT trade union Member of the Audit Committee	Chairman of the Supervisory Board of LINK France fund	Member of the Supervisory Board of the SPRING France and LINK France funds

4.1.1.4 Number of ENGIE shares and stock options held by Directors in office

	Number of shares	Number of stock options
Gérard Mestrallet	84,013 (1)	0
Isabelle Kocher	7,116 (1)	18,996
Jean-Louis Beffa	4,533	N/A
Ann-Kristin Achleitner	50	N/A
Edmond Alphandéry	2,923	N/A
Alain Beullier	51	N/A
Bruno Bézard	(2)	N/A
Aldo Cardoso	1,038	N/A
Catherine Guillouard	(2)	N/A
Mari-Noëlle Jégo-Laveissière	(2)	N/A
Barbara Kux	50	N/A
Philippe Lepage	287	N/A
Françoise Malrieu	1,419	N/A
Anne-Marie Mourer	54	N/A
Lucie Muniesa	(2)	N/A
Marie-José Nadeau	50	N/A
Stéphane Pallez	200 (2)	N/A
Caroline Simon	30 (2)	N/A
Lord Simon of Highbury	1,911	N/A

(1) *Includes vested performance shares that appear in 4.6.7.4 below and shares held upon simple exercise of options that appear in 4.6.10 below.*
(2) *The statutory requirement to hold at least 50 shares in the company does not apply to Directors elected by the Shareholders' Meeting on the recommendation of the French State, the Director representing the French State or the Director representing employee shareholders.*

4.1.1.5 Independence of Directors in office – Conflicts of interest

Independence

Article 1.1.2 of the Internal Regulations requires the Board to review the independence and status of each of its members, based on criteria determined by the Board. This review must be conducted annually, prior to the Shareholders' Meeting held to approve the financial statements for the previous fiscal year. The process of assessing the independence of each Director was reviewed by the Appointments and Compensation Committee during its meeting of February 9, 2016, and again on February 24, 2016 by the Board of Directors.

The Board of Directors of ENGIE examined the circumstances of each of the Directors on a case-by-case basis in relation to the Afep-Medef Code, to which it refers.

In addition to the two corporate officers, it is specified that the following Directors, who were appointed as a result of statutory obligations, cannot be deemed independent:

- Lucie Muniesa, Director representing the French State, appointed pursuant to Article 4 of the aforementioned Decree No. 2014-948 of August 20, 2014, as well as Bruno Bézard, Catherine Guillouard, Mari-Noëlle Jégo-Laveissière and Stéphane Pallez, elected by the Shareholders' Meeting on the recommendation of the French State pursuant to Article 6 of the same decree;
- Alain Beullier, Philippe Lepage, and Anne-Marie Mourer, Directors representing employees, pursuant to Articles L. 225-27 et seq. of the French Commercial Code, and Caroline Simon, Director representing employee shareholders, pursuant to Article L. 225-23 of the French Commercial Code.

Eight Directors are deemed to be independent (see Section 4.1.1.2 "Directors in office"), making the percentage of independent Directors 53% (NB: pursuant to the Afep-Medef Code, the number of Directors representing employees and employee shareholders is not taken into account in calculating the percentage of independent Directors).

The Board of Directors focused specifically on the business relations between the Group and Imerys (of which Aldo Cardoso is an Independent Director), to establish whether these were of a kind or significance likely to affect Aldo Cardoso's independent judgment. The Board of Directors ascertained that these business activities were related to ordinary operations and were far from significant enough for ENGIE and for Imerys, in terms of purchasing and sales volumes, to create a conflict of interest likely to affect Mr. Cardoso's independent status. The Board decided that, to preserve Aldo Cardoso's objectivity, if any project related in any way to Imerys should come up for discussion in his presence, he would not be able to participate in the relative resolutions by the Board and/or the respective committee. Aldo Cardoso agreed to comply with these rules of conduct, pursuant to Article 5 of the Directors' Charter.

Conflicts of interest

To ENGIE's knowledge, there are no potential conflicts of interest between the Directors' duties with regard to ENGIE and their private interests and/or other duties.

There are no family ties between the Directors and ENGIE's other main senior managers.

To ENGIE's knowledge, during the past five years, none of the Directors or senior managers of ENGIE has been convicted of fraud, served as manager in a bankruptcy, receivership or liquidation situation, been subject to indictment and/or official public sanction issued by a statutory or regulatory authority, or been prevented by a court from serving as a member of the management body or supervisory board of an issuer, nor from participating in the management or oversight of the business of an issuer.

In addition to the provisions of the French Commercial Code which govern regulated agreements, the Directors' Charter (see Section 4.1.3.2 – "Organization and operating procedures of the Board of Directors") stipulates that each Director must make every effort to avoid any conflict that may exist between his/her moral and material interests and those of the Company, must inform the Board of any conflict of interest in which he/she may be directly or indirectly involved and, where he/she cannot avoid the conflict of interest, must abstain from discussions and voting on any decision concerning such matters.

Furthermore, no loans or guarantees have been granted to, or on behalf of, members of the Company's boards or management.

4.1.2 Government Commissioner

The role of Government Commissioner is described in Section 7.1.2 "Corporate governance bodies".

This position is held by Laurent Michel, appointed by ministerial order dated November 13, 2014. Florence Tordjman was appointed Acting Government Commissioner by the same order.

4.1.3 Board of Directors: Powers – Operating procedures – Activities

4.1.3.1 Powers of the Board of Directors

Pursuant to legal and regulatory provisions and Article 15.1 of the Company bylaws, the Board of Directors determines the Company's business strategy and oversees its implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the limit of the Company's corporate purpose, the Board deals with all matters concerning the smooth running of the Company and, through its decisions, manages the Company's business. The Board of Directors performs any checks and verifications it considers appropriate.

In addition to issues that fall under the authority of the Board pursuant to applicable laws and regulations, the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer must obtain, pursuant to the Internal Regulations (Article 2.2), prior authorization from the Board for the following decisions:

- acquiring or divesting any of the Company's direct or indirect interests in any company formed, or to be formed, taking an interest in the formation of any company, joint venture, consortium or body or subscribing to any issue of shares, share equivalents or bonds in which the Company's or the Group's financial exposure exceeds €500 million for the transaction in question;
- becoming involved in any asset contribution or exchange transaction, with or without a cash balance, relative to goods, securities, stocks or bonds for an amount exceeding €500 million;
- resolving disputes by way of any agreement, settlement or arbitration decision for an amount exceeding €200 million;
- entering into any long-term energy purchasing plan on behalf of the Group that involves quantities, per transaction, in excess of:
  - 30 billion kWh of gas per year, including the terms of transmission,
  - 20 billion kWh of electricity per year, including the terms of transmission;
- entering into any significant transaction beyond the scope of the Company's stated strategy;
- entering into any real estate acquisition or disposal transaction for an amount exceeding €200 million;
- entering into any of the following transactions for an amount exceeding €1.5 billion:
  - granting or contracting any loans, borrowings, credit or cash advances by the Company, or authorizing any Group subsidiary or financing medium for this purpose,
  - acquiring or assigning any receivables, by any method.

Each year, the Board of Directors authorizes the Chairman and Chief Executive Officer to issue guarantees and other securities for an amount that it determines.

In addition, the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer must obtain the prior opinion of the Board to enter into significant agreements with the French government relating to the objectives and terms and conditions of implementation of public service assignments entrusted to the Company or its subsidiaries, within the limits set by law.

Lastly, the Board reviews the budget and the Group's industrial strategy, financial strategy, energy supply policy, and the Company's policy on professional and pay equality, at least once a year.

4.1.3.2 Organization and operating procedures of the Board of Directors

The operating procedures of the Board of Directors are defined by Article 14 of the bylaws. Its organizational procedures are set out in Article 1 of the Board of Directors' Internal Regulations, which specify the ways and means by which the Board can operate efficiently on behalf of the Company and its shareholders, as well as the responsibilities incumbent on each Director.

The Board of Directors meets as often as the Company's interests require and, in accordance with its Internal Regulations, at least six times a year, including at least once each quarter. Board of Directors' meetings may be held via any means of videoconference or telecommunication that allows Directors to be identified and ensures their effective participation in accordance with the conditions and procedures set out in the Internal Regulations.

Board meetings are also attended by the Government Commissioner and the representative of the Central Works Council, each with one advisory vote, as well as the Executive Vice-President, Chief Financial Officer, the Executive Vice-President General Secretary, and the Secretary of the Board of Directors.

Article 1.3 of the Internal Regulations stipulates that the Chairman chairs the Board meetings, oversees deliberations and ensures compliance with the Internal Regulations. The Chairman upholds the quality of the exchange of views and ensures that the Board's decisions are made on a collective basis. The Chairman makes sure that the Board spends enough time on discussions and allots time to each of the items on the agenda in proportion to the importance that each issue represents for the Company. The Directors ensure, collectively, that the time allotted to each of them to express their views is evenly balanced. The Chairman pays particular attention to ensuring that the issues raised according to the agenda receive an appropriate response.

At its meeting of July 29, 2015, upon proposal of the Chairman, the Board of Directors decided to appoint a non-executive Vice-Chairman & Lead Director with the following responsibilities:

- once a year, the Vice-Chairman & Lead Director convenes and chairs the session dedicated to the performance evaluation of the corporate officers and succession planning pursuant to Article 1.6 of the Internal Regulations. In addition, once a year, the Vice-Chairman & Lead Director may organize and chair a meeting of the Directors without the corporate officers in attendance, as part of the annual evaluation of the Board's operating procedures pursuant to Article 1.6 of the Internal Regulations;
- the Vice-Chairman & Lead Director draws the attention of the Chairman and the Board to any conflicts of interest that he/she has identified, or of which he/she has been made aware, relating, if applicable, to the corporate officers or the members of the Board of Directors. He/she reviews, with the Chairman, any potential conflicts of interest and agreements disclosed pursuant to Article 1.12 of the Internal Regulations;
- the Vice-Chairman & Lead Director helps to organize the periodic self-assessment by the Board conducted by the Ethics, Environment and Sustainable Development Committee, as well as discussions on governance matters relating to the Board's operations;
- the Vice-Chairman & Lead Director may ask the Chairman to add a specific item to the Board's agenda. He/she may also ask the Chairman to convene a Board to debate a given agenda;
- the Vice-Chairman & Lead Director may be heard by any committee on a specific point if he/she has made a request to the chairman of the committee to this effect;
- in consultation with the Chairman, if necessary, the Vice-Chairman & Lead Director provides assistance by responding to the requests of shareholders not represented on the Board, and makes time to meet with them and listen to their comments and suggestions;
- the Vice-Chairman & Lead Director reports annually to the Board on his/her work. He/she may be invited by the Chairman to take part in the annual general meeting of shareholders.

The position of Vice-Chairman & Lead Director is held by Jean-Louis Beffa.

Once a year, the Board of Directors carries out a self-assessment under the guidance of an independent Director.

Also once a year, the Board (excluding the corporate officers and directors having employment contracts with a Group company) evaluates the performance of the corporate officers and discusses succession planning.

The Secretary of the Board of Directors provides administrative services to the Board and records the minutes of its meetings. Patrick van der Beken is the current Board Secretary.

Under Article 13.6 of the bylaws, all Directors must own at least fifty (50) shares in the Company, unless an exemption has been granted under the applicable law or regulations. This requirement does not apply to Directors representing the French State elected by the Shareholders' Meeting on the recommendation of the French State, or to the Director representing employee shareholders (a table showing the number of shares and stock options personally owned by the corporate officers is provided in Section 4.1.1.4 above).

The Internal Regulations were amended on April 28, June 17, and July 29, 2015, to include the prior opinion of the Board on the public service agreement, the annual review of corporate policy on professional and pay equality, the addition of strategic decisions relating to technological developments to the duties of the Strategy, Investment and Technology Committee, the change in the company name to ENGIE, and the appointment of a Vice-Chairman & Lead Director. The appendices to the Internal Regulations include the Directors' Charter and the Code of Conduct, which set out the rights and duties of each Director.

The Directors' Charter sets out the rules relating to Directors' terms of office, compliance with the company's interests, the laws and bylaws, independence criteria, duty of expression, conflicts of interest, professionalism, involvement and effectiveness.

The Code of Conduct sets out the rules governing trading in the Company's securities and the offense of insider trading applicable to Directors, corporate officers and all employees. It expresses the Company's desire to ensure prudent management of its securities, and to comply and ensure others' compliance with current regulations governing securities transactions carried out by corporate officers and employees.

In addition to the foregoing, the Regulations for Employee Directors, approved by the Board of Directors at its meeting of December 9, 2009, lay down conditions under which employee directors are to exercise their duties.

The main provisions of the Company's bylaws and the Board's Internal Regulations are outlined in Section 7.1 "Specific statutory provisions and bylaws".

4.1.3.3 Activities of the Board of Directors

The Board of Directors of ENGIE met 12 times in 2015, with an average attendance rate of 89%.

At these meetings, the Board of Directors of ENGIE reviewed and deliberated on the following matters: the Group's business performance and strategy, preparation of the 2014 financial statements, financial information for the first and third quarters of 2015, preparation of the 2015 interim financial statements, management planning documents, the 2015 interim dividend, the independence of Directors, evaluation of the Board's performance, convening the annual general meeting of shareholders and the extraordinary general meeting related to the change of company name to ENGIE, the public service agreement, the nuclear situation in Belgium, the review and mapping of Group risks in 2014-2015, the 2014 health and safety report and the 2016-2020 health and safety action plan, professional and pay equality policy, refinancing of the 2011 syndicated loan, renewal of the authorization to issue bonds and the authorization relating to sureties, guarantees and pledges, allocation of performance shares, the medium-term business plan, the composition of the Board and its Committees, the appointment of the Vice-Chairman & Lead Director, the appraisal and remuneration of the corporate officers, the progress made with Group digitization, and the progress made vis-à-vis discussions and the state of advancement of the business plan.

A strategy seminar held by the Board of Directors addressed the following topics: the financial aspects of implementing the strategic vision, the challenges associated with sustainable development and the role of non-financial targets, the human issues relating to mobilizing employees for the success of the Group, and rolling out the Group's strategic vision for activity based on coal, exploration and production, the gas value chain, centralized renewables, decentralized energy, sustainable mobility, and B2B services.

4.1.4 Standing Committees of the Board of Directors

Article 15.2 of the bylaws provides that to assist in its deliberations, the Board of Directors may create internal standing committees whose work will provide a basis for its decisions. Pursuant to Article 15.2 of the bylaws and Article 3 of the Board's Internal Regulations, these Committees are tasked with studying matters of concern to the Company that the Board or the Chairman have submitted for their opinion. They are also charged with preparing the Board's work and decisions on such matters and projects, and reporting their conclusions back to the Board in the form of reports, proposals, opinions, information or recommendations. The Committees perform their duties under the responsibility of the Board of Directors. No Committee may, under its own initiative, address any issue that falls outside the scope of its mission. Committees have no decision-making power. On the Chairman's recommendation and after deliberation, the Board of Directors appoints the members and Chairman of each Committee, based on the skills, experience and availability of each Director.

In principle, the term of office for Committee members is two fiscal years, unless the remainder of the term of office of the Directors in question is too short to complete the entire two-year period. In that case, the terms of office of Directors and Committee members shall end simultaneously. Committee members' terms of office are renewable, subject to their continuous service as Directors of the Company. All Committees are chaired by an independent Director.

In order to carry out their work, the Committees may interview members of Company and Group divisions and/or commission technical studies on matters within their competence at the Company's expense, provided that they have informed the Chairman of the Board about this, and that they report on it to the Board. If the Committees use the services of external consultants, they must ensure that the advice concerned is objective.

The Board of Directors is assisted by four Committees: the Audit Committee, the Strategy, Investment and Technology Committee, the Appointments and Compensation Committee and the Ethics, Environment and Sustainable Development Committee. The General Secretariat provides secretarial services to the Board Committees.

The Audit Committee

The Audit Committee has six members: Aldo Cardoso (Chairman), Edmond Alphandéry, Françoise Malrieu, Lucie Muniesa, Marie-José Nadeau and Caroline Simon.

The Audit Committee is made up of Directors with specific skills in finance and accounting (see the biographies in Section 4.1.1.3 "Information about Directors"). When appointed, they are provided with detailed information on the Group's accounts, finances and operations.

Operating procedures

Article 3.1 of the Internal Regulations sets out the rules and operating procedures of the Audit Committee, pursuant to the applicable regulations and to the Afep-Medef code of corporate governance for listed companies.

The Audit Committee's responsibilities include the following:

- to monitor the process of preparing financial information;
- to examine in advance, and provide an opinion on, the draft annual and interim financial statements, at least two days before these are submitted to the Board; examination of the financial statements must be accompanied by a presentation by the Statutory Auditors and by the Chief Financial Officer;
- to interview, whenever it deems necessary, the Statutory Auditors, General Management, Financial Management, Internal Audit and any other management personnel; if appropriate, these interviews may take place without the presence of members of General Management;
- to examine major financial press releases before they are released;
- to monitor the legal audit of the parent company and consolidated financial statements by the Statutory Auditors;
- to guide the selection procedure for the Statutory Auditors, and submit a recommendation to the Board on the appointment or reappointment of the Statutory Auditors;
- to ensure compliance with the principles guaranteeing the independence of the Statutory Auditors;

- to review each year with the Statutory Auditors the auditing fees paid by the Company and its Group to the networks to which the Statutory Auditors belong, their auditing plans and results of audits, as well as subsequent recommendations and follow-up;
- to evaluate the effectiveness and quality of the Group's internal control systems and procedures;
- to examine, with the internal audit managers, the measures and actions taken in the area of internal audit and subsequent recommendations and follow-up, without the presence of members of the General Management, if appropriate;
- to regularly obtain updates on the Group's financial position, cash position and significant commitments and risks;
- to review the Group policy in terms of risk control and the procedures for evaluating and managing these risks.

The Audit Committee met seven times in 2015, with an average attendance rate of 96%. The Statutory Auditors attended all of these meetings.

Activities

In 2015, the Audit Committee specifically addressed the following: budget forecasts, 2015 year-end estimates and forecasts and preparation of consolidated and parent company financial statements at December 31, 2014, financial information from the first and third quarters of 2015, interim and annual closing options and assumptions, preparation of the interim consolidated and parent company financial statements at June 30, 2015, the interim dividend for 2015, impairment tests, sector/IFRS 8 reporting, the Group's P&L performance indicators, renewal of authorizations to issue bonds and guarantees, quarterly internal audit reports, the audit mission plan for 2015 and the independence of internal audit, the review of the Group's internal audit and the Chairman's report on internal audit, review of the financial resolutions presented to the General Shareholders' Meeting, the half-yearly report on the Statutory Auditors' non-auditing assignments, prior approval of the work entrusted to the Statutory Auditors outside their auditing engagement (and exceeding €100,000 per engagement), and the independence of the Statutory Auditors and their schedule of work for 2015.

The Committee also addressed the following: reviewing and mapping risks in 2014-2015, the plan to reinforce risk management within the Group, analysis of the impact of weather on the Group's performance, the blueprint for the IT infrastructure and related action plans, risks relating to information systems, cybersecurity insurance, liability management and the refinancing of the 2011 syndicated loan, the 2015 cash flow plan, and feedback on the roadshows in 2014 and the first half of 2015.

Strategy, Investment and Technology Committee

The Strategy, Investment and Technology Committee has six members: Edmond Alphandéry (Chairman), Aldo Cardoso, Catherine Guillouard, Philippe Lepage, Lucie Muniesa and Lord Simon of Highbury.

Operating procedures

Article 3.2 of the Internal Regulations sets out the rules and operating procedures for the Strategy, Investment and Technology Committee.

The delegation threshold for the Chairman and CEO and for the Deputy Chief Executive Officer for investments and disinvestments is €500 million. The Committee must be notified of transactions of between €350 million and €500 million.

The Committee is tasked with providing the Board of Directors with its opinion on the Company's main strategic aims, particularly with regard to the strategic plan and the public service contract and all projects relative to external and internal growth, disposals, strategic agreements, alliances and partnerships that are submitted to the Board. The Committee also addresses strategic decisions relating to technological developments, as well as matters concerning the construction and upgrading of industrial facilities and annual and multi-year works programs, purchasing policy and significant real estate projects.

The Strategy, Investment and Technology Committee met eight times in 2015, with an average attendance rate of 94%.

Activities

The Committee specifically addressed the following subjects in 2015: technological breakthroughs, the structure and content of investment programs, the position of coal in the energy mix, risk relating to midstream natural gas activities, country and regulatory risks, the risk of transformation of the European electricity sector and the preparation of the Board's annual strategy seminar.

The Committee also reviewed a series of investment and disinvestment projects requiring approval by the Board of Directors.

A joint meeting of the Strategy, Investment and Technology Committee and the Audit Committee reviewed work on the medium-term business plan.

The Appointments and Compensation Committee

The Appointments and Compensation Committee has five members: Jean-Louis Beffa (Chairman), Françoise Malrieu, Anne-Marie-Mourer, Lucie Muniesa and Lord Simon of Highbury.

Operating procedures

Article 3.3 of the Internal Regulations of ENGIE sets out the rules and operating procedures for the Appointments and Compensation Committee. The Committee's role is to review and make recommendations to the Board of Directors on all applications for the position of Director that have to be submitted to the General Shareholders' Meeting for approval, as well as for the position of Committee member or Chairman. It also makes recommendations to the Board with regard to the succession of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer of the Company, as their terms of office approach expiry. It also reviews and makes recommendations to the Board of Directors on the compensation, pension and welfare plans, benefits in kind and various pecuniary rights, including, if applicable, performance share allocations, awarded to the Chairman and Chief Executive Officer and to the Deputy Chief Executive Officer, as well as to any members of the Board that hold employment contracts with the Company. It reviews all applications by the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for any corporate office in a listed company other than the Group, in order to inform the Board's opinion on this application.

The Chairman and Chief Executive Officer attends meetings of the Appointments and Compensation Committee, unless the meetings address matters that concern him.

The Committee also makes recommendations on performance shares allocated to the Executive Vice-Presidents. It gives an opinion on maintaining the benefit of bonus share allocations for members of the General Management Committee when these are normally lost by their holders when they leave the Group.

The Appointments and Compensation Committee met four times in 2015, with an average attendance rate of 90%.

Activities

In 2015, the Appointments and Compensation Committee examined, among other things, the independence and qualification of Directors, the composition of the Board Committees, achievement levels of 2014 targets by the corporate officers and the corresponding variable compensation, and, more generally, the compensation of corporate officers, the appointment of a Vice-Chairman & Lead Director, the verification of the performance conditions for the performance share plan of December 6, 2011, and the adoption of a performance share plan for 2015. The committee was also presented with the incentives structure for senior managers within the new organization.

Ethics, Environment and Sustainable Development Committee

The Ethics, Environment and Sustainable Development Committee has five members: Françoise Malrieu (Chairman), Ann-Kristin Achleitner, Alain Beullier, Mari-Noëlle Jégo-Laveissière and Barbara Kux.

Operating procedures

Article 3.4 of the Internal Regulations defines the rules and operating procedures for the Ethics, Environment and Sustainable Development Committee. This Committee ensures compliance with the individual and collective values that are the basis for the Group's actions and with the rules of conduct to which each employee must adhere.

The Committee met five times in 2015, with an average attendance rate of 96%.

Activities

In the area of ethics, as is the case every year, the Committee was presented with the ethical incidents report, the Group's ethics report and an update on the monitoring of ethical risks. It also reviewed reputational risk, the ethical due diligence policy for investment, and the outcomes of various audits. The Committee also received reports on the work conducted by Mazars, the accounting firm and statutory auditor, and ADIT, the business intelligence company, which resulted in certification of the Group's anti-corruption system and their recommendations. Lastly, the Committee heard the Group's mediator speak about the customers' point of view on ethical and reputational subjects.

In the area of environmental and societal responsibility, the integrated report, non-financial performance and preparatory work for COP21 were also submitted to the Committee. A special report on the various non-financial ratings was also prepared. Lastly, a reporting system for the Group's non-financial communications was set up for the Committee and the Board of Directors.

On the topic of social responsibility, the Committee reviewed the professional observatory, risks related to HR issues, the professional and pay equality policy, and, more generally, diversity, the health and safety report and the 2016-2020 health and safety action plan.

Lastly, the Committee carried out its annual evaluation of the Board of Directors, with the assistance of an external contributor.

4.1.5 Principles and rules for determining the compensation and benefits of corporate officers

Compensation and benefits of any kind awarded to corporate officers are determined by the Board of Directors on the proposal of the Appointments and Compensation Committee, taking into account practices with comparable companies in France and in Europe as well as the level of achievement of quantitative and qualitative targets set for each.

The principles and rules for determining such compensation and benefits are presented in Section 4.6 "Compensation and benefits paid to members of corporate governance bodies".

4.1.6 Corporate governance code

ENGIE maintains its commitment to implementing corporate governance guidelines and for this purpose refers to the Afep-Medef code of corporate governance for listed companies.

The following table sets out the Company's explanations for the non-application of some recommendations of the Afep-Medef Code.

Article of Afep-Medef Code	Explanation
Article 19 of the Code (Number of directorships of corporate officers)	Gérard Mestrallet holds three directorships in listed companies: SUEZ Environnement Company (term April 28, 2016), Société Générale (term 2019) and Siemens (term 2018). Although ENGIE no longer controls SEC, it is SEC's largest shareholder by far, with an equity interest of more than 30%, of almost €3 billion. The Board of Directors of ENGIE considers that effective monitoring of SEC falls directly within the scope of the duties of Chairman and Chief Executive Officer of ENGIE.
Article 23.2.4 of the Code (Purchase of additional shares when Performance Shares are available)	In view of the share ownership requirement set by the Board of Directors at 200% of fixed compensation for the corporate officers (and the requirement to hold two-thirds of vested Performance Shares until the ownership target is reached), the purchase of additional shares when Performance shares allocated are available was not mandated (see Section 4.6.5.1).

4.1.7 Internal control and risk management procedures implemented by the Company

The internal control and risk management procedures described below apply to the organization in force until December 31, 2015. From January 1, 2016, these procedures were adapted for the new organization described in Section 1.1.3 "Organization".

4.1.7.1 Internal control organization

4.1.7.1.1 Internal control objectives

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

- compliance with applicable laws and regulations;
- reliability of accounting and financial information;
- effectiveness and efficiency of operations.

ENGIE's aim is to have effective internal control systems in place at every level of responsibility, based on:

- an environment conducive to the implementation of an effective control system;
- responsibility of all players at every level of the organization for the implementation of internal control;
- consideration, at the control design stage, of the balance between the level of assurance required and the cost of implementation;
- using control results to improve operational performance.

4.1.7.1.2 Internal control standards

ENGIE has chosen an organization and procedures for internal control based on the model promoted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This organization and these procedures are consistent with the principles described by the AMF in its reference framework and take into account its application guide. These documents were published in January 2007 and updated with respect to risk management in July 2010. This organization and these procedures also take account of the recommendations of the report on the Audit Committee published by the AMF on June 14, 2010 as well as AMF Recommendation 2013-17, which was updated on January 13, 2015.

4.1.7.1.3 General internal control guidelines

The general internal control guidelines of ENGIE (INCOME program) address:

- the development and follow-up of an effective and sound coordination and monitoring program, for which management is responsible, and differentiated based on the needs of each management level, which can be adapted to different organizations and risks;
- a formal commitment by management at different organizational levels to implement an internal control system for their area of responsibility as well as improvement initiatives;
- the rollout of an internal control network to support management.

4.1.7.1.4 Scope of application of the INCOME program

ENGIE updates the scope of deployment of the INCOME internal control program every year (187 entities in 2015), through an approach based on financial data and a risk-based approach implemented with the support of functional and operational divisions.

These rules to establish the scope were adapted in early 2014 to determine the most appropriate internal control reporting methods for the risks and challenges identified. The internal control frameworks of the INCOME program and a specific questionnaire are made available to other entities (outside the INCOME scope) as best practices. These cover sensitive areas such as the segregation of duties and the protection of assets.

4.1.7.1.5 Internal control players

In addition to the information previously provided on the role of the corporate governance bodies (see Section 4 "Corporate governance"), the following should be noted:

- the Chairman and Chief Executive Officer ensures the proper functioning of internal control within the Group;
- an annual review of internal control is submitted to the General Management Committee and the Audit Committee;
- the business lines and functional divisions implement the INCOME program. They define their own control procedures in accordance with Group standards and policies and in a manner adapted to their specific activities. This allows them to supervise the internal control system's application to the activities within their specific area of responsibility and to confirm its effectiveness in meeting their needs.

Audit, Risk Management and Internal Control Division

The continuing dialog between the risk management, internal control and internal audit processes is strengthened by the fact that they are grouped within a single division.

Risk Management Department

(See Section 2.1 "Risk management process").

Internal Control Department

The Internal Control Department organizes the monitoring of the internal control program, in partnership with the functional divisions and the business lines, mainly to help manage the Group's most significant risks.

A Management Observatory for Internal Control was created to improve management's involvement in structural decision-making relating to internal control, such as the policy implemented and changes to the frameworks, and to increase understanding of management expectations in respect of internal control. This body, chaired by a member of the General Management Committee, examines changes to the internal control program proposed by the Head of Internal Control. The changes are then submitted by the Head of Internal Control to the General Management Committee for decision. The Observatory met twice in 2015.

The Internal Control Department also oversees continuous improvements to the internal control system (see Section 4.1.7.3.3 "Continuous improvement strategy").

The Internal Control Department oversees a network of coordinators responsible for running internal control to support the managers of the entities, providing methodology and instructions and organizing information and training sessions, and reporting to their management the performance during the year and improvement initiatives identified. The Internal Control Department also provides support to the functional divisions as they monitor the implementation of Group decisions.

Internal Audit Department

The Internal Audit Department is an objective function, independent of management, that assesses the smooth running of the Company in all areas, risk management, and the adequacy and effectiveness of the internal control system. It is supported by the internal audit organizations deployed in the business lines.

The Corporate Internal Audit team provides for implementation and control of observance of international professional standards established by the Institute of Internal Auditors.

The Internal Audit teams of each business line ensure, within their scope of engagement, implementation of the same professional standards as well as compliance with Corporate Internal Audit procedures and instructions.

Expert networks composed of internal auditors who have the required level of technical knowledge apply a cross-cutting approach to address issues of global interest for the Group (fraud and investigations, health, safety and environmental management, information systems, business process reviews, finance and accounting, and construction projects).

The Internal Audit Department draws up the Group audit plan every year, according to a four-step process:

- identification of the entities concerned by the annual audit plan;
- analysis and evaluation of the audit themes, in consultation with the various stakeholders and in synergy with Risk Management and Internal Control;
- consolidation of the audit themes identified in the various business lines and entities of the Group;
- enhancement of the annual audit plan through its validation by the General Management bodies of the business lines and the Group and then its approval by the Audit Committee.

In addition, the Internal Audit Department provides the Group's senior managers and governance bodies with additional assurance on the effectiveness of the Group's internal control measures. It reviews the internal control system and carries out long-term testing of the controls. Thus, it looks at the quality of the self-assessments carried out by the business managers and the commitment of senior managers.

Audit engagements result in the formulation of recommendations – prioritized according to importance – designed to improve management processes and internal control effectiveness. All recommendations are included in management action plans. On due date, the auditors verify that corrective actions have been effectively implemented. A summary of findings and corrective actions is regularly presented to the managers of the subsidiaries, the Executive Committees of the business lines, the Group General Management Committee and the Group Audit Committee.

Internal auditors coordinate their work with the Statutory Auditors in order to ensure the consistency and increase the effectiveness of their respective activities.

4.1.7.2 The internal control system

4.1.7.2.1 Control environment

The control environment of the entities is assessed annually, using questionnaires structured according to the components of the COSO and appropriate for the area of business under assessment. This approach is supplemented by the implementation of specific controls for delegations of authority, compliance with ethics principles and information systems management. It also includes a half-yearly review of controls designed to prevent and detect fraud.

4.1.7.2.2 Identifying and assessing risks

In addition to the risk management process previously described (see Section 2.1 “Risk management process”), dialog is established between the Risk Management and Internal Control functional lines.

Synergies between the risk management and internal control approaches are a natural result of this context. They can be illustrated using the following examples:

- establishment of the scope of the INCOME internal control program according to the risks identified (see Section 4.1.7.1.4 “Scope of application of the INCOME program”);
- execution of INCOME program internal controls, helping to better control risks related to important issues, such as industrial risks;
- sharing of feedback on each of the approaches implemented.

4.1.7.2.3 Control activities

The INCOME program covers around 60 core, support and global processes that are used depending on the entity’s risks and reported at Group level.

The pertinence of these controls and potential adjustments are examined according to feedback, organizational changes and new decisions issued by the General Management and the functional divisions.

4.1.7.2.4 Information and communication

Group-level organizational decisions, the internal control frameworks, instructions, training tools and methodology guides for internal control can be viewed and downloaded via the Group intranet.

In 2015, new e-learning modules were developed for the business process owners, internal controllers and managers. These modules address the internal control objectives, the methodology and the reporting tool.

4.1.7.2.5 Coordination and monitoring of internal control

The internal control system comes under the jurisdiction of a decision signed by the Chairman and Chief Executive Officer. It is managed as follows:

- monthly monitoring of the internal control program (self-assessments, audits);
- presentation of an annual summary report to the entities’ management teams in order to give Group managers concise information about the degree of internal control maturity of their entity;
- establishing roadmaps for the key improvement initiatives to be implemented by the operating entities and the main functional divisions;
- coordinating the Internal Control functional line with the other functional lines taking forward an approach that will contribute to improving the functioning of activities.

The Internal Control functional line is coordinated through monthly meetings with the business lines. These meetings are supplemented, when necessary, by the creation of working groups and the deployment of education and training actions.

4.1.7.3 Implementation of internal control

4.1.7.3.1 Compliance with laws and regulations

The General Secretariat (the Legal Division and the Management Bodies and Group Governance Division) helps to create a secure legal framework for the Group’s operations and the decisions of management. These teams are responsible for providing the business lines and functional divisions with the necessary support, each in their area of expertise and responsibility. Such support is mainly provided through (i) operational contributions to contractual negotiations, litigation and arbitration, reviews and protective actions concerning the Group’s and its directors’ liability, in the area of personal data protection, financial and stock market regulation and intellectual property rights, (ii) the actions of centers of expertise in competition law, regulations and financial law, (iii) legal analyses carried out for the commitment committees, (iv) mapping legal risks and, more generally, (v) managing the legal functional line for which the Legal Division is responsible.

Compliance with laws and regulations remains the responsibility of each business line and each functional division in its respective area of responsibility. Implementation of internal control objectives with regard to compliance with laws and regulations is performed at each level of management throughout the Group. For example, certain cross-disciplinary compliance objectives are managed by the relevant Corporate functional divisions:

- within the General Secretariat, the Ethics and Compliance Division is responsible for drafting ENGIE’s ethics and compliance rules, as well as ensuring that such rules are actually applied in accordance with the laws and regulations in force;
- the Finance Division ensures ENGIE’s compliance in matters of accounting, finance and taxation. It is in charge of regulatory financial reporting;
- the Group Human Resources Division is in charge of compliance with current labor legislation and regulations and carries out the regulatory employment reporting;
- the Environmental and Societal Responsibility Division is responsible for compliance with environmental laws and regulations throughout ENGIE. It assesses the environmental maturity of the Group’s various businesses and is in charge of regulatory environmental reporting.

4.1.7.3.2 Reliability of accounting and financial information

The control environment

The structure of the financial function is based on:

- the Corporate functional divisions: Group Accounting; Group Management Control and Planning; Finance, Treasury and Insurance; Tax; Investments and Acquisitions; Group Major Projects; and Investor Relations;
- the Financial Divisions of each of the business lines. These oversee their BUs and reporting entities; the latter are responsible for the production and content of their financial statements and their internal control.

Responsibility for the preparation and the control of accounting and financial information is defined at each level of the Group’s organization (Corporate Management, business lines, BUs and reporting entities).

This internal control system is consistent with the AMF reference framework. It covers not only the processes for preparing financial information, but also all upstream operational processes contributing to the production of this information.

The main applicable procedures for the preparation of the parent company and consolidated financial statements are based on two tools:

- the manual of Group accounting policies issued by the Group Accounting Department. It is updated on a regular basis according to changes in international standards;
- closing instructions sent out prior to each consolidation phase. These cover the assumptions made when preparing the year-end accounts (exchange rates, discount rates and tax rates, for example), the scope of consolidation, the timetable for submitting data, the specific points requiring attention for closing, and the main changes in accounting regulations and standards. The instructions also include a definition of the performance indicators used by the Group.

Identifying and assessing risks

The main risks are monitored and managed as follows:

- the results obtained through the various approaches implemented (analysis of specific risks in the reporting and communication process using feedback) are used to create action and communication plans for the functional lines in question;
- budgetary processes and medium-term plan (MTP), performance monitoring, regular meetings at which the finance functions are mostly stakeholders, and meetings of the General Management Committee enable to monitor and manage the main risks identified;
- specific risks associated with processes for preparing and communicating financial information are also reviewed and are monitored at closing.

Control activities

Preparation of monthly financial reports and consolidated financial statements

At the Corporate level, the Group Accounting Department and the Group Management Control and Planning Department, which both report to the Finance Division, coordinate their activities at weekly meetings attended by their key managers.

The Group Accounting Department drives the process of producing the consolidated financial statements, supported by the consolidation teams and the management control departments of Corporate Management and the business lines.

Each of these entities carries out controls in its own area of responsibility to ensure that Group accounting standards and policies have been circulated and correctly applied. This principle of subsidiarity allows second-tier controls to be applied to the information prepared:

- controls at the business line level on the information passed on to this level by the BUs and reporting entities;
- controls at the Corporate Management level on the information passed on to this level by the business lines.

Within the Group Accounting Department, three centers of expertise (Accounting IT, Consolidation Process and Accounting Standards) optimize the way in which complex technical issues are handled and resolved. These centers, resulting from pooling expertise throughout the Group, ensure that both the analyses performed and the resulting positions adopted are of a consistently high standard.

The role of the Group Management Control and Planning Department is explained in the paragraph "Setting objectives and coordination" below.

Key players in control

All reporting levels in the Group carry out activities that contribute to the preparation of accounting and financial information. These activities must comply with the internal control guidelines developed at the Corporate level by the Internal Control Department under the aegis of the INCOME program. The players concerned are the following:

- the Finance Division of each BU and reporting entity, which formally validates the accounting and financial reporting package;
- the Finance Division at the business line, which implements procedures with all operating subsidiaries, including a decentralized management control (see below the paragraph "Setting objectives and coordination");
- the Group Accounting Department, which is in charge of financial reporting, preparing the parent company financial statements (of ENGIE and the financial vehicles managed by Corporate), the consolidated financial statements, and liaising with the accounting departments of the AMF.

The Group implements a formalized system which commits operational and financial managers, with regard to the accuracy and fairness of the financial information passed on by the reporting entities to the business lines and then by the business lines to Corporate Management, as well as with regard to the internal control systems, which contribute to the reliability of this information throughout the information chain mentioned in the above paragraph, "The control environment".

Information and communication

Accounting and financial information systems

The consolidated reporting entities all use the SAP software package "Business Objects Financial Consolidation" (SAP B.F.C., formerly Magnitude) for the Group financial consolidated statements and Management reporting.

The application is managed jointly by:

- the Accounting IT Center of Expertise, which handles administrative tasks and system configuration and provides operating assistance to users;
- the Information Systems Division, which is in charge of specific underlying infrastructures.

Other information systems used in the preparation of accounting and financial information are managed as appropriate on a decentralized basis by the business lines' and subsidiaries' IT departments.

Preparing and validating the Annual Report

The General Secretariat is in charge of preparing the Registration Document filed with the AMF, which includes the annual report and involves the following:

- defining the procedures for submitting and validating the information that will appear in the Registration Document;
- overseeing the work of the Registration Document Steering Committee;
- liaising with the AMF and applying its regulations.

The Finance Division is responsible for the "Financial information" section, which includes the consolidated financial statements, the parent company financial statements and the report on the financial position.

Preparing and approving press releases

The Communications Division applies the policies set by the "Communication with the press" procedure. These rules specifically indicate:

- the coordination of activities among the Corporate communications and business line communications teams;
- the implementation of the process for providing information and/or validating press releases;
- a monitoring system and appropriate rules of crisis communication.

Relations with analysts and investors

The Finance Division also uses the current "Missions and operating principles of financial communication" procedure, which sets out management principles for the Group's financial communication and clearly defines its activities in areas concerning analyst and investor relations and market intelligence.

Within the Finance Division, the Investor Relations Division steers and coordinates the market presentation process, including the quarterly, interim and annual financial data, as well as information about major transactions.

Setting objectives and coordination

The General Management updates and communicates the Group's overall objectives and the allocation of resources to the business lines. The Group Management Control and Planning Department, which reports to the Finance Division, prepares instruction memos for each of the business lines. These memos specify the macroeconomic assumptions to be applied, including assumptions on commodities prices set by the Strategy Division, the financial and non-financial indicators, the schedule, and the segmentation of the scope of activity. Each business line is responsible for sending these instructions to its subsidiaries and reporting entities within its scope after tailoring them to the specific characteristics of its business activity.

Management control is performed in a decentralized manner to reflect the specific characteristics of each business activity. In particular, it must take into account the instructions circulated periodically by the Group Management Control and Planning Department, the implementation instructions for the SAP B.F.C. software application, and the manual of Group accounting policies.

For each business line, a Business Line Committee validates the objectives set for the following year and the corresponding budget, as well as the outlook beyond the current year derived from the budget process and the medium-term plan to be used as the basis for the impairment testing of goodwills and long-term assets. This Committee meeting, prepared by the finance functional line under the responsibility of the Group Management Control and Planning Department, brings together representatives from the General Management, the Group functional divisions, and the operational and finance divisions of each business line. The Group's consolidated budget and medium-term plan are presented to the Audit Committee before being submitted to the Board of Directors.

At subsequent Business Line Committee meetings, actual figures are compared to the budget and any adjustments to annual forecasts are validated by the Group's General Management.

Improving the process for preparing and processing financial information is the responsibility of each business line financial director and each functional director. Feedback is given to verify that the production processes for accounting and financial information are functioning properly. When necessary, internal audits in the reporting entities and at the various organizational levels can also verify process quality.

4.1.7.3.3 Continuous improvement

Implementation of internal control in the Group is part of our aim to continuously improve, streamline and optimize the control system, based on the following principles:

- risk analysis;
- drawing up and enhancing internal control frameworks, working closely with the functional divisions to support Group policies;
- engaging in dialog with the various business activities;
- adapting controls according to changes in risks.
- overseeing and training coordinators in the entities.

4

4.1.8 Statutory provisions regarding the participation of Shareholders at Shareholders' Meetings

The Company bylaws stipulate that all shareholders are entitled to attend General Shareholders' Meetings on condition that their shares are fully paid up. Each share entitles the holder to vote and be represented at General Shareholders' Meetings, in accordance with current law and the bylaws. Ownership of one share entails automatic acceptance of these bylaws and of all decisions of the Shareholders' Meetings of the Company. Unless otherwise provided for by law, each shareholder has as many voting rights and may cast as many votes at meetings as he or she holds shares, which are fully paid up. Effective April 2, 2016, in accordance with Article L. 225-123 of the French Commercial Code, all registered and fully paid-up shares registered in the name of the same beneficiary for at least two years are automatically entitled to a double voting right (see Section 5.1.1.3 "Voting rights").

The terms for the participation of shareholders at General Shareholders' Meetings are detailed in Section 7.1.5 "General Shareholders' Meetings".

Provisions relating to procedures for shareholders' attendance at General Shareholders' Meetings and shareholders' voting rights are set out in Section 7.1.3 "Rights, privileges and restrictions attached to shares" and in the bylaws (Articles 10, 11, 12 and 20).

The information stipulated by Article L. 225-100-3 of the French Commercial Code is published in Sections 3.2 "Social information", 4.6 "Compensation and benefits paid to members of corporate governance bodies", 5.1 "Information on the share capital", 5.2 "Shareholding" and 7.1 "Specific statutory provisions and bylaws".

4.2 General Meeting of May 3, 2016 – Composition of the Board of Directors

The Board of Directors has decided to convene a Combined Ordinary and Extraordinary General Meeting, which will take place on May 3, 2016. The agenda will focus on the appointment of 4 directors or, more precisely, the renewal of 2 Directors' terms of office and the appointment of 2 Directors.

The terms of office as Director of Gérard Mestrallet, Isabelle Kocher, Jean-Louis Beffa and Lord Simon of Highbury will expire at the end of the next General Meeting. Jean-Louis Beffa and Lord Simon of Highbury have announced their decision not to seek renewal of their term as Director. On the recommendation of the Nomination and Compensation Committee, the Board of Directors proposes to renew the terms of office of Gérard Mestrallet and Isabelle Kocher and to appoint independent Directors Fabrice Brégier and Sir Peter Ricketts (to replace Jean-Louis Beffa and Lord Simon of Highbury).

These directors will be appointed for a four-year term expiring at the end of the Ordinary General Meeting which will be called in 2020 to approve the accounts of the fiscal year ending December 31, 2019.

The appointment of Sir Peter Ricketts will take effect on August 1, 2016, by his acceptance of this directorship and subject to the approval of the British authorities in line with the rules applicable to high-level British civil servants.

After the vote on these resolutions, the Board of Directors will be composed of 18 members, including 7 independent, 11 women, and 3 foreign national directors. As of August 1, 2016, if the appointment of Sir Peter Rickets comes into effect, the Board of Directors will then be composed of 19 members as follows:

- 8 independent directors, representing 53% of the Board (percentage pursuant to the Afep-Medef Code, the number of directors representing employees and employee shareholders is not taken into account in calculating the percentage of independent Directors);
- 11 women, representing 63% of the Board (pursuant to the law and the Afep-Medef Code, the number of Directors representing employees – who are not elected by the General Shareholders' Meeting – is not taken into account in calculating the proportion of women and men);
- 4 non-French, representing 21% of the Board.

4.3 Statutory auditors' report, prepared in accordance with article L. 225-235 of the French commercial code (Code de commerce), on the report prepared by the chairman of the board of directors of ENGIE

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction and constructed in accordance with French law and the relevant professional standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of ENGIE and in accordance with article L. 225-235 of the French commercial code (*Code de commerce*), we hereby report on the report prepared by the chairman of your company in accordance with article L. 225-37 of the French commercial code (*Code de commerce*) for the year ended December 31, 2015.

It is the chairman's responsibility to prepare and submit for the board of directors' approval a report on the internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French commercial code (*Code de commerce*) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by article L. 225-37 of the French commercial code (*Code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information.

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the chairman of the board of directors in accordance with article L. 225-37 of the French commercial code (*Code de commerce*).

Other information

We confirm that the report prepared by the chairman of the board of directors also contains the other information required by article L. 225-37 of the French commercial code (*Code de commerce*).

Neuilly-sur-Seine and Paris-La Défense, March 4, 2016

The statutory auditorsFrench original signed by

Deloitte & Associés	**Ernst & Young et Autres**
Véronique Laurent	Pascal Macioce

4.4 General Management

The Company's General Management is the responsibility of Gérard Mestrallet, Chairman and Chief Executive Officer, and Isabelle Kocher, Deputy Chief Executive Officer. Pursuant to the law, the Deputy Chief Executive Officer assists the Chief Executive Officer. The Chairman and Chief Executive Officer and the Deputy Chief Executive Officer have the same powers to represent the Company with regard to third parties. According to internal rules, the respective powers of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer are determined by the Board of Directors and the Internal Regulations of the Board, which sets their limits (see Section 4.1.3.1 "Powers of the Board of Directors").

In preparation for the ENGIE Annual Shareholders' Meeting of May 3, 2016, the Appointments and Compensation Committee met on February 22, 2016, followed by the Board of Directors on February 24, 2016, to discuss the separation of the functions of Chairman and Chief Executive Officer. On the recommendation of the Appointments and Compensation Committee, the Board expressed its desire to separate the functions of Chairman of the Board and Chief Executive Officer after the Annual Shareholders' Meeting of May 3, 2016 and to appoint (i) Gérard Mestrallet as Chairman of the Board, provided that his directorship is renewed at the Annual Shareholders' Meeting of May 3, 2016 and that the age limit for serving as Chairman of the Board as provided for in the bylaws is raised from 67 years to 69 years, and (ii) Isabelle Kocher as Chief Executive Officer, provided that her directorship is renewed at the same Shareholders' Meeting. The Board therefore decided to submit draft resolutions to the Annual Shareholders' Meeting of May 3, 2016 on the renewal of directorships and the age limit, and to submit the relevant decisions to the Board of Directors meeting following that Shareholders' Meeting.

The balance of governance at ENGIE is chiefly based on:

- balanced Board composition in terms of independence, expertise, diversity and nationalities;
- four specialist Board Committees, each chaired by an independent Director and including a majority of independent Directors;
- a balanced organization of the relationship between General Management and the Board based on (i) limits on the power of General Management, as the Board's agreement is required for significant transactions; (ii) regular interaction between the non-executive Directors and the members of the General Management Committee when specific presentations are made to the Board, including during the annual strategy seminar and meetings of the Board Committees; and (iii) regular provision of information to the Directors, including between meetings;
- an annual assessment of the Board's operations, performed under the guidance of an independent Director;
- an annual review of the performance evaluation and compensation of corporate officers in the Board of Directors, not attended by the executive concerned;
- the powers conferred by the bylaws on one-third of the Directors to convene a Board meeting and to set an agenda, if the Board has not met for more than two months.

A **General Management Committee** of ENGIE, chaired by the Chairman and Chief Executive Officer or the Deputy Chief Executive Officer, is responsible for steering the Group. The Committee determines the strategic decisions of ENGIE according to the guidelines set out by the Board of Directors. It meets, in principle, every week. The General Management Committee has the 11 following members as of the date of this document:

Gérard Mestrallet, *Chairman and Chief Executive Officer*
Isabelle Kocher, *Deputy Chief Executive Officer and Chief Operating Officer*
Valérie Bernis, *Executive Vice-President, Communications, Marketing and Environmental and Societal Responsibility*
Pierre Chareyre, *Executive Vice-President* (1)
Henri Ducré, *Executive Vice-President in charge of Group Human Resources* (2)
Judith Hartmann, *Executive Vice-President, Chief Financial Officer* (3)
Didier Holleaux, *Executive Vice-President* (1)
Sandra Lagumina, *Executive Vice-President* (4)
Pierre Mongin, *Executive Vice-President* (5)*, General Secretary* (1)
Jérôme Tolot, *Executive Vice-President*
Willem Van Twembeke, *Executive Vice-President*

(1) Since July 1, 2015
(2) Until the summer of 2016
(3) Since March 16, 2015
(4) Since January 1, 2016
(5) Since May 1, 2015

Jean-Claude Depail was a member of the General Management Committee until December 31, 2015. Dirk Beeuwsaert, Alain Chaigneau and Jean-Marie Dauger were also members of the General Management Committee until June 30, 2015.

Pierre Deheunynck will be appointed Executive Vice-President in charge of Group Human Resources in the summer of 2016.

The General Secretariat provides administrative services for the General Management Committee.

The Executive Committee was disbanded on December 31, 2015.

4.5 Statutory Auditors' special report on regulated agreements and commitments, transactions with related parties, service contracts

4.5.1 Statutory Auditors' special report on regulated agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report to you on its regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you, in accordance with Article R. 225-31 of the French Commercial Code, about the continuation during the year of agreements and commitments previously approved by the Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional standards issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

4

A. Agreements and commitments submitted to the Shareholders' Meeting

A.1. Agreements and commitments authorized during the year

Pursuant to Article L. 225-40 of the French Commercial Code, the following agreements and commitments, which were previously authorized by your Board of Directors, have been brought to our attention.

A.1.1. With Suez Environnement Company (participating interest of 33.55%)

Directors concerned

Gérard Mestrallet, Chairman and Chief Executive Officer of ENGIE and Chairman of the Board of Directors of Suez Environnement Company, and Isabelle Kocher, Director, Deputy CEO and Chief Operating Officer of ENGIE and a Director of Suez Environnement Company.

Nature, purpose, terms and reasons: Contribution of the entire share capital of SUEZ IP, which owns all intellectual property rights related to the SUEZ brand

At its meeting of December 16, 2015, the Board of Directors, with the exception of Mr. Mestrallet and Ms. Kocher, who abstained, gave its unanimous prior approval for a contribution agreement entailing the transfer to Suez Environnement Company of the entire share capital of SUEZ IP, which owns all intellectual property rights related to the SUEZ brand.

The main terms and conditions of this transaction, as defined in the contribution agreement, are as follows:

i. the contribution by ENGIE to Suez Environnement Company of all shares it holds in SUEZ IP, representing 100% of the share capital of this company;

ii. valuation of the entire SUEZ IP share capital contribution at €30 million;

iii. consideration for this contribution by the issuance of 1,757,778 common shares of Suez Environnement Company, representing approximately 0.3% of its share capital and voting rights.

The transaction is expected to be completed by April 30, 2016, after submission of the valuation expert's reports on the value of the contribution and the fairness of the exchange ratio.

This transaction will terminate the brand licensing agreement with Suez Environment Company, described in section B.1. of this report.

Your Board justifies this agreement as follows: Suez Environnement Company uses the Suez brand name free of consideration under the above-mentioned agreement. This contribution agreement will allow Suez Environnement Company to continue using the Suez name for consideration deemed by ENGIE to be "balanced" and will allow the Group to continue using the "GDF SUEZ" name during the necessary transition period.

A.1.2. With Isabelle Kocher, Director, Deputy CEO and Chief Operating Officer of ENGIE

Nature, purpose, terms and reasons: Isabelle Kocher's pension, benefit and health care plans

a) Maintenance of collective benefit and health care plans

At its meeting of March 16, 2015, the Board of Directors unanimously decided, with the exception of Ms. Kocher, who did not take part in the discussions or the voting, to maintain, as from January 1, 2015, the collective pension, benefit and healthcare plans that have been in place for Isabelle Kocher since before her employment contract was suspended.

Your Board justifies this agreement as follows: the proposed measures will allow the Group to compensate its Deputy Chief Executive Officer under terms that are in line with market conditions.

This agreement relating to collective benefit and healthcare plans is submitted for your approval, pursuant to Article L. 225-40 of the French Commercial Code.

b) Maintenance of supplementary collective defined-benefit pension plans

At its meeting of March 16, 2015, the Board of Directors decided by a majority of directors taking part in the vote, to maintain, as from January 1, 2015, the supplementary collective pension plans that have been in place for Ms. Kocher since before her employment contract was suspended.

Isabelle Kocher's pension rights were found to be consistent with the new law for growth, activity and equal economic opportunities (the Macron Law), which was passed by the French National Assembly on August 6, 2015. The Company thus applied this law ahead of its full passage by the legislature.

As a result, the annual increase of the conditional rights to annuities under supplementary defined-benefit pension plans covering Isabelle Kocher is capped at 3% of the annual compensation used as a basis for calculating the annuity. In addition to the 3% cap, the increase in Ms. Kocher's defined-benefit pension plan is subject to performance conditions defined and evaluated yearly by the Board of Directors. For 2015, the increase was thus calculated by the Board as the arithmetic mean obtained after applying the four following criteria, with each one weighted equally: Recurrent net income, Group share, per share, ROCE, FCF after interest expense, and Net debt. When this average is (i) greater than 100%, the annual increase is capped at 3%, (ii) equal to or less than 40%, the annual increase is capped at 1% and (iii) greater than 40% without exceeding 100%, the cap is calculated linearly between 1% and 3%.

On March 10, 2016, the Board of Directors acknowledged Ms. Kocher's waiver of this benefit and voted to nullify the Board decision of March 16, 2015 to maintain, beyond January 1, 2015, the supplementary collective retirement plans benefiting Isabelle Kocher before her employment contract was suspended. Consequently, the Board noted that Ms. Kocher's rights under these supplementary retirement plans would be frozen and preserved as of December 31, 2014.

The deliberations on the supplementary retirement plan and the corresponding waiver, justified by the Board in section A.2. below are submitted for your approval, pursuant to Article L. 225-42-1 of the French Commercial Code.

A.2. Agreements and commitments authorized after closing

The following agreements and commitments since the year end, previously authorized by your Board of Directors, have been brought to our attention.

With Isabelle Kocher, Director, Deputy CEO, and Chief Operating Officer of ENGIE

Nature, purpose terms and reasons: The benefit of a new supplementary defined-contribution plan

At its meeting on March 10, 2016, the Board of Directors decided to set up a new supplementary retirement plan for Isabelle Kocher whereby the company no longer guarantees the amount of pension but pays an annual matching contribution, half of which comprises contributions paid to a third-party organization under an optional defined-contribution retirement plan (Article 82) and half is a cash sum, to take account of the immediate taxation on commencement of this new mechanism. The matching contribution will correspond to 25% of the amount of fixed compensation and actual variable compensation payable for the year in question. It will also depend on the company's performance since the calculation base already includes the variable portion linked to the Group's results. Accordingly, the Board of Directors decided to pay a matching contribution of €366,091 for the 2015 fiscal year.

Your Board justifies this agreement as follows: This new mechanism, without prejudice to her entitlements accrued under the collective plans corresponding to her employment prior to the suspension of her employment contract which have been frozen and safeguarded, this new mechanism will give Isabelle Kocher a dedicated retirement plan based on her current and future compensation, reflecting the significance of her position as chief executive officer. It is intended that this new policy will be applied to all executive corporate officers who are promoted to chief executive officer at the head of the Group when their employment contract is suspended.

The agreement on a supplementary defined-contribution retirement plan is subject to your approval pursuant to Article L. 225-40 of the French Commercial Code.

B. Agreements and commitments previously approved by the Shareholders' Meeting

B.1. Agreements and commitments approved in prior years whose implementation continued during the year

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed that the implementation of the following agreements and commitments which were approved by the Shareholders' Meeting in prior years continued during the year.

With Suez Environnement Company (participating interest of 33.55%)

Directors concerned

Gérard Mestrallet, Chairman and Chief Executive Officer of ENGIE and Chairman of the Board of Directors of Suez Environnement Company, and Isabelle Kocher, Director, Deputy CEO and Chief Operating Officer of ENGIE and a Director of Suez Environnement Company.

a) Nature, purpose and terms: Amendment to the trademark license agreement and transition agreement regarding external purchases

A shareholders' agreement was signed in June 2008, just before the merger of Suez and Gaz de France, for a period of five years from July 22, 2008; it allowed for control of 48% of the capital of Suez Environnement Company along with the other shareholders in the agreement, including 35% held by Suez alone.

This agreement expired on July 22, 2013, resulting in the loss of control of Suez Environnement Company by ENGIE. This change in the situation resulted in a review of the governance of Suez Environnement Company, which was examined by the Board of Directors at its meeting of July 31, 2013. The Board also planned to sign two important agreements relating to the Suez brand and to external purchasing.

At its meeting of September 25, 2013, the Board of Directors unanimously authorized these agreements, signed on October 1, 2013, which respectively provide for:

- An addendum to the trademark license agreement, under whose specific terms ENGIE has the right to terminate the trademark license agreement if ENGIE ceases to hold an interest of more than 20% in Suez Environnement Company, or if another shareholder (or several shareholders acting together) holds more than 20% of the capital and said other shareholder holds more than the ENGIE interest.

  In this event, the Group would have the right to terminate the trademark license agreement after serving 12 months' notice, and thus to withdraw the right to use the name "Suez".

  As a reminder, this trademark license agreement, signed in 2008, concerned the granting by Suez to Suez Environnement for five years, on a tacitly renewable, non-exclusive and free basis, the right to use the "Suez" brand in its company name, and in other specific brands.

  As previously stated, the contribution agreement described in section A.1.1. of this report will terminate this brand licensing agreement.
- A transition agreement concerning external purchases for a limited period, i.e. until July 31, 2015, allows both companies to leverage both volumes and synergies with regard to external suppliers.

b) Nature, terms and purpose: Guidelines, industrial cooperation and marketing agreement and agreement relating to the settlement of disputes in Argentina

A cooperation and shared services agreement was entered into between Suez and Suez Environnement Company. Pursuant to this agreement, Suez and Suez Environnement Company agreed to continue their cooperation, mainly in the areas of strategy, accounting, internal control, audit and risk management, finance, tax policy, IT services and communications, it being specified that all of the rights and obligations of Suez arising under the agreement were transferred to ENGIE. The end of the shareholders' agreement also resulted in the termination of this agreement on the same date.

In view of the non-renewal of the shareholders' agreement and in order to extend the industrial, commercial and service cooperation agreement, ENGIE and Suez Environnement announced on January 23, 2013 that they had concluded an agreement establishing "Guidelines and industrial and commercial cooperation policies between ENGIE and Suez Environnement Company".

This agreement, which was signed on January 17, 2013, is known as the "Guidelines" and relates to five areas: reciprocal preference in purchasing/sales, development of synergies between industrial activities, development of joint commercial offerings, and the partnership between sustainable development policy and commercial coordination of marketing, innovation and R&D.

At its meeting of December 5, 2012, the Board of Directors unanimously approved the signing of the draft guidelines and industrial and commercial cooperation policies presented to it.

In connection with the spinoff-distribution of the Suez Environnement Division, Suez and Suez Environnement Company had entered into a 20-year agreement with respect to the economic transfer, in favor of Suez Environnement Company, of the rights and obligations related to the shareholding interests held by Suez in the Argentine companies Aguas Argentinas and Aguas Provinciales de Santa Fé, relating thereto or arising therefrom (the "Argentine Rights").

This agreement was previously authorized by the Suez Board of Directors at its meeting of June 4, 2008, and signed on June 5, 2008.

In 2015, Suez Environnement Company reinvoiced €0.3 million in attorney and advisory fees to ENGIE.

B.2. which were not implemented during the year

Furthermore, we have been informed of the continuation of the following commitments and agreements already approved by the Shareholders' Meeting in previous years, which were not performed during the past year.

B.2.1. With Crédit Agricole Corporate and Investment Bank ("Crédit Agricole CIB")

Director concerned

Edmond Alphandéry, director of ENGIE and of Crédit Agricole CIB.

Nature, purpose and terms: Nord Stream guarantee

Nord Stream AG is a Swiss company formed for the purpose of building and operating two offshore natural gas pipelines extending across the Baltic Sea from Russia to Germany. Its current shareholders are OAO Gazprom (51%), E.ON Ruhrgas AG ("E.ON") (15.5%), Wintershall Oil AG (15.5%), NV Nederlandse Gasunie (9%) and ENGIE SA ("ENGIE") (9%). The Group acquired an interest in Nord Stream AG on July 1, 2010 through the purchase by GDF SUEZ Holding Switzerland AG (a wholly-owned subsidiary of GDF International, itself a wholly-owned subsidiary of ENGIE) of a 4.5% stake from E.ON Ruhrgas AG and a 4.5% stake from Wintershall.

The project financing had two phases (Phase I and Phase II), corresponding to the two pipelines.

- Project financing for Phase I was authorized by the Board of Directors on June 23, 2010. This authorization was confirmed by the Board of Directors on January 13, 2011 following a number of amendments to acknowledge the entry of ENGIE into the project on July 1, 2010 and the implementation of financing for Phase II.
- Project financing for Phase II was authorized by the Board of Directors on January 13, 2011.

On October 11, 2012, ENGIE, as a Sponsor in the financing project, signed a Change in Law Commitment Agreement covering the risk of a change in law (excluding Russian law) between April 16, 2009 (date of signing the Gas Transportation Agreement) and: (i) May 14, 2010 (date of the closing of the project financing for Phase I) for Phase I lenders; and (ii) the date of the closing of the project financing for Phase II for Phase II lenders, which would prevent Nord Stream AG from providing transportation services for its client, Gazprom Export, under the Gas Transportation Agreement, which is the only source of income for Nord Stream AG. ENGIE's commitment under the Change in Law Commitment Agreement would be limited to 9% of shareholders' contributions needed by Nord Stream AG to pay senior debt obligations and operating costs for the duration of the financing.

To date this guarantee has not been invoked.

B.2.2 With Suez Environnement Company (participating interest of 33.55%)

Director concerned

Gérard Mestrallet, Chairman and Chief Executive Officer of ENGIE and Chairman of the Board of Directors of Suez Environnement Company and Isabelle Kocher, Director, Deputy CEO, and Chief Operating Officer of ENGIE.

Nature, purpose and terms: Sharing of pension obligations between ENGIE and Suez Environnement Company

In connection with the non-renewal of the Shareholders' Agreement, which was approved by the Board of Directors at its meeting of December 5, 2012 and which expired on July 22, 2013, ENGIE no longer controls Suez Environnement Company and its subsidiaries.

As a result of the change in the relationship between ENGIE and Suez Environnement Company, it became necessary to sign an agreement designed to avoid a situation in which no account is taken, when calculating the pension rights resulting from the supplementary defined-benefit plans, known as "TC and TD", of a portion of the working periods of employees who spent their careers at both the ENGIE and Suez Environnement Company groups.

This agreement, previously authorized by the Board of Directors on February 26, 2014, was signed on March 5, 2014. It provides that working periods completed at the ENGIE group until July 22, 2013 are taken into account when calculating rights by the Suez Environnement group, and that working periods completed at the Suez Environnement group until July 22, 2013 are taken into account when calculating rights by the ENGIE group, provided that these working periods created rights pursuant to pension regulations under the version in effect on July 22, 2013.

After evaluating the employee benefits for each of the two groups, the €59,266 credit balance was transferred to the Suez Environnement Group in fiscal year 2014.

This agreement also provides that, in the event that employees not identified as of the date of signature of the agreement and therefore not taken into account under the above mentioned evaluations, should seek the legal liquidation of rights under these retirement plans, ENGIE and Suez Environnement Company would meet within a reasonable time frame to make possible adjustments to the agreement vis-à-vis these employees.

This agreement had no impact on fiscal year 2015.

B.2.3. With companies in the ENGIE Group and members of GIE ENGIE Alliance

Director concerned

Gérard Mestrallet, Chairman and Chief Executive Officer of ENGIE and Chairman of the Board of Directors of ENGIE Energie Services.

Nature, purpose and terms: Membership of GIE ENGIE Alliance

At its meeting of July 4, 2001, the Board of Directors of Suez authorized the creation of a special-purpose financing vehicle, GIE ENGIE Alliance, and the membership of Suez in this "Groupement d'intérêt économique" (GIE) (Economic Interest Group (EIG)).

It also approved the guarantee granted by Suez to other members of the EIG that are subsidiaries of Suez. Consequently, ENGIE, in its capacity as parent company of the Group, will be the ultimate guarantor for any debt incurred by the members and exceeding their proportionate share.

This agreement had no impact on fiscal year 2015.

B.2.4. With companies in the ENGIE Group that are not members of GIE ENGIE Alliance

Director concerned

Gérard Mestrallet, Chairman and Chief Executive Officer of ENGIE and Chairman of the Board of Directors of Electrabel.

Nature, purpose and terms

At its meeting of March 9, 2005, the Board of Directors expressly authorized the expansion of the activities of GIE ENGIE Alliance to the most significant subsidiaries of Suez that are not members of GIE ENGIE Alliance, to facilitate their financing.

As parent company of the Group, ENGIE is the ultimate guarantor with respect to these subsidiaries for any debt incurred that exceeds the proportionate share of the member company acting as guarantor.

This agreement had no impact on fiscal year 2015.

Neuilly-sur-Seine and Paris-La Défense, March 22, 2016

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Véronique Laurent	Pascal Macioce

4.5.2 Transactions with related parties

See Note 24 of the Consolidated Financial Statements.

4.5.3 Service contracts binding members of corporate governance and management bodies

To ENGIE's knowledge, there is no service contract binding members of the Company's management bodies or any of its subsidiaries that provides for benefits to be granted under such a contract.

4.6 Compensation and benefits paid to members of corporate governance bodies

This chapter was prepared in coordination with the Appointments and Compensation Committee.

4.6.1 Compensation of executive corporate officers

Compensation of corporate officers is determined by the Board of Directors based on the Appointments and Compensation Committee's proposals. It is the subject of a presentation and an advisory vote ("Say on Pay") at the Annual Shareholders' Meeting in accordance with the recommendations of the AFEP-MEDEF Code.

The compensation policy is regularly reviewed by the Appointments and Compensation Committee, and relies in particular on specific studies by an external specialist firm in this field.

In its recommendations to the Board of Directors, the Appointments and Compensation Committee seeks to propose a compensation policy in line with the practices of comparable major international groups for similar positions, based on a benchmark established by a specialized external firm that includes companies listed on the CAC 40, Eurostoxx 50 and Eurostoxx Utilities indices, excluding companies in the financial sector.

Stringent quantitative and qualitative performance criteria are set both for the variable portion of compensation and for long-term incentive plans, helping to maintain a link between the Group's performance and the compensation of its directors in the short-, medium- and long-term.

In accordance with the recommendations of the revised AFEP-MEDEF Code on compensation policy, to which the Company adheres, the compensation of the two corporate officers comprises:

- a fixed portion (see 4.6.1.1); this fixed amount remains unchanged unless the Board of Directors, upon recommendation of the Appointments and Compensation Committee, decides otherwise;
- a variable element, balanced relative to total compensation, the purpose of which is to reflect the executive's personal contribution to the Group's development and results (see 4.6.1.2);
- a deferred variable element in the form of Performance Units (see 4.6.1.3), subject to performance conditions.

4.6.1.1 Fixed compensation

Fixed compensation in 2015

The fixed compensation of Gérard Mestrallet, Chairman and Chief Executive Officer, remained unchanged since 2009 (€1,400,000).

The suspended employment contract of Gérard Mestrallet was terminated on his initiative upon his reappointment as Chairman and CEO on April 23, 2012. He requested the liquidation of his retirement benefit plan and, at his request, the total of his retirement benefit plan under the general retirement plan with Caisse Nationale d'Assurance Vieillesse (CNAV) and the mandatory supplementary plans with ARRCO and AGIRC is deducted from the amount paid by ENGIE in such a way that the total fixed compensation paid in 2015 by ENGIE to Gérard Mestrallet was €1,309,531, plus the mandatory retirement amount (€90,469), making a total of €1,404,533 including benefits in kind of €4,533.

The total fixed compensation paid to Isabelle Kocher, Deputy Chief Executive Officer and Chief Operating Officer, in 2015 was €900,000, plus benefits in kind of €1,708.

Fixed compensation in 2016

The fixed compensation of both Gérard Mestrallet and Isabelle Kocher is paid monthly at the same level as in 2015 until the Annual Shareholders' Meeting on May 3, 2016.

4.6.1.2 Variable compensation

Variable compensation in 2014

The structure of the variable compensation paid in 2015 for the 2014 fiscal year is broken down into two components: a quantitative component (70%) and a qualitative component (30%).

For the quantitative component, the criteria used are Recurring net income, Group Share per share (50%) and free cash flow, ROCE and net debt (each counting for one-sixth of the overall total) (50%). The quantitative targets for 2014 were based on the Group's projected budget as presented to the Board of Directors on February 26, 2014.

For the qualitative component, the criteria used for Gérard Mestrallet were: effectiveness in driving forward a strong European energy policy; development of new corporate social and environmental responsibility initiatives for the Group; establishment of a pro-growth R&D policy also involving the business lines, with the creation of major Group-wide programs with clearly-stated priorities; setting up of an "Innovation and New Business" policy and assessment of the preliminary results; establishment of a global renewable energy organization; definition and implementation of a Group "Services" strategy.

In 2014, Gérard Mestrallet's target variable compensation was set at 130% of his fixed compensation and capped at 150%.

At its meeting of February 25, 2015, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, set the variable compensation for 2014 of Gérard Mestrallet at €1,723,830 (vs. €1,630,174 for 2013, of which €815,000 were actually paid after Mr. Mestrallet waived 50% of his variable compensation for that year).

However, in light of the difficult situation of the energy sector in Europe, and its impact on the Group (including the efforts required from employees under the Perform 2015 performance plan) and on its shareholders, Gérard Mestrallet waived 30% of his total target compensation for 2014, with this amount being deducted in first instance from his 2014 variable compensation, which then came to €379,830, compared to €815,000 for 2013.

Isabelle Kocher was appointed Deputy CEO and Chief Operating Officer on November 12, 2014. The Board decided to maintain the compensation and benefits she received as Chief Financial Officer until the end of 2014. Her compensation was therefore not changed following her appointment as an executive corporate officer and the employment contract remained in force through December 31, 2014. Her variable compensation paid in 2015 for 2014 came to €690,000.

Variable compensation in 2015

Variable compensation for 2015 to be paid in 2016 is structured into two components: a quantitative component (60%) and a qualitative component (40%).

For the quantitative component, the criteria used are Recurring net income, Group Share per share (50%) and free cash flow, ROCE and net debt (each counting for one-sixth of the overall total) (50%). The quantitative targets for 2015 were based on the Group's projected budget as presented to the Board of Directors on February 25, 2015.

For the qualitative component, the criteria used were:

- for Gérard Mestrallet: implementation of the Group strategy, including actions to drive forward a European energy policy; continued execution of new corporate social and environmental responsibility initiatives for the Group, specifically in the context of the COP21 and the setting of new targets for 2016-2020; development of R&D and “Innovation & New Business” policies; contribution to the success of Isabelle Kocher, as Deputy Chief Executive Officer and Chief Operating Officer; adequacy of the future organization - which will be presented to the Board of Directors - to the Group's strategy, among other things by making it more team-oriented and collaborative;
- for Isabelle Kocher: the quality of execution of Deputy Chief Executive Officer and Chief Operating Officer functions: authority over the business lines, acceleration of the Group's transformation and its adaptation to the energy revolution; suitability of the future organization - which will be presented to the Board of Directors - to the Group's strategy, among other things by making it more team-oriented and collaborative.

In 2015, Gérard Mestrallet's target bonus was set at 130% of his fixed compensation and capped at 150%. Isabelle Kocher's target bonus was set at 122% of her fixed compensation.

Based on the foregoing, at its meeting of February 24, 2016, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, set the variable compensation for 2015 as follows: €1,579,687 (1) for Gérard Mestrallet and €981,156 (2) for Isabelle Kocher.

However, in light of the difficult economic situation of the energy sector, the two executive corporate officers decided to waive a portion of their variable compensation for 2015. As a result, the amount of variable compensation to be paid for the 2015 fiscal year came to €235,687 for Gérard Mestrallet (after waiving €1,344,000) and €562,656 for Isabelle Kocher (after waiving €418,500).

Variable compensation in 2016

The Board of Directors, at its meetings of December 16, 2015 and February 24, 2016, decided that the variable compensation of Gerard Mestrallet and Isabelle Kocher, for the period from January 1, 2016 to May 3, 2016, would be subject to the same criteria as in 2015 mutatis mutandis, and acknowledged that the waiver criteria that prevailed in 2015 would remain unchanged, and would be prorated over this period. Accordingly, the quantitative compensation criteria, their weighting and percentages of the target bonus and maximum variable compensation will be carried over and prorated.

4.6.1.3 Long-term incentive compensation (Performance Units)

The Appointments and Compensation Committee, following the recommendations of the AFEP-MEDEF Code which seeks to increase the long-term engagement of corporate leaders, recommended to the Board of Directors that the corporate officers receive compensation involving a long-term incentive, provided that it is reasonable and subject to strict performance conditions, as well as comparable to that of other beneficiaries. On December 6, 2011, the Board of Directors decided that the long-term incentive may not exceed 40% of the total compensation of the corporate officers.

The Appointments and Compensation Committee proposed a long-term incentive plan to the Board of Directors for 2015 in the form of Performance Units (“PUs”) with the same characteristics as the plans for 2012, 2013 and 2014 (which the executive corporate officers had fully waived in 2012 and partially waived in 2013 and 2014).

Performance Units in 2015

As recommended by the Appointments and Compensation Committee, on December 10, 2014, the Board of Directors awarded 150,000 Performance Units (valued at €1,453,500) to Gérard Mestrallet and 100,000 Performance Units to Isabelle Kocher (reduced to 61,121 Performance Units (valued at €592,262) after she waived 38,879 Performance Units).

(1) For the quantitative portion (representing 60% of the variable compensation), the results achieved were:
- Recurring net income, Group share per share (1/2): 83.33%;
- ROCE (1/6) 59.02%;
- Free cash flow (1/6): 116.60%;
- Net debt (1/6): 106.33%.
In total, the variable portion for quantitative elements amounted to 88.66% of the 60%. For the qualitative portion (representing 40% of the variable compensation), the Board of Directors decided that Gérard Mestrallet had met his criteria at a rate of 84%.

(2) The quantitative criteria and results achieved are identical to those presented above for Gérard Mestrallet. For the qualitative portion (representing 40% of the variable compensation), the Board of Directors determined that Isabelle Kocher had met her criteria at a rate of 90%.

The valuation of Performance Units is explained in note (1) under section 4.6.1.7 below.

The characteristics of the Performance Units Plan are:

- Performance Units are subject to a vesting period, from December 16, 2015 to March 14, 2019 inclusive;
- they become fully vested on March 15, 2019, after which the beneficiary may freely exercise them, with partial exercices being permitted;
- final vesting depends on a three-fold performance condition, with each criterion weighing one-third of the total (1):
  - TSR (Total Shareholder Return: stock market performance, reinvested dividend) of the ENGIE share compared with that of companies included in the Eurostoxx Utilities Index (Eurozone) over the period December 2018-January 2019 compared to November-December 2015;
  - recurring net income, Group Share for fiscal 2017 and 2018, compared to the budgeted Recurring net income, Group Share for these same years (pro forma);
  - 2018 ROCE, compared to the target 2018 ROCE of the medium-term business plan presented to the Board of Directors on February 24, 2016.
- upon exercise, Performance Units are valued based on the weighted average daily price published after the request date. This method reduces the effects of volatility inherent in a closing or opening price;
- obligation to reinvest in ENGIE shares two-thirds of the net amount paid, until the shareholding target (equal to two years' fixed compensation for corporate officers, see 4.6.5.1 below) has been met;
- maintenance of rights in the event of death, retirement, or disability (2nd or 3rd category under Article L. 341-4 of the French Social Security Code); it is specified that the end of the term of office resulting from reaching the maximum age provided in the bylaws is treated as retirement;
- in case of death, the performance conditions will be deemed fully satisfied. Successors would have a period of six months from the date of death to exercise the Performance Units. After this time the Performance Units will irrevocably lapse;
- in case of termination of office or employment contract for any other reason, the rights will lapse, unless otherwise decided by the Board of Directors.

Performance Units in 2016

For the period from January 1 to May 3, 2016, and as recommended by the Appointments and Compensation Committee, on February 24, 2016, the Board of Directors awarded 50,000 Performance Units (i.e., one-third of 150,000) to Gérard Mestrallet. It also awarded 33,333 Performance Units (i.e., one-third of 100,000) to Isabelle Kocher, which was reduced to 20,373 PUs after she waived 12,960 PUs.

These PUs are subject to the following conditions and criteria:

- Performance Units are fully vested after three years (March 2020), after which the beneficiary may freely exercise them, with partial exercices being permitted.
- Final vesting depends on a three-fold performance condition, with each criterion weighing one-third of the total (2):

(1) Details of the 2015 performance conditions:
(a) External condition related to Total Shareholder Return (TSR): stock market performance, reinvested dividend of the ENGIE share compared with the TSR of companies included in the Eurostoxx Utilities Index (Eurozone)
- ENGIE TSR ≤ 90% of TSR of Eurostoxx Utilities companies (Eurozone): success rate = 0%
- ENGIE TSR = 100% of TSR of Eurostoxx Utilities companies (Eurozone): success rate = 70%
- ENGIE TSR ≥ 103% of TSR of Eurostoxx Utilities companies (Eurozone): success rate = 100%
For interim results (from 90% to 100% and from 100% to 103%): success rate = progressive and linear.
To smooth the possible effects of volatility (gain or loss), the TSR will be calculated by taking the average of the ENGIE TSR (stock market performance, reinvested dividend) and that of the Eurostoxx Utilities (Eurozone) companies over two months, namely December 2018 to January 2019, versus November to December 2015.
(b) Internal condition related to Recurring net income, Group share for fiscal 2017 and 2018 compared to the budgeted Recurring net income, Group share for these same years (pro forma):
- Recurring net income, Group share 2017+2018 < Recurring net income, Group share threshold 2017+2018 (Recurring net income, Group share threshold = 90% of the target Recurring net income, Group share): success rate = 0%
- Recurring net income, Group share 2017+2018 = Recurring net income, Group share threshold 2017+2018: success rate = 33%
- Recurring net income, Group share 2017+2018 ≥ Recurring net income, Group share target 2017+2018: success rate = 100%
For interim results (from 90% to 100%): success rate = progressive and linear.
(c) Internal condition related to the 2018 ROCE compared to the target 2018 ROCE in the medium term business plan (MTBP) presented to the Board of Directors on February 25, 2015:
- 2018 ROCE < 90% target 2018 ROCE: success rate = 0%
- 2018 ROCE = 90% target 2018 ROCE: success rate = 33%
- 2018 ROCE ≥ target 2018 ROCE: success rate = 100%
Progressive and linear success rate from 33%.
Success rates (from 0% to 100%) will be calculated for each condition and an overall rate established through an arithmetic mean of the three conditions.

(2) The overall success rate will be the arithmetic mean of the three conditions measured separately. Performance conditions are as follows:
(a) internal condition related to the Recurring net income, Group Share, for fiscal 2018 and 2019 compared to the budgeted Recurring net income, Group Share in the medium term business plan (MTBP) presented to the Board of Directors on February 24, 2016 (pro forma):
- Recurring net income, Group Share 2018+2019 < 90% target Recurring net income, Group Share 2018+2019: success rate = 0%
- Recurring net income, Group Share 2018+2019 = 90% target Recurring net income, Group Share 2018+2019: success rate = 33%
- Recurring net income, Group share 2018+2019 > 90% of target Recurring net income, Group share 2018+2019: success rate = progressive and linear from 33%
- Recurring net income, Group share 2018+2019 ≥ target Recurring net income, Group share 2018+2019: success rate = 100%
(b) internal condition related to the ROCE for fiscal 2018 and 2019 compared to the budgeted ROCE in the medium term business plan (MTBP) presented to the Board of Directors on February 24, 2016 (pro forma):
- ROCE 2018+2019 < 90% target ROCE 2018+2019: success rate = 0%
- ROCE 2018+2019 = 90% target ROCE 2018+2019: success rate = 33%
- ROCE 2018+2019 > 90% target ROCE 2018+2019 and < target ROCE 2018+2019: success rate = 33%
- ROCE 2018+2019 ≥ target ROCE 2018+2019: success rate = 100%
(c) external condition related to Total Shareholder Return (TSR): stock market performance, reinvested dividend of the ENGIE share compared with the TSR of a reference panel of companies including EDF, E.ON, RWE, ENEL, Iberdrola and Gas Natural (hereafter the "Panel") with each of these companies being weighted equally:
- ENGIE TSR ≤ 90% Panel TSR: success rate = 0%
- ENGIE TSR = 100% Panel TSR: success rate = 70%
- ENGIE TSR ≥ 103% Panel TSR: success rate = 100%
For interim results (from 90% to 100% and from 100% to 103%): progressive and linear success rate.
To smooth the possible effects of volatility (gain or loss), the TSR will be calculated by taking the average of the ENGIE TSR (stock market performance, reinvested dividend) and that of the Panel companies over two months, ending at least one month before the expected delivery date of the performance shares in question.

- Upon exercise, Performance Units are valued based on the weighted average daily price published after the request date. This method reduces the effects of volatility inherent in a closing or opening price.
- Obligation to reinvest in ENGIE shares 2/3 of the net amount paid until the shareholding target (equal to two years' fixed compensation for corporate officers) has been met;
- The lock-up periods associated with performance shares shall apply.
- In the event of departure from the Group, the same conditions as those applied to other performance share plans shall apply. This creates a regime identical to that of other beneficiaries of LTIs in the Group:
  - maintenance of rights in the event of death, retirement [(1)], or disability (2nd or 3rd category under Article L. 341-4 of the French Social Security Code);
  - in case of death,
    - the performance conditions would be deemed fully satisfied;
    - the estate would have a period of six months from the date of death to exercise the Performance Units.
- In case of termination of office or employment contract for any other reason, the rights will lapse, unless otherwise decided by the Board of Directors.

Performance Units awarded for the period from January 1 to May 3, 2016 were valued at €7.73 per unit.

4.6.1.4 Retirement plans

Gérard Mestrallet is not covered by an individual retirement benefit plan. In addition to mandatory retirement plans, he benefits from supplementary collective defined-benefit (article 39) and defined-contribution (article 83) pension plans given to former employees of the ex-SUEZ Group, which he joined in 1984. Gérard Mestrallet was reappointed as Chairman and CEO on April 23, 2012 and therefore his employment contract, which was automatically suspended when he became executive corporate officer, was terminated at his initiative, in accordance with the AFEP-MEDEF Code. Gérard Mestrallet requested the liquidation of his retirement pension plan under the general retirement plan with CNAV, the mandatory supplementary plans with ARRCO and AGIRC and the collective supplementary pension plans which are described in detail in the Company's Registration Documents and were approved by the shareholders as part of the "Say on Pay" policy. Furthermore, these collective plans are described in the following paragraphs. For the duration of his current position as Chairman and CEO, Gérard Mestrallet has declined to collect any annuity payments resulting from collective supplementary pension plans. No rights were vested during the period. The annuity that Gérard Mestrallet will receive from the collective pension plans amounts to €831,641 per year before tax and social security deductions, which represents 28% of his compensation in 2012 (the reference year for calculating his pension benefits).

In addition to mandatory pension plans, until December 31, 2014, Isabelle Kocher benefited from the supplementary collective pension plans of the former SUEZ Group (of which she became an employee in 2002), consisting of a defined-contribution plan and a defined-benefit plan.

The defined-contribution plan (article 83) is based on gross annual compensation and the following contribution rates: 5% bracket A (equivalent to the social security ceiling), 8% bracket B (three times the social security ceiling), 8% bracket C (four times the social security ceiling).

The defined-benefit plan (article 39) is governed by Article L. 137-11 of the French Social Security Code. It is run by ENGIE Management Company, a wholly-owned French subsidiary of ENGIE. The beneficiaries of this plan are the executives and corporate officers of ENGIE Management Company who are registered with the French social security system and meet the following three conditions: (i) they received gross compensation above the ceiling for bracket B contributions to the AGIRC executive supplementary pension plan, i.e. over four times the annual social security ceiling, (ii) they were working for a Group company when they retired, and (iii) they were entitled to at least one basic pension plan. The calculation basis for the annuity amount is the gross compensation received during the year in question, capped at 50 times the social security ceiling. The amount of compensation is that used as the basis for social security contributions as defined in Article L. 242-1 line 1 of the French Social Security Code.

This plan provides for the payment of an annuity equal to the sum of the annual pension components calculated on 2% of the portion of gross annual compensation between four and eight times the social security ceiling (designated bracket C) and 4% of the portion of gross annual compensation between eight and fifty times the social security ceiling (designated bracket D), minus the above defined-contribution plan calculated on bracket C of the compensation. For a career of a minimum of 10 years in the plan, the total annuity cannot be less than 20% of bracket C of average compensation for the last five years plus 30% of bracket D for the same compensation, nor more than 30% of bracket C plus 40% of bracket D. If the career is less than 10 years, the corresponding rights are calculated on a prorata basis of actual time worked.

The rights under the defined-benefit plan are "variable" since they depend on the employee working in the Group at the time his or her pension is claimed in accordance with a mandatory plan for pension insurance.

The corresponding social security costs borne by the company amount to 24%.

ENGIE Management Company is responsible for financing these plans and pays premiums to a third-party insurance company which it has contracted to manage the pensions, calculate the actuarial provisions for the annuities, and manage the payments.

In accordance with the decisions of the Board of Directors on March 10, 2016, Isabelle Kocher's entitlements to the supplementary collective defined-contribution and defined-benefit pension plans were frozen on suspension of her employment contract, i.e. December 31, 2014.

The entitlements accumulated from 2002 to 2014 under the collective defined-benefit plan would result, subject to the condition of continuous service in the Group, in an annual annuity, estimated at year-end 2015, at the end of her career aged 65, of €145,456, before tax and social security deductions.

At its meeting on March 10, 2016, the Board of Directors also decided to set up a new supplementary pension plan for Isabelle Kocher whereby the company no longer guarantees the amount of pension but pays an annual matching contribution, half of which comprises contributions paid to a third-party organization under an optional defined-contribution retirement plan (Article 82) and half is a cash sum, given the immediate taxation on commencement of this new mechanism. The matching contribution corresponds to 25% of the amount of fixed compensation and actual variable compensation payable for the year in question. It also depends on the company's performance since the calculation base already includes the variable portion linked to the Group's results. In setting the conditions of this mechanism, the Board of Directors wished to ensure that Ms Kocher would not suffer a loss compared to her existing position nor gain an

(1) Including an end of office due to the age limit set by the Company's bylaws.

additional benefit. Accordingly, the Board of Directors decided to pay a matching contribution of €366,091 for the 2015 financial year. This matching contribution is subject to uncapped employer contributions in accordance with prevailing regulations.

Without prejudice to her entitlements accrued under the collective plans corresponding to her employment prior to the suspension of her employment contract, which have been frozen and safeguarded, this new system will give Isabelle Kocher a dedicated pension plan based on her current and future compensation, reflecting the significance of her position as chief executive officer. It is intended that this new policy will be applied to all executive officers who are promoted to chief executive officer at the head of the Group when their employment contract is suspended.

4.6.1.5 Employment contract, special retirement plans, severance pay and no-competition clause

	Employment contract	Supplementary retirement plan	Compensation or benefits due or that may become due on termination or change of function	Compensation due under a no-competition clause
Gérard Mestrallet *Chairman and Chief Executive Officer*	No	See 4.6.1.4	No	No
Isabelle Kocher *Deputy Chief Executive Officer and Chief Operating Officer*	Yes (suspended)	See 4.6.1.4	see below	No

Isabelle Kocher's employment contract has been suspended since January 1, 2015. This suspended employment contract does not provide specifically for no-competition or severance compensation. As part of the ENGIE Management Company's labor policy, all of its employees receive compensation for termination of their employment contract. ENGIE does not award signing bonuses or golden parachutes for corporate officers, nor does it offer compensation under no-competition clauses.

4.6.1.6 Summary of compensation of each corporate officer

	2015		2014 [5]	
	Amount due in 2015	Amount paid in 2015	Amount due in 2014	Amount paid in 2014
Gérard Mestrallet				
Chairman and Chief Executive Officer				
Fixed compensation	1,400,000 [1]	1,400,000 [1]	1,400,000 [1]	1,400,000 [1]
Variable compensation [2]	235,687	379,830	379,830	815,000
Matching contribution for retirement plan	0	0	0	0
Exceptional compensation	0	0	0	0
Directors' fees	0	0	0	0
Benefits in kind [4]	4,533	4,533	4,533	4,533
TOTAL	**1,640,220**	**1,784,363**	**1,784,363**	**2,219,533**
Isabelle Kocher				
Deputy Chief Executive Officer and Chief Operating Officer (Since November 11, 2014)				
Fixed compensation	900,000	900,000	600,000	N/A
Variable compensation [2]	562,656	690,000	690,000	N/A
Matching contribution for retirement plan	366,091 [3]	0	0	N/A
Exceptional compensation	0	0	0	N/A
Directors' fees	0	0	0	N/A
Benefits in kind [4]	1,708	1,708	1,708	N/A
TOTAL	**1,830,455**	**1,591,708**	**1,291,708**	**N/A**

(1) Including CNAV, ARRCO and AGIRC.
(2) The total amount of variable compensation due for 2014 was determined on February 25, 2015 and paid in March 2015. The total amount of variable compensation due for 2015 was determined on February 24, 2016 and paid in March 2016.
(3) This matching contribution is the result of Isabelle Kicher waiving her right as of January 1, 2015 to the collective supplementary pension plans from which she benefited prior to suspension of her employment contract on Decembre 31, 2014. It does not therefore represent an new benefit.
(4) Benefits in kind include: a company car.
(5) For Isabelle Kocher, amounts in 2014 are in respect of her employment as Executive Vice-President, Chief Financial Officer.

4.6.1.7 Summary of compensation for each corporate officer

(in euros)	Fiscal year 2015	Fiscal year 2014
Gérard Mestrallet		
Chairman and Chief Executive Officer		
Compensation due for the fiscal year *(detailed in the preceding table)*	1,640,220	1,784,363
Valuation of options granted for the fiscal year	0	0
Valuation of Performance Shares granted for the fiscal year	0	0
Valuation of Performance Units granted during the year	1,453,500 [1]	1,672,500 [2]
TOTAL	**3,093,720**	**3,456,863**
Isabelle Kocher		
Deputy Chief Executive Officer (since November 12, 2014)		
Compensation due for the fiscal year *(detailed in the preceding table)*	1,830,455	1,291,708
Valuation of options granted for the fiscal year	0	0
Valuation of Performance Shares granted for the fiscal year	0	414,400 [3]
Valuation of Performance Units granted during the year	592,262 [1]	0
TOTAL	**2,422,717**	**1,706,108**

(1) The valuation of Performance Units, based on a model provided by an external specialist firm, is based on an approach used for all of its client companies to obtain comparable valuations. It uses the parameters and assumptions consistent with the principles of IFRS, but takes into account all possible performance conditions (external and internal), not limited to "market" performance conditions as in IFRS 2. This valuation also takes into account the share price, the annual expected dividend yield, historical share price volatility, the risk free rate, a three-year maturity, a three-year vesting period and an estimated lifespan of 4.5 years. Thus, the valuation used for Performance Units granted in 2014 is €11.15 and for those awarded in 2015, it is €9.69. This valuation is theoretical, to the extent that the final vesting of Performance Units (three years after the grant date) depends on the achievement of strict and demanding performance conditions. Thus, 87,000 Performance Shares granted to Gérard Mestrallet for 2010 were at the time of grant valued at €1,706,070; in reality, only 12,711 Performance Shares were vested by Gérard Mestrallet in March 2014, for a value of €240,937.
(2) The main characteristics of the Performance Units granted for 2014 are presented on pages 134 and 135 of the 2014 Registration Document.
(3) 35,000 Performance Shares for her role as Executive Vice-President, Chief Financial Officer in 2014.

4.6.1.8 Elements of compensation due or awarded for 2015 to each corporate officer of the Company, subject to the consultative vote of shareholders

In accordance with the recommendations of Article 24.3 of the AFEP-MEDEF Code to which the Company refers pursuant to Article L. 225-37 of the French Commercial Code, the following elements of compensation due or awarded for the fiscal year ended to each corporate officer of the Company are subject to the shareholders' consultative vote:

- the fixed element;
- the annual variable element and, where appropriate, the multi-year variable element with the objectives contributing to the determination of this variable element;
- exceptional compensation;
- stock options, performance shares and any other long-term compensation;
- compensation associated with the commencement or termination of duties;
- supplementary retirement plan; and
- benefits of any kind.

Accordingly, it will be proposed at the Annual Shareholders' Meeting of May 3, 2016 to issue an opinion on the following elements of the compensation due or awarded for 2015 to:

- Gérard Mestrallet, Chairman and Chief Executive Officer;
- Isabelle Kocher, Deputy Chief Executive Officer

ELEMENTS OF COMPENSATION DUE OR AWARDED FOR 2015 TO GÉRARD MESTRALLET, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Type of compensation	Amount	Comments
Fixed compensation	€1,400,000	The fixed compensation of Gérard Mestrallet remained unchanged in 2015. The suspended employment contract of Gérard Mestrallet was terminated on his initiative upon his reappointment as Chairman and CEO on April 23, 2012. He requested the liquidation of his retirement benefit plan and, at his request, the total of his retirement benefit plan under the general retirement plan with *Caisse Nationale d'Assurance Vieillesse* (CNAV) and the mandatory supplementary plans with ARRCO and AGIRC is deducted from the amount paid by ENGIE in such a way that the total fixed compensation paid in 2015 by ENGIE to Gérard Mestrallet was €1,309,531, plus the mandatory retirement amount (€90,469), making a total of €1,404,533 including benefits in kind of €4,533.
Variable compensation	€235,687	The structure of Gérard Mestrallet's variable compensation paid in 2016 for the 2015 fiscal year is broken down into two components: a quantitative component (60%) and a qualitative component (40%). For the quantitative component, the criteria used are Recurring net income, Group Share per share (50%) and free cash flow, ROCE and net debt (each counting for one-sixth of the overall total) (50%). The quantitative targets for 2015 were based on the Group's projected budget as presented to the Board of Directors on February 25, 2015. For the qualitative portion, the criteria set include: implementation of the Group strategy, including actions to drive forward a European energy policy; continued execution of new corporate social responsibility initiatives for the Group, specifically in the context of the COP21 and the setting of new targets for 2016-2020; development of R&D and "Innovation & New Business" policies; contribution to the success of Isabelle Kocher as COO; suitability of the future organization – which will be presented to the Board of Directors – to the Group's strategy, among other things by making it more team-oriented and collaborative. In 2015, Gérard Mestrallet's target variable compensation was set at 130% of his fixed compensation and capped at 150%. At its meeting of February 24, 2016, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, set Gérard Mestrallet's variable compensation in 2015 at €1,579,687. However, in light of the difficult economic climate for the energy sector, Gérard Mestrallet decided to waive €1,344,000 of his variable compensation for fiscal 2015, for a new total of €235,687 (against €379,830 for 2014, after waiver of €1,723,830).
Matching contributions for retirement plan	None	Gérard Mestrallet does not reveive matching contributions for a retirement plan.
Variable multi-year compensation	None	Gérard Mestrallet receives no variable multi-year compensation.
Directors' fees	None	Gérard Mestrallet receives no Directors' fees.
Exceptional compensation	None	Gérard Mestrallet receives no exceptional compensation.

Type of compensation	Amount	Comments
Allocation of stock options, performance shares and any other long-term compensation	Valuation (1): €1,453,500	On December 16, 2015 the Board of Directors awarded 150,000 Performance Units to Gérard Mestrallet for fiscal 2015. Performance Units will be fully vested in March 2019, after which the beneficiary has three years to exercise them, with partial exercise being permitted. Final vesting depends on a three-fold performance condition, with each criterion weighing one-third of the total: • TSR (Total Shareholder Return: stock market performance, reinvested dividend) of the ENGIE share compared with that of companies included in the Eurostoxx Utilities Index (Eurozone) over the period December 2018-January 2019 compared to November-December 2015; • Recurring net income, Group Share for fiscal 2017 and 2018, compared to the budgeted Recurring net income, Group Share for these same years (pro forma); • 2018 ROCE, compared to the target 2018 ROCE of the medium-term business plan presented to the Board of Directors on February 24, 2016. Success rates (from 0% to 100%) will be calculated for each condition and an overall rate established through an arithmetic mean of the three conditions. On December 6, 2011, the Board of Directors decided that the value of this element of compensation should not exceed 40% of the total compensation.
Compensation associated with the commencement or termination of duties	None	Gérard Mestrallet receives no compensation associated with the commencement or termination of duties.
Supplementary retirement plan	No payments	Gérard Mestrallet is not covered by an individual retirement benefit plan. In addition to mandatory retirement plans, he benefits from supplementary collective defined-benefits (article 39) and defined-contribution (article 83) pension plans given to former employees of the ex-SUEZ Group, which he joined in 1984. Gérard Mestrallet was reappointed as Chairman and CEO on April 23, 2012 and therefore his employment contract, which was automatically suspended when he became executive corporate officer, was terminated at his initiative, in accordance with the AFEP-MEDEF Code. Gérard Mestrallet requested the liquidation of his retirement pension plan under the general retirement plan with CNAV, the mandatory supplementary plans with ARRCO and AGIRC and the collective supplementary pension plans which are described in detail in the Company's Registration Document and were approved by the shareholders as part of the "Say on Pay" policy. For the duration of his current position as Chairman and CEO, Gérard Mestrallet has declined to collect any annuity payments resulting from collective supplementary pension plans. No rights were vested during the period. The annuity that Gérard Mestrallet will receive from the collective pension plans amounts to €831,641 per year before tax and social security deductions, which represents 28% of his compensation in 2012 (the reference year for calculating his pension benefits).
Benefits in kind	€4,533	Gérard Mestrallet benefits from the use of a company vehicle.

(1) See note on this theoretical valuation in Section 4.6.1.7.

4

ELEMENTS OF COMPENSATION DUE OR AWARDED FOR 2015 TO ISABELLE KOCHER, DEPUTY CHIEF EXECUTIVE OFFICER

Type of compensation	Amount	Comments
Fixed compensation	€900,000	At its meeting of December 10, 2014, the Board of Directors set the fixed compensation of Isabelle Kocher for 2015 at €900,000.
Variable compensation	€562,656	The structure of Isabelle Kocher's variable compensation paid in 2016 for the 2015 fiscal year is broken down into two components: a quantitative component (60%) and a qualitative component (40%). For the quantitative component, the criteria used are Recurring net income, Group Share per share (50%) and free cash flow, ROCE and net debt (each counting for one-sixth of the overall total) (50%). The quantitative targets for 2015 were based on the Group's projected budget as presented to the Board of Directors on February 25, 2015. For the qualitative portion, the criteria set include: the quality of execution of the COO functions (authority over the business lines, acceleration of the Group's transformation and its adaptation to the energy revolution) and suitability of the future organization - which will be presented to the Board of Directors - to the Group's strategy, among other things by making it more team-oriented and collaborative. In 2015, Isabelle Kocher's target variable compensation was set at 122% of her fixed compensation. At its meeting of February 24, 2016, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, set the variable compensation of Isabelle Kocher for fiscal 2015 at €981,156. However, given the difficult economic climate for the energy sector, in addition to waiving a portion of her Performance Units, Isabelle Kocher also waived €418,500 of her variable compensation. Her variable compensation thus came to €562,656 in 2015, versus €690,000 in 2014.
Matching contributions for retirement plan	€366,091	Following Isabelle Kocher's agreement to waive her rights to the collective supplementary retirement plans from January 1, 2015, the date on which her employment contract was suspended, the Board of Directors decided at its meeting of March 10, 2016 to establish a new supplementary retirement plan for Isabelle Kocher whereby the company no longer guarantees the amount of pension but pays an annual matching contribution, half of which comprises contributions paid to a third-party organization under an optional defined-contribution retirement plan (Article 82) and half is a cash sum, to take account of the immediate taxation on commencement of this new mechanism. The matching contribution corresponds to 25% of the amount of fixed compensation and actual variable compensation payable for the year in question. It also depends on the company's performance since the calculation base already includes the variable portion linked to the Group's results. In setting the conditions of this mechanism, the Board of Directors wished to ensure that Isabelle Kocher would not suffer a loss compared to her existing position nor gain an additional benefit. Accordingly, the Board of Directors decided to pay a matching contribution of €366,091 for the 2015 fiscal year.
Variable multi-year compensation	None	Isabelle Kocher receives no variable multi-year compensation.
Directors' fees	None	Isabelle Kocher receives no Directors' fees.
Exceptional compensation	None	Isabelle Kocher receives no exceptional compensation.
Allocation of stock options, performance shares and any other long-term compensation	Valuation[1]: €592,262	On December 16, 2015, the Board of Directors awarded 100,000 Performance Units to Isabelle Kocher for fiscal 2015. This amount was reduced to 61,121 Performance Units after she waived 38,879 PUs. Performance Units will be fully vested in March 2019, after which the beneficiary has three years to exercise them, with partial exercise being permitted. Final vesting depends on a three-fold performance condition, with each criterion weighing one-third of the total: • TSR (Total Shareholder Return: stock market performance, reinvested dividend) of the ENGIE share compared with that of companies included in the Eurostoxx Utilities Index (Eurozone) over the period December 2018-January 2019 compared to November-December 2015; • Recurring net income, Group Share for fiscal 2017 and 2018, compared to the budgeted Recurring net income, Group Share for these same years (pro forma); • 2018 ROCE, compared to the target 2018 ROCE of the medium-term business plan presented to the Board of Directors on February 24, 2016. Success rates (from 0% to 100%) will be calculated for each condition and an overall rate established through an arithmetic mean of the three conditions. On December 6, 2011, the Board of Directors decided that the value of this element of compensation should not exceed 40% of the total compensation.

(1) See note of this theoretical valuation in Section 4.6.1.7.

Type of compensation	Amount	Comments
Compensation associated with the commencement or termination of duties	None	Isabelle Kocher's employment contract has been suspended since January 1, 2015. The recommendation of Article 22 of the AFEP-MEDEF Code to suspend the employment contract of an employee when he or she becomes a corporate officer does not apply to Deputy CEOs. Isabelle Kocher's suspended employment contract does not provide specifically for no-competition or severance compensation. As part of the ENGIE Management Company's labor policy, all of its employees are entitled to compensation for termination of their employment contract. ENGIE does not award signing bonuses or golden parachutes for corporate officers, nor does it provide compensation under no-competition clauses.
Supplementary retirement plan	None	In addition to mandatory pension plans, until December 31, 2014, Isabelle Kocher benefited from the supplementary collective pension plans of the former SUEZ Group (of which she became an employee in 2002), consisting of a defined-contribution plan and a defined-benefit plan. The defined-contribution plan (article 83) is based on gross annual compensation and the following contribution rates: 5% bracket A (equivalent to the social security ceiling), 8% bracket B (three times the social security ceiling), 8% bracket C (four times the social security ceiling). The defined-benefit plan (article 39) is governed by Article L. 137-11 of the French Social Security Code. It is run by ENGIE Management Company, a wholly-owned French subsidiary of ENGIE. The beneficiaries of this plan are the executives and corporate officers of ENGIE Management Company who are registered with the French social security system and meet the following three conditions: (i) they received gross compensation above the ceiling for bracket B contributions to the AGIRC executive supplementary pension plan, i.e. over four times the annual social security ceiling, (ii) they were working for a Group company when they retired, and (iii) they were entitled to at least one basic pension plan. The calculation basis for the annuity amount is the gross compensation received during the year in question, capped at 50 times the social security ceiling. The amount of compensation is that used as the basis for social security contributions as defined in Article L. 242-1 line 1 of the French Social Security Code. This plan provides for the payment of an annuity equal to the sum of the annual pension components calculated on 2% of the portion of gross annual compensation between four and eight times the social security ceiling (designated bracket C) and 4% of the portion of gross annual compensation between eight and fifty times the social security ceiling (designated bracket D), minus the above defined-contribution plan calculated on bracket C of the compensation. For a career of a minimum of 10 years in the plan, the total annuity cannot be less than 20% of bracket C of average compensation for the last five years plus 30% of bracket D for the same compensation, nor more than 30% of bracket C plus 40% of bracket D. If the career is less than 10 years, the corresponding rights are calculated on a prorata basis of actual time worked. The rights under the defined-benefit plan are "variable" since they depend on the employee working in the Group at the time his or her pension is claimed in accordance with a mandatory plan for pension insurance. The corresponding social security costs borne by the company amount to 24%. ENGIE Management Company is responsible for financing these plans and pays premiums to a third-party insurance company which it has contracted to manage the pensions, calculate the actuarial provisions for the annuities, and manage the payments. In accordance with the decisions of the Board of Directors on March 10, 2016, Isabelle Kocher's entitlements to the supplementary collective defined-contribution and defined-benefit pension plans were frozen on suspension of her employment contract, i.e. December 31, 2014. The entitlements accumulated from 2002 to 2014 under the collective defined-benefit plan would result, subject to the condition of continuous service in the Group, in an annual annuity, estimated at year-end 2015, at the end of her career aged 65, of €145,456, before tax and social security deductions.
Benefits in kind	€1,708	Isabelle Kocher benefits from the use of a company vehicle.

4.6.2 Compensation of other senior officers

Compensation of non-executive corporate officers (members of the General Management Committee and other members of the Executive Committee) is composed of a fixed portion and a variable portion.

Changes in the fixed portion of compensation are linked to changes in specific situations, expansion or significant change in responsibilities and to repositioning made necessary in view of internal equity or a clear discrepancy vis-à-vis the external market.

The main purpose of the variable portion is to reward the contributions of executives to the Group's results.

The variable portion paid in 2015 for fiscal 2014 was calculated based on economic criteria (Recurring net income, Group Share per share, free cash flow and operating expenses) (50%), and qualitative criteria (50%).

SUMMARY TABLE OF GROSS COMPENSATION, INCLUDING BENEFITS IN KIND, FOR NON-EXECUTIVE DIRECTORS (MEMBERS OF THE GENERAL MANAGEMENT COMMITTEE AND OTHER MEMBERS OF THE EXECUTIVE COMMITTEE)

	2015	2014
Fixed *(in euros)*	8,101,391	7,007,822
Variable *(in euros)*	8,062,252	7,121,667
TOTAL	**16,163,643**	**14,129,489**
Number of members	19	19

4.6.3 Retirement provision

The total amount of retirement commitments for members of the Executive Committee was €81.8 million at December 31, 2015. Note that this is an estimated amount, as these commitments are, in principle, not made at an individual level.

The Group has a policy of funding pension obligations via planned assets without these being specifically dedicated to the pension liabilities of a specific population.

4.6.4 Compensation of executives who are not corporate officers and non-voting directors

4.6.4.1 Directors and non-voting Directors appointed by the Shareholders' Meeting

Upon motion of the Board of Directors, the Shareholders' Meeting sets the total annual amount of directors' fees to be distributed by the Board among its members.

At the recommendation of the Appointments and Compensation Committee, the Board of Directors, at its meetings of August 29, 2008, January 20, 2010 and December 6, 2011, established the rules for distributing the total annual envelope of directors' fees set by the Gaz de France Shareholders' Meeting of July 16, 2008 amounting to €1.4 million, in line with an individual distribution system of directors' fees, combining a fixed portion with a variable portion based on the attendance of Directors at Board and Committee meetings. The same system applies to non-voting Directors' fees, which are deducted from the budget for directors' fees.

At its meeting of December 11, 2013, the Board of Directors decided, on the recommendation of the Appointments and Compensation Committee, with effect from January 1, 2014 and without change to the overall envelope of directors' fees, to update directors' fees allocation rules in accordance with Article 21.1 of the AFEP-MEDEF Code, which provides that the allocation rules must include a predominant variable portion.

The distribution rules are indicated below. (Note that the executive corporate officers receive no Directors' fees for their participation in meetings of the Board of Directors). The distribution rules relating to 2014 and previous years are set out in the respective registration documents for these periods.

DISTRIBUTION OF DIRECTORS' FEES TO NON-EXECUTIVE DIRECTORS AND NON-VOTING DIRECTORS APPOINTED BY THE SHAREHOLDERS' MEETING

Director	
• Fixed fee	€15,000 per year
• Variable fee, dependent on attendance	€50,000 if 100% attendance
Audit Committee	
Chairman:	
• Fixed fee	€15,000 per year
• Variable fee, dependent on attendance	€40,000 if 100% attendance
Committee member:	
• Fixed fee	€5,000 per year
• Variable fee, dependent on attendance	€20,000 if 100% attendance
Strategy, Investment and Technology Committee	
Chairman:	
• Fixed fee	€10,000 per year
• Variable fee, dependent on attendance	€25,000 if 100% attendance
Committee member:	
• Fixed fee	€5,000 per year
• Variable fee, dependent on attendance	€15,000 if 100% attendance
Ethics, Environment and Sustainable Development Committee	
Chairman:	
• Fixed fee	€5,000 per year
• Variable fee, dependent on attendance	€20,000 if 100% attendance
Committee member:	
• Fixed fee	€5,000 per year
• Variable fee, dependent on attendance	€15,000 if 100% attendance
Appointments and Compensation Committee	
Chairman:	
• Fixed fee	€5,000 per year
• Variable fee, dependent on attendance	€20,000 if 100% attendance
Committee member:	
• Fixed fee	€5,000 per year
• Variable fee, dependent on attendance	€15,000 if 100% attendance
Non-voting Director	
• Fixed fee	€20,000 per year
• Variable fee, dependent on attendance	€2,571 per meeting, limited to seven meetings The maximum variable amount per Director is capped at €17,997 per year

On the basis of the above, the non-executive corporate officers and non-voting Directors received compensation shown in the table below for fiscal 2015. (Note that unless otherwise indicated, no other compensation was paid to these officers by the Company or by its subsidiaries for the said fiscal year.)

TOTAL COMPENSATION PAID TO NON-EXECUTIVE DIRECTORS AND NON-VOTING DIRECTORS APPOINTED BY THE SHAREHOLDERS' MEETING

(in euros)	Fiscal year 2015 (1)	Fiscal year 2014 (1)
Albert Frère	9,167 (2)(4)(7)	27,500 (2)(7)
Ann-Kristin Achleitner	93,334 (2)	96,900 (2)
Edmond Alphandéry	130,700 (3)	116,500 (3)
Jean-Louis Beffa	90,000 (3)	81,500 (3)
Aldo Cardoso	134,200 (2)	136,700 (2)
Catherine Guillouard	13,000 (3)(5)(6)	-
Mari-Noëlle Jégo-Laveissière	17,875 (3)(5)(6)	-
Barbara Kux	49,408 (2)(5)	-
Françoise Malrieu	131,000 (3)	135,000 (3)
Marie-José Nadeau	62,750 (2)(5)	-
Lord Simon of Highbury	99,450 (2)	93,050 (2)
Gérard Lamarche, Non-voting Director	6,667 (4)(8)	37,997 (8)
TOTAL	**837,551**	**735,647**

(1) Directors' fees due for a given fiscal year are paid during the fiscal year concerned.
(2) Before deduction of withholding tax levied on directors' fees paid to Directors residing outside France.
(3) Before deduction of withholding tax relating to tax and social contributions.
(4) Director or non-voting Director until April 28, 2015.
(5) Director as of April 28, 2015.
(6) Director elected from the private sector by the Shareholders' Meeting on the proposal of the French State.
(7) These directors' fees were paid to Groupe Bruxelles Lambert.
(8) This compensation was paid to Groupe Bruxelles Lambert.

4.6.4.2 Director representing the French State and the Directors elected by the Shareholders' Meeting on the proposal of the French State

The Director representing the French State (Ms. Astrid Milsan) and the two Directors from the public sector appointed by the Shareholders' Meeting on the proposal of the French State (Mr. Bruno Bézard and Ms. Stéphane Pallez) have not personally received any compensation (directors' fees or other) from the Company or from companies controlled thereby in consideration for their service as directors. The two Directors from the private sector, appointed by the Shareholders' Meeting on the proposal of the French State (Ms. Catherine Guillouard and Ms. Mari-Noëlle Jégo-Laveissière), received 30% of the directors' fees corresponding to their office, pursuant to the Order of December 28, 2014 taken in application of Article 6 of Decree No. 2014-948 of August 20, 2014 relating to corporate governance and capital transactions (see table above).

Note that, in respect of the foregoing, the balance of the directors' fees corresponding to these offices (€300,408) was paid directly to the Public Treasury in compliance with regulations.

4.6.4.3 Directors representing employees and employee shareholders

Directors representing employees and employee shareholders on the ENGIE Board of Directors received no compensation (directors' fees or other) from the Company or from companies controlled by the Company in consideration of their service as Directors.

These directors are: Alain Beullier, Philippe Lepage, Anne-Marie Mourer and Caroline Simon.

4.6.5 Information on stock options and the award of bonus shares or Performance Shares

4.6.5.1 Availability of shares resulting from the exercise of stock options and of Performance Shares

French Act No. 2006-1770 of December 30, 2006 for the development of profit-sharing and employee shareholding and covering various economic and social provisions (the "Balladur Act") imposes restrictions on the free availability of shares resulting from the exercise of options and of Performance Shares granted to corporate officers under share allocation plans implemented on or after January 1, 2007.

In accordance with these provisions, a system was established specifying the obligation to hold as registered shares, a certain percentage (set by the Board of Directors) of options exercised and of acquired Performance Shares, so that after a certain point, the corporate officers and, more generally, Executive Committee members, would hold a portfolio of ENGIE shares corresponding to a fraction of their compensation.

At its meeting of September 25, 2013, the Board of Directors decided, on the recommendation of the Appointments and Compensation Committee, to update the existing system as follows:

- objective to build a share portfolio equivalent to two years' fixed compensation for executive corporate officers, one and a half years for other members of the General Management Committee and one year for other members of the Executive Committee [1]. This objective is set in terms of the number of shares for each person concerned, and is calculated based on fixed compensation for 2013 and the average share price over the previous three years. These bases are revised every two years;
- until the objective is met: Reinvestment of two-thirds of the gross capital gains arising from the exercise/sale of options, or holding of the corresponding number of shares arising solely from the exercise of options and holding of two-thirds of acquired Performance Shares [2].

At its meeting of February 26, 2014, the Board of Directors decided to adjust this mechanism to Performance Units benefiting the two executive corporate officers (see 4.6.1.3 above) by requiring them to reinvest in ENGIE shares two-thirds of the net amount paid until the shareholding target (equal to two years' fixed compensation) referred to above is met.

4.6.5.2 Programmed management of stock options

At its meeting of November 12, 2008, the ENGIE Board of Directors decided to continue the programmed management of stock options granted to the executives of the former SUEZ SA. This mechanism largely anticipates the AMF's recommendations of November 3, 2010 regarding the prevention of insider trading by management. The principle of such programmed management is that the interested parties give an irrevocable power of attorney to a financial institution to exercise the ENGIE stock options, in their name and on their behalf, at the dates and under the conditions previously established by annual instruction, and to sell the corresponding shares on the market, with or without determining a reserve unit price. This annual instruction will include the number and quarterly allocation of transactions to be executed, plan by plan, over the next 12 months. Within each quarterly period, the financial proxy acts freely at the dates and for the volumes that it judges appropriate within the framework and the limits of the annual instruction, to exercise options and sell shares. The annual instruction is sent to the financial proxy every year within 15 days following the date of publication of the annual financial statements and on condition that the interested parties are not in possession of inside information at that date. Once this instruction has been given, it is irrevocable, and the interested party undertakes not to exercise the options other than through the delegated power of attorney. The ban on exercising options and selling shares during the black-out periods preceding the publication of the annual and half-yearly financial statements and quarterly information is maintained.

The Board of Directors of ENGIE also decided that this system is mandatory for the executive corporate officers and for the other members of the General Management Committee.

4.6.5.3 Stock option plans and bonus share or Performance Share plans implemented during fiscal year 2015

Authorization of the Shareholders' Meeting of April 28, 2014

The twenty-first resolution of the ENGIE Ordinary and Extraordinary Shareholders' Meeting of April 28, 2014 authorized the Board of Directors to award bonus shares to employees and/or corporate officers of the Company and/or of companies belonging to the Group (with the exception of corporate officers of the Company) up to the limit of 0.5% of the share capital on the date of the decision to allocate shares. Also note that the Shareholders' Meeting was not asked to grant an authorization for stock options.

Performance Share Plan for 2014 (Board meeting of February 25, 2015)

In addition, under the authorization given by the Shareholders' Meeting of April 28, 2014, the Board of Directors, at its meeting of February 25, 2015, decided to implement a Performance Share Plan for certain employees of ENGIE Global Markets (formely GDF SUEZ Trading), a subsidiary of the ENGIE Group, in accordance with the order of November 3, 2009 and with European Directives CRD3 and CRD4 regarding the compensation of financial markets professionals, and with the order of December 13, 2010. The main features of this plan and other plans granted for 2014 are listed on pages 147 et seq. of the 2014 Registration Document filed with the AMF on March 20, 2014.

Authorization of the Shareholders' Meeting of April 28, 2015

The twenty-second resolution of the ENGIE Ordinary and Extraordinary Shareholders' Meeting of April 28, 2015 authorized the Board of Directors to award bonus shares to employees and/or corporate officers of companies belonging to the Group (with the exception of corporate officers of the Company) up to the limit of 0.5% of the share capital on the date of the decision to allocate shares [3]. Also note that the Shareholders' Meeting was not asked to grant an authorization for stock options.

(1) As a result of the Group's new organization since January 1, 2016 and particularly the elimination of the Executive Committee as the Group's executive body, this provision is now automatically limited to members of the General Management Committee.

(2) Given exclusion of executive corporate officers from Performance Share plans, no requirement is made to acquire additional shares at the time Performance Shares are delivered (Art. 23.2.4 of the AFEP-MEDEF Code).

(3) A combined ceiling of 0.5%, the same as in the twenty-first resolution, applying both to free share allocations to all of the Group's employees, and an allocation (equivalent to a matching contribution) to employees taking part in a Group international employee shareholding plan.

Performance Share Plan for 2015 (Board meetings of December 16, 2015 and February 24, 2016)

Under the authorization granted by the Shareholders' Meeting of April 28, 2015, the Board of Directors, at its meeting of December 16, 2015, decided to implement Performance Share Plans for certain employees of ENGIE and its subsidiaries (excluding corporate officers of ENGIE. The main features of this plan, which involves 3,349,695 shares for 7,031 people are as follows:

Acquisition period	December 16, 2015 to March 14, 2019 (2020 for some countries)
Continuous service condition [(1)]	March 14, 2019 (2020 for some countries)
Final acquisition date	March 15, 2019 (2020 for some countries)
Holding period [(2)]	March 15, 2019 to March 14, 2021 (no holding period if acquired in 2020)
Transferable from	From March 15, 2021 (from March 15, 2020 if acquisition in 2020)
Performance conditions [(3)]:	• 50% based on the Recurring net income, Group share, for 2017 and 2018 compared to the budgeted Recurring net income, Group share for the same years (pro forma); and • 50% based on Total Shareholder Return (TSR: stock market performance, reinvested dividend) of the ENGIE share compared with the TSR of companies included in the Eurostoxx Utilities Index (Eurozone) over the period December 2018-January 2019 compared to November-December 2015

(1) Current employment contract with a Group company at these dates (except in cases of retirement, death, disability or exceptional decision).
(2) Mandatory holding period for acquired shares (except in the case of death or disability).
(3) Performance conditions:
(a) internal condition related to recurring net income, Group share for 2017 and 2018 vs. the budgeted Recurring net income, Group share for the same years (pro forma):
- *Recurring net income, group share 2017+2018 < 90% budgeted Recurring net income, group share 2017+2018: success rate = 0%,*
- *Recurring net income, group share 2017+2018 = 90% budgeted Recurring net income, group share 2017+2018: success rate = 33%,*
- *Recurring net income, Group share 2017+2018 > 90% of budgeted Recurring net income, Group share 2017+2018 < budgeted Recurring net income, Group share 2017+2018; progressive and linear success rate from 33%,*
- *Recurring net income, group share 2017+2018 ≥ budgeted Recurring net income, group share 2017+2018: success rate = 100%;*

(b) external condition related to Total Shareholder Return (TSR): stock market performance, reinvested dividend of the ENGIE share compared with the TSR of companies included in the Eurostoxx Utilities Index (Eurozone):
- *ENGIE TSR ≤ 90% of TSR of Eurostoxx Utilities companies (Eurozone): success rate = 0%,*
- *ENGIE TSR = 100% of TSR of Eurostoxx Utilities companies (Eurozone): success rate = 70%,*
- *ENGIE TSR ≥ 103% of TSR of Eurostoxx Utilities companies (Eurozone): success rate = 100%;*

For interim results (from 90% to 100% and from 100% to 103%): progressive and linear success rate.
To smooth the possible effects of volatility (gain or loss), the TSR will be calculated by taking the average of the ENGIE TSR (stock market performance, reinvested dividend) and that of the Eurostoxx Utilities (Eurozone) companies over two months, namely December 2018 to January 2019, versus November to December 2015.
The sum of the success rate of (a) and (b) is divided by two to obtain an overall success rate.
For a limited number of beneficiaries in the context of innovation programs and the like, performance conditions are not applicable.

In addition, under the authorization given by the Shareholders' Meeting of April 28, 2015, the Board of Directors, at its meeting of February 24, 2016, decided to implement a Performance Share Plan for certain employees of GDF SUEZ Trading, a subsidiary of ENGIE Group, in accordance with the order of November 3, 2009 and with European Directives CRD3 and CRD4 regarding the compensation of financial markets professionals, and with the order of December 13, 2010.

The allocation concerned 72 people within ENGIE Global Markets (formely GDF SUEZ Trading), for a total of 132,529 ENGIE Performance Shares; its features are similar to those of the plan of February 25, 2015 (continuous service and performance conditions). The Board of Directors set the following schedule and general conditions for the plans:

Acquisition period	02/24/2016 to 03/14/2018 for around half the shares 02/24/2016 to 03/14/2019 for the remaining shares
Continuous service condition [(1)]	03/14/2018 for around half the shares 03/14/2019 for the remaining shares
Final acquisition date	03/15/2018 for around half the shares 03/15/2019 for the remaining shares
Holding period [(2)]	03/15/2018 to 03/14/2020 for around half the shares 03/15/2019 to 03/14/2021 for the remaining shares
Transferable from	03/15/2020 for around half the shares 03/15/2021 for the remaining shares
Performance conditions	• Based on ENGIE Global Markets' (formely GDF SUEZ Trading) profit before tax for fiscal year 2017 for around half the shares • Based on ENGIE Global Markets' (formely GDF SUEZ Trading) profit before tax for fiscal year 2018 for the remaining shares

(1) Current employment contract with a Group company at these dates (except in cases of retirement, death, disability or exceptional decision).
(2) Mandatory holding period for acquired shares (except in the case of death or disability).

4.6.6 Stock options granted to, and exercised by, each executive corporate officer – recap of current plans

4.6.6.1 ENGIE stock subscription and purchase options granted to executive corporate officers by ENGIE and all ENGIE Group companies in fiscal year 2015

None.

4.6.6.2 ENGIE stock subscription and purchase options exercised by the executive corporate officers of ENGIE in fiscal year 2015

None, including the subscription and purchase options for Suez Environnement stock held by Isabelle Kocher (see 4.6.6.7).

4.6.6.3 Recap of current ENGIE stock purchase option plans

	Plan of 11/12/2008	Plan of 11/10/2009
Date of authorizing General Shareholders' Meeting	07/16/2008	05/04/2009
Start date for the exercise of options (1)	11/12/2012	11/10/2013
Expiration date	11/11/2016	11/09/2017
Total number of shares purchasable at 12/31/2014	5,999,064	4,858,725
Total number of shares purchasable by corporate officers:		
• Gérard Mestrallet	0 (2)	0 (2)
• Isabelle Kocher	12,800	6,196
Exercise conditions	(3)	(6)
Purchase price *(in euros)*	32.74	29.44
Number of options exercised (4)	0	0
Number of options cancelled (5)	30,000	50,710
Balance at 12/31/2015	5,969,064	4,808,015

(1) Stock options may also be exercised early in the event of retirement or death.
(2) Gérard Mestrallet waived his stock options for fiscal years 2008 and 2009.
(3) For the other members of the Executive Committee, 45% of the options are subject to "simple" conditions and 10% to "enhanced" conditions. For other Group senior managers, 50% of the options are subject to "simple" conditions. The enhanced condition was not met in November 2012 and all the options subject to this condition were cancelled. Application of the "simple" condition projected a target price of €18.68; as this target price was achieved at market closing on September 24, 2013; the options subject to this condition could be exercised.
(4) Exercised from January 1 to December 31, 2015.
(5) Cancelled from January 1 to December 31, 2015.
(6) For other Group senior managers, 50% of the options are subject to "simple" conditions. These conditions were tested in November 2013 to establish a target price of €20.13. This target price was achieved at market closing on May 22, 2014; the options subject to this condition could be exercised.

4.6.6.4 Summary of current ENGIE stock subscription option plans

For year	2006	2007
Date of authorizing General Shareholders' Meeting	04/27/2004	05/04/2007
Date of Board Meeting decision	01/17/2007	11/14/2007
Total number of shares subscribable as of 12/31/2014	5,607,859	4,357,575
Of which: Total number of shares purchasable by executive corporate officers		
• Gérard Mestrallet	403,504	0
• Isabelle Kocher	15,928	17,312
Start date for the exercise of options (1)	01/17/2011	11/14/2011
Expiration date	01/16/2015	11/13/2015
Exercise conditions	(2)	(3)
Subscription price in euros	36.62	41.78
Options exercised from 01/01/2015 to 12/31/2015	0	0
Options cancelled from 01/01/2015 to 12/31/2015	5,607,859	4,357,575
Balance at 12/31/2015	0	0

(1) Stock options could also be exercised early in the event of retirement or death.
(2) For the members of the Executive Committee at the time, 45% of the options were subject to "simple" conditions and 10% to "enhanced" conditions; these conditions were met in January 2011. For other Group executive managers, 50% were subject to "simple" conditions; these conditions were met in January 2011.
(3) For the members of the Executive Committee at the time, 45% of the options were subject to "simple" conditions and 10% to "enhanced" conditions; these conditions were met in November 2011. For other Group executive managers, 50% were subject to "simple" conditions; these conditions were met in November 2011.

4.6.6.5 Summary of stock subscription or purchase options held by Gérard Mestrallet at December 31, 2015

None.

4.6.6.6 Summary of stock subscription or purchase options held by Isabelle Kocher at December 31, 2015

Plan	11/12/2008	11/10/2009	12/17/2009 (3)
Exercise starting date	11/12/2012	11/10/2013	12/17/2013
Expiration date	11/11/2016	11/9/2017	12/16/2017
Exercise price in euros	32.74	29.44	15.49
Balance of options at 12/31/2015:			
• Condition of presence only	6,400	3,098	11,700
• Performance condition	6,400 (1)	3,098 (2)	0 (4)

(1) Options were subject to a performance condition, which was met in September 2013.
(2) Options were subject to a performance condition, which was met in May 2014.
(3) A Suez Environnement plan, when Isabelle Kocher was CEO of Lyonnaise des Eaux.
(4) 27,298 Suez Environnement options subject to a performance condition were cancelled in December 2013.

Note that the executive corporate officers have made a formal undertaking not to make use of hedging instruments in respect of options or Performance Shares.

4.6.7 Performance Shares awarded to and available for sale by each executive corporate officer - Summary of current plans

4.6.7.1 ENGIE Performance Shares allocated to each ENGIE executive corporate officer by ENGIE and all other companies of the ENGIE Group in 2015

Gérard Mestrallet *Chairman and Chief Executive Officer*	None
Isabelle Kocher *Deputy CEO, Chief Operating Officer*	None

4.6.7.2 ENGIE Performance Shares that became available for sale by each executive corporate officer of ENGIE in fiscal year 2015

	Plan	Acquisition date	Date of availability	Number of shares becoming available (1)
Gérard Mestrallet *Chairman and Chief Executive Officer*	None			
Isabelle Kocher *Deputy CEO, Chief Operating Officer*	06/22/2011	06/24/2013	06/24/2015	10

(1) These shares are subject to the conditions set forth in section 4.6.5.1

4.6.7.3 Summary of current ENGIE Performance Share plans

For year:	2010		2011
	2010 plan	2011 plan	Traders' Plan 2/29/2012
Date of authorizing General Shareholders' Meeting	05/03/2010	05/02/2011	05/02/2011
Date of authorizing Shareholders' Meeting	01/13/2011	12/06/2011	02/29/2012
Share price in euros [1]	18.1	11.3	15.1
Start of acquisition period [2]	01/13/2011	12/06/2011	02/29/2012
End of acquisition period	03/14/2014 [3]	03/14/2015 [5]	03/14/2014 [7] 03/14/2015 [7]
Start of holding period	03/15/2014 [3]	03/15/2015 [5]	03/15/2014 [7] 03/15/2015 [7]
End of holding period	03/15/2016 [3]	03/15/2017 [5]	03/15/2016 [7] 03/15/2017 [7]
Related conditions	[4]	[6]	[8]
Shares acquired as of 12/31/2014	142,978	2,896,780	34,542
Shares delivered from 01/01/2015 to 12/31/2015	133,545	200	32,705
Shares cancelled from 1/1/2015 to 12/31/2015	9,433	2,896,580	1,837
Balance at 12/31/2015	0	0	0

(1) Average price, according to the method used for the consolidated financial statements.
(2) Early acquisition possible in the event of death or permanent disability. Condition of presence at the acquisition date.
(3) For France, Belgium, Spain and Romania; for other countries, acquisition on 03/14/2015 with no holding period.
(4) For 3,367 beneficiaries, dual condition: 50% based on 2013 EBITDA and 50% on the share price performance compared with the Eurostoxx Utilities Index (double condition met by 21.92%); for 3,480 beneficiaries, a single condition based on 2013 EBITDA (met by 43.84%); for corporate officers, triple condition: 1/3 based on 2013 EBITDA, 1/3 on TSR compared with Eurostoxx Utilities companies, 1/3 on 2013 ROCE (triple condition met by 14.61%).
(5) For France, Belgium and Spain, with holding period from 03/15/2015 to 03/14/2017 inclusive and transferable from 03/15/2017; for other countries, acquisition on 03/14/2016 with no holding period.
(6) For 464 beneficiaries, dual condition: 50% based on 2014 EBITDA and 50% on the TSR of ENGIE compared with the TSR of the Eurostoxx Utilities (Eurozone) companies; for 5,531 beneficiaries, simple condition based on the TSR of ENGIE compared with the TSR of Eurostoxx Utilities (Eurozone) companies. Neither condition was met and all rights to vesting shares were cancelled.
(7) For 50% of shares.
(8) 50% based on 2013 ENGIE Global Markets (formely GDF SUEZ Trading) EBITDA (met in full) and 50% based on 2014 ENGIE Global Markets EBITDA (met in full).

2012		2013		2014		2015	
2012 plan	2012 traders' plan	2013 plan	2013 traders' plan	2014 plan	2014 traders' plan	2015 plan	2015 traders' plan
4/23/2012	4/23/2012	4/23/2013	4/23/2013	4/28/2014	4/28/2014	4/28/2015	4/28/2015
12/5/2012	2/27/2013	12/11/2013	2/26/2014	12/10/2014	2/25/2015	12/16/2015	2/24/2016
8.1	9.2	7.6	13.3	12.1	14.7	9.8	10.2
12/05/2012	2/27/2013	12/11/2013	02/26/2014	12/10/2014	02/25/2015	12/16/2015	02/24/2016
03/14/2016 [9]			03/14/2015 [7] 03/14/2016 [7]	03/14/2018 [15]	03/14/2017 [7] 03/14/2018 [7]	03/14/2019 [18]	03/14/2018 [7] 03/14/2019 [7]
03/15/2016 [9]	03/15/2015 [7] 03/15/2016 [7]	03/15/2017 [12]	03/15/2016 [7] 03/15/2017 [7]	03/15/2018 [15]	03/15/2019 [7] 03/15/2020 [7]	03/15/2019 [18]	03/15/2020 [7] 03/15/2021 [7]
03/15/2018 [9]	03/15/2017 [7] 03/15/2018 [7]	03/15/2019 [12]	03/15/2018 [7] 03/15/2019 [7]	03/15/2020 [15]	03/15/2019 [7] 03/15/2020 [7]	03/15/2020 [18]	03/15/2020 [7] 03/15/2021 [7]
[10]	[11]	[13]	[14]	[16]	[17]	[19]	[20]
3,468,265	94,764	2,757,710	89,991	3,388,540	none	none	none
2,660	42,842	1,900	0	1,800	0	0	none
41,105	3,628	29,260	1,261	66,635	1,223	0	none
3,424,500	48,294	2,726,550	88,730	3,320,105	140,706	3,349,965	none

(9) For France, Belgium and Spain, with holding period from 03/15/2016 to 03/14/2018 inclusive and transferable from 03/15/2018; for other countries, acquisition on 03/14/2017 with no holding period.

(10) For 547 beneficiaries, dual condition: 50% based on Recurring net income, Group share 2014+2015 and 50% on the TSR of ENGIE compared with the TSR of the Eurostoxx Utilities (Eurozone) companies; for 6,437 beneficiaries, simple condition based on the TSR of ENGIE compared with the TSR of Eurostoxx Utilities (Eurozone) companies.

(11) 50% based on 2014 ENGIE Global Markets (formely GDF SUEZ Trading) EBITDA (met in full) and 50% based on 2015 ENGIE Global Markets EBITDA.

(12) For France, Belgium and Spain, with holding period from 03/15/2017 to 03/14/2019 inclusive and transferable from 03/15/2019; for other countries, acquisition on 03/14/2018 with no holding period.

(13) For 519 beneficiaries, dual condition: 50% based on Recurring net income, Group share 2015+2016 and 50% on the TSR of ENGIE compared with the TSR of the Eurostoxx Utilities (Eurozone) companies; for 6,356 beneficiaries, simple condition based on the TSR of ENGIE compared with the TSR of Eurostoxx Utilities (Eurozone) companies.

(14) 50% based on 2015 ENGIE Global Markets (formely GDF SUEZ Trading) profit before tax and 50% based on 2016 ENGIE Global Markets profit before tax.

(15) For France, Belgium and Spain, with holding period from 03/15/2018 to 03/14/2020 inclusive and transferable from 03/15/2020; for other countries, acquisition on 03/14/2019 with no holding period.

(16) For all beneficiaries, a dual condition: 50% based on Recurring net income, Group share 2016+2017 and 50% on the TSR of ENGIE compared with the TSR of the Eurostoxx Utilities (Eurozone) companies;

(17) 50% based on 2016 ENGIE Global Markets (formely GDF SUEZ Trading) profit before tax and 50% based on 2017 ENGIE Global Markets profit before tax.

(18) For France and Belgium, with holding period from 03/15/2019 to 03/14/2021 inclusive and transferable from 03/15/2021; for other countries, acquisition on 03/14/2020 with no holding period.

(19) Wtih the exception of beneficiaries in the context of innovation programs and the like, a dual condition for all: 50% based on Recurring net income, Group share 2017+2018 and 50% on the TSR (share performance and reinvested dividends) of ENGIE compared with the TSR (share performance and reinvested dividends) of the Eurostoxx Utilities (Eurozone) companies.

(20) 50% based on 2017 ENGIE Global Markets (formely GDF SUEZ Trading) profit before tax and 50% based on 2018 ENGIE Global Markets profit before tax.

4.6.7.4 Summary of Performance Shares held by Gérard Mestrallet at December 31, 2015

Plan	SUEZ 02/13/2006	SUEZ 02/12/2007	SUEZ 07/16/2007	SUEZ 06/01/2008	ENGIE 11/12/2008	ENGIE 01/13/2011
Conditions	2007 ROCE	2008 ROCE	None [6]	None [6]	2010 EBITDA	2013 EBITDA (1/3) TSR (1/3) 2013 ROCE (1/3)
Acquisition date [1]	03/15/2008	03/15/2009 (3)	07/16/2009	06/01/2010	03/15/2011 (3)	03/15/2014 (3)
Shares under acquisition	0	0	0	0	0	87,000
Shares delivered	2,000 [2]	3,186 [4]	15	10	3,469 [5]	12,711 [5]
Transferable from	03/15/2010	03/15/2011	7/16/2011	6/1/2012	03/15/2013	03/15/2016

(1) Subject to dual condition of performance and continuous service.
(2) Following the distribution of 65% of SUEZ Environnement Company and the merger with Gaz de France, these 2,000 SUEZ shares were converted to:
- *1,890 ENGIE shares;*
- *500 SUEZ Environnement Company shares; and*
- *20 SUEZ ("fractional") shares, entitling the allocation of ENGIE shares (compensated in August 2010 in accordance with the SUEZ and Gaz de France merger prospectus).*

(3) Acquired shares are subject to a holding period under the Balladur rules (see 4.6.5.1).
(4) Condition met.
(5) Condition partially met.
(6) Worldwide plans for all employees.

4.6.7.5 Summary of Free and Performance Shares held by Isabelle Kocher at December 31, 2015

Plan	SUEZ 2/13/2006	SUEZ 2/12/2007	SUEZ 7/16/2007 [1]	SUEZ 11/14/2007	SUEZ 6/1/2008 [1]	ENGIE 11/12/2008
Conditions	2007 ROCE	2008 ROCE	2008 ROCE	2009 EBITDA	2009 EBITDA	2010 EBITDA
Acquisition date	03/15/2008 [2]	03/15/2009 [2]	7/16/2009 [2]	03/15/2010 [2]	6/1/2010 [2]	03/15/2011 [2]
Shares under acquisition	0	0	0	0	0	0
Shares delivered	1,428	2,124	15	1,493	10	786
Transferable from	03/15/2010	03/15/2011	7/16/2011	03/15/2012	6/1/2012	03/15/2013

(1) Worldwide plans for all employees.
(2) Subject to dual condition of performance and continuous service.

Plan	ENGIE 7/8/2009 [1]	ENGIE 11/10/2009	SUEZ Environnement	ENGIE 6/22/2011 [1]	ENGIE 12/6/2011	ENGIE 12/5/2012	ENGIE 12/11/2013	ENGIE 12/10/2014
Conditions	None	2010 EBITDA	Net profit 2010-2014 and share performance	None	TSR and Recurring net income, Group share	TSR and Recurring net income, Group share	TSR and Recurring net income, Group share	TSR and Recurring net income, Group share
Acquisition date	7/8/2011	03/15/2012 [3]	12/16/2014 [3]	6/24/2013	none	03/15/2016 [3]	03/15/2017 [3]	03/15/2018 [3]
Shares under acquisition	0	0	0	0	0	21,250	17,000	35,000 [4]
Shares delivered	20	770	2,100	10	0	0	0	0
Transferable from	7/8/2013	03/15/2014	12/16/2016	6/24/2015	none	03/15/2018	03/15/2019	03/15/2020

(1) Worldwide plans for all employees.
(2) The dual performance condition was not met and 15,000 rights to vesting shares were cancelled.
(3) Subject to dual condition of performance and continuous service.
(4) For her role as Executive Vice-President, Chief Financial Officer in 2014.

Note that the executive corporate officers have made a formal undertaking not to make use of hedging instruments in respect of options or Performance Shares.

4.6.8 Stock subscription or purchase options granted to the ten non-executive employees who received and exercised the most options

4.6.8.1 Stock subscription or purchase options granted by ENGIE and by all companies included in the ENGIE Stock Option scope in fiscal year 2015 to the ten employees of the issuer and its companies, who are not corporate officers and to whom the greatest number of stock options was allocated

None.

4.6.8.2 ENGIE stock subscription or purchase options exercised in fiscal year 2015 by the ten non-executive employees of ENGIE with the greatest number of stock subscription or purchase options

None.

4.6.9 Performance shares granted to the ten employees who are not corporate officers who received the most performance shares

PERFORMANCE SHARES GRANTED BY ENGIE AND BY ALL COMPANIES INCLUDED IN THE ENGIE PERFORMANCE SHARE SCOPE IN FISCAL YEAR 2015 TO THE TEN NON-EXECUTIVE EMPLOYEES OF THE ISSUER AND ITS COMPANIES, AND TO WHOM THE GREATEST NUMBER OF BONUS SHARES WERE GRANTED

Total number of shares granted	Share price* *(in euros)*	Issuer	Plans
238,700	9.71	ENGIE	12/16/2015

* *Weighted average price, according to the method used for the consolidated financial statements.*

4.6.10 Summary of transactions disclosed by executive management and corporate officers in the fiscal year 2015

	Date of transaction	Type of transaction	Quantity	Unit price *(in euros)*	Transaction price *(in euros)*
Legal entity connected to Albert Frère	01/30/2015	Disposal of shares	(1)	19,574	4,893,500
Legal entity connected to Albert Frère	03/04/2015	Disposal of shares	(1)	15.41	3,852,500
Legal entity connected to Albert Frère	03/11/2015	Disposal of shares	(1)	15,458	7,729,000
French State Shareholding Agency, director	06/22/2015	Disposal of shares	(1)	17,5548	6,144,180
French State Shareholding Agency, director	06/24/2015	Disposal of shares	(1)	17,7252	6,203,820
French State Shareholding Agency, director	06/25/2015	Disposal of shares	(1)	17,6947	5,804,270.53
French State Shareholding Agency, director	06/26/2015	Disposal of shares	(1)	17,5246	4,919,015.02
French State Shareholding Agency, director	07/13/2015	Disposal of shares	(1)	17,5357	3,507,147.4
French State Shareholding Agency, director	07/14/2015	Disposal of shares	(1)	17,5223	7,155,511.56
French State Shareholding Agency, director	07/15/2015	Disposal of shares	(1)	17,6086	8,364,071.23
French State Shareholding Agency, director	07/16/2015	Disposal of shares	(1)	17,8076	11,574,940
French State Shareholding Agency, director	07/17/2015	Disposal of shares	(1)	17,7244	7,975,975.95
French State Shareholding Agency, director	07/20/2015	Disposal of shares	(1)	17,766	8,883,000
French State Shareholding Agency, director	07/21/2015	Disposal of shares	(1)	17,702	7,523,370.4
French State Shareholding Agency, director	07/22/2015	Disposal of shares	(1)	17,5187	5,190,475.47
French State Shareholding Agency, director	07/23/2015	Disposal of shares	(1)	17,5425	5,956,416.89
French State Shareholding Agency, director	07/24/2015	Disposal of shares	(1)	17,5108	2,445,330.69
French State Shareholding Agency, director	07/30/2015	Disposal of shares	(1)	17,6507	8,678,178.46
French State Shareholding Agency, director	08/03/2015	Disposal of shares	(1)	17,6113	8,972,112.01
French State Shareholding Agency, director	08/04/2015	Disposal of shares	(1)	17,529	7,011,600
French State Shareholding Agency, director	08/05/2015	Disposal of shares	(1)	17,75	11,537,500
French State Shareholding Agency, director	08/06/2015	Disposal of shares	(1)	17,742	10,645,189.2
French State Shareholding Agency, director	08/07/2015	Disposal of shares	(1)	17,9825	31,612,533.68
French State Shareholding Agency, director	08/10/2015	Disposal of shares	(1)	17,8567	16,263,865.61
French State Shareholding Agency, director	08/11/2015	Disposal of shares	(1)	17,7732	9,749,382.22
French State Shareholding Agency, director	08/12/2015	Disposal of shares	(1)	17,5216	130,097.66
French State Shareholding Agency, director	08/13/2015	Disposal of shares	(1)	17,5423	3,627,502.05

(1) *Not provided.*

05

Information on the share capital and shareholding

5

5.1 Information on the share capital and non-equity instruments

5.1.1 Share capital and voting rights

5.1.1.1 Share capital

ENGIE shares are listed on Compartment A of Euronext Paris and Euronext Brussels under ISIN Code FR0010208488 and ticker symbol ENGI. ENGIE shares are included in the CAC 40 index, the main index published by NYSE Euronext Paris, and are eligible for the Deferred Settlement Service (SRD). ENGIE is also included in the following stock indexes: BEL. 20, Euro STOXX 50, STOXX Europe 600, MSCI Europe, Euronext 100, FTSE Eurotop 100, Euro STOXX Utilities, STOXX Europe 600 Utilities, Euronext Vigeo (Europe 120, Eurozone 120, France 20), and DJSI (World, Europe).

At December 31, 2015, ENGIE's share capital stood at €2,435,285,011 divided into 2,435,285,011 fully paid-up shares with a par value of €1 each.

5.1.1.2 Pledges, guarantees and collateral

Pledges of assets

The percentage of shares pledged is not significant.

OTHER PLEDGES

In € million	Total value	2016	2017	2018	2019	2020	2021 to 2025	> 2025	Account Total	Corresponding %
Intangible assets	3	0	0	-	-	-	0	3	7,013	0.0
Property, plant and equipment	5,267	373	136	54	49	50	1,383	3,222	56,988	9.2
Equity investments	4,040	74	140	6	6	5	524	3,285	9,993	40.4
Bank accounts	434	5	92	-	-	0	95	243	9,183	4.7
Other assets	308	1	166	1	1	1	98	40	33,407	0.9
TOTAL	**10,052**	**453**	**534**	**60**	**55**	**57**	**2,101**	**6,792**	**116,584**	**8.6**

Note: The total amount of the pledge relating to equity instruments may relate to consolidated equity instruments with zero value in the consolidated balance sheet (elimination of these equity instruments upon consolidation).

5.1.1.3 Voting rights

Under Article 11 of the Company's bylaws, unless otherwise provided for by law, each shareholder has as many voting rights and may cast as many votes at meetings as he or she holds shares which are fully paid up.

The Board of Directors presented a resolution to the General Shareholders' Meeting of April 28, 2015 to maintain the "one share – one vote" principle, as permitted under the Florange Act of March 29, 2014 which established double voting rights on shares held in registered form by the same shareholder for more than two years unless prohibited by the bylaws. The General Meeting rejected this resolution.

Consequently, effective April 2, 2016 and in accordance with Article L. 225-123 of the French Commercial Code, all registered and fully paid-up shares registered in the name of the same beneficiary for at least two years will be automatically entitled to a double voting right.

On December 31, 2015, after adjusting for treasury stock, the Company held 2,395,877,470 shares representing the same number of eligible voting rights.

Pursuant to the French Energy Code and Act No. 2014-384 of March 29, 2014, the French State is required to hold more than one-third of the Company's capital or voting rights, and its stake may only fall below this threshold if it returns to the required ownership threshold for capital or voting rights within two years.

In addition, pursuant to the Energy Code and Decree No. 2007-1790 of December 20, 2007, ENGIE's share capital includes a golden share. (For details on the state's golden share, see Section 5.2.4 "Golden share".)

5.1.2 Potential capital and share equivalents

At December 31, 2015, there were no share equivalents conferring direct or indirect access to ENGIE's share capital.

5.1.3 Authorizations and their utilization related to share capital and share equivalents

The Company's shareholders delegated the following powers and authorizations in relation to financial matters to the Board of Directors:

AUTHORIZATIONS GRANTED BY THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING OF APRIL 28, 2014

Resolution	Type of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
5th	Authorization to trade in the Company's shares	18 months (until October 27, 2015)	Maximum purchase price: €40. Maximum shareholding: 10% of the share capital. Aggregate amount of purchases: ≤ €9.6 billion	ENGIE held 1.81% of its share capital as of April 28, 2015	Authorization expired (canceled by the 5th resolution of the Combined Shareholders' Meeting of April 28, 2015)
10th	Issue, with preferential subscription rights, of shares and/or share equivalents of the Company or subsidiaries, and/or issue of securities entitling the allocation of debt instruments	26 months (until June 27, 2016)	€225 million for shares (1) (2) +€5 billion for debt securities (1)	None	Full amount of the authorization
11th	Issue, without preferential subscription rights, of shares and/or share equivalents of the Company or subsidiaries, and/or issue of securities entitling the allocation of debt instruments	26 months (until June 27, 2016)	€225 million for shares (1) (2) +€5 billion for debt securities (1)	None	Full amount of the authorization
12th	Issue, without preferential subscription rights, of shares or share equivalents giving access to the capital of the Company, as part of an offer referred to in Article L. 411-2 II of the French Monetary and Financial Code	26 months (until June 27, 2016)	€225 million for shares (1) (2) +€5 billion for debt securities (1)	None	Full amount of the authorization
13th	Increase in the number of shares or other securities to be issued in the event of a securities issue with or without preferential subscription rights, in application of the 10th, 11th and 12th resolutions, limited to 15% of the initial issue	26 months (until June 27, 2016)	€225 million for shares (1) (2) +€5 billion for debt securities (1)	None	Full amount of the authorization
14th	Issue of shares and/or share equivalents of the Company limited to 10% of the share capital in consideration for contributions in kind granted to the Company and comprised of capital securities	26 months (until June 27, 2016)	€225 million for shares (1) (2) +€5 billion for debt securities (1)	None	Full amount of the authorization
15th	Capital increase reserved for members of the Group Employee Savings Plan	26 months (until June 27, 2016)	€30 million (2)	Capital increase on December 11, 2014 (20,636,262 shares issued, of which 20,307,623 shares subscribed by employees and 328,639 new bonus shares issued)	Authorization expired (cancelled by the 19th resolution of the Combined Shareholders' Meeting of April 28, 2015)
16th	Capital increase reserved for any entity formed as part of the implementation of the international employee shareholding plan offered by the Group	18 months (until October 27, 2015)	€10 million (2)	Capital increase of December 11, 2014 (1,824,660 shares issued)	Authorization expired (cancelled by the 20th resolution of the Combined Shareholders' Meeting of April 28, 2015)

Resolution	Type of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
18th	Capital increase by incorporation of premiums, reserves, profits or other	26 months (until June 27, 2016)	Aggregate amount that may be capitalized	None	Full amount of the authorization
19th	Authorization to reduce the share capital by canceling treasury stock	26 months (until June 27, 2016)	10% of the share capital per 24 month period	None	Full amount of the authorization
20th	Authorization to award bonus shares (i) to employees and/or corporate officers of companies belonging to the Group (with the exception of corporate officers of the Company) and (ii) to employees participating in a Group international employee shareholding plan	18 months (until October 27, 2015)	Maximum shareholding: 0.5% of the share capital (3)	Allocation on December 11, 2014 of 0.1 million shares, i.e., 0.01% of the share capital at February 27, 2015	Authorization expired (cancelled by the 21st resolution of the Combined Shareholders' Meeting of April 28, 2015)
21st	Authorization to award bonus shares to certain employees and officers of Group companies (except for officers of the Company)	18 months (until October 27, 2015)	Maximum shareholding: 0.5% of the share capital (3)	Allocation of 3.4 million Performance Shares on December 10, 2014, 0.1 million Performance Shares on February 25, 2015, and 0.1 million Performance Shares on February 27, 2015 as part of the employee offering, i.e. 0.15% of the share capital at February 27, 2015	Authorization expired (cancelled by the 22nd resolution of the Combined Shareholders' Meeting of April 28, 2015)

(1) This is a ceiling set by the Combined Shareholders' Meeting of April 28, 2014 for the issues decided pursuant to the 10th, 11th, 12th, 13th and 14th resolutions.

(2) The overall maximum nominal amount of the issues decided in application of the 10th, 11th, 12th, 13th and 14th resolutions of the Combined Shareholders' Meeting of April 28, 2014 and of the 19th and 20th resolutions of the Combined Shareholders' Meeting of April 28, 2015 was set at €265 million by the 17th resolution of the Combined Shareholders' Meeting of April 28, 2014.

(3) This is a ceiling set by the Combined Shareholders' Meeting of April 28, 2014 for the issues decided pursuant to the 20th and 21st resolutions.

AUTHORIZATIONS GRANTED BY THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING OF APRIL 28, 2015

Resolution	Type of authorization or delegation of authority	Validity and expiration	Maximum nominal amount per authorization	Amounts utilized	Remaining balance
5th	Authorization to trade in the Company's shares	18 months (until October 27, 2016)	Maximum purchase price: €40. Maximum shareholding: 10% of the share capital. Aggregate amount of purchases: ≤ €9.7 billion	ENGIE held 1.62% of its share capital as of December 31, 2015	8.38% of the share capital
19th	Capital increase reserved for members of the Group Employee Savings Plan	26 months (until June 27, 2017)	1% of the share capital (1)(2)	None	Full amount of the authorization
20th	Capital increase reserved for any entity formed as part of the implementation of the international employee shareholding plan offered by the Group	18 months (until October 27, 2016)	0.5% of the share capital (1)(2)	None	Full amount of the authorization
21st	Authorization to award bonus shares (i) to employees and/or corporate officers of companies belonging to the Group (with the exception of corporate officers of the Company) and (ii) to employees participating in a Group international employee shareholding plan	18 months (until October 27, 2016)	Maximum shareholding: 0.5% of the share capital (3)	None	0.36% of the share capital (3)
22nd	Authorization to award bonus shares to certain employees and officers of Group companies (except for officers of the Company)	18 months (until October 27, 2016)	Maximum shareholding: 0.5% of the share capital (3)	Allocation of 3.3 million Performance Shares on December 16, 2015, and 0.1 million Performance Shares on February 24, 2016 i.e. 0.14% of share capital at February 24, 2016	0.36% of the share capital (3)

(1) The nominal amount of the issues decided in application of the 20th resolution is included in the ceiling of 1% of the share capital under the 19th resolution.

(2) The overall maximum nominal amount of the issues decided in application of the 10th, 11th, 12th, 13th and 14th resolutions of the Combined Shareholders' Meeting of April 28, 2014 and of the 19th and 20th resolutions of the Combined Shareholders' Meeting of April 28, 2015 was set at €265 million by the 17th resolution of the Combined Shareholders' Meeting of April 28, 2014.

(3) This is a ceiling set by the Combined Shareholders' Meeting of April 28, 2015 for the awards decided pursuant to the 21st and 22nd resolutions.

5.1.4 Five-year summary of changes in the share capital

ISSUANCE OF SHARES

Date	Event	Par value *(in euros)*	Premium *(in euros)*	Share capital *(in euros)*	Number of shares	Par value per share *(in euros)*
01/13/2011	Increase of the share capital resulting from the exercise of 1,119,804 stock options	1,119,804 (1)	17,772,036.01	2,250,295,757	2,250,295,757	1.00
08/09/2011	Increase of the share capital resulting from the exercise of 871,535 stock options	871,535	14,816,093.98	2,251,167,292	2,251,167,292	1.00
01/11/2012	Increase of the share capital resulting from the exercise of 1,468,916 stock options	1,468,916 (2)	17,838,829.31	2,252,636,208	2,252,636,208	1.00
05/21/2012	Increase of the share capital resulting from the issue of 69,002,807 shares resulting from subscriptions related to the optional payment of a portion of the 2011 dividend in shares	69,002,807	1,057,241,969.05	2,321,639,015	2,321,639,015	1.00
08/01/2012	Increase of the share capital resulting from the exercise of 134,434 stock options	134,434	2,070,175.10	2,321,773,449	2,321,773,449	1.00
10/22/2012	Increase of the share capital resulting from the issue of 86,580,374 shares resulting from subscriptions related to the optional payment of the 2012 interim dividend in shares	86,580,374	1,362,479,204.55	2,408,353,823	2,408,353,823	1.00
01/22/2013	Increase of the share capital resulting from the exercise of 4,470,266 stock options	4,470,266 (3)	69,395,152.92	2,412,824,089	2,412,824,089	1.00
12/11/2014	Increase of the share capital resulting from the subscription of 20,307,623 shares under the capital increase reserved for participants in an employee savings plan offered by the Group	20,307,623	277,808,282.64	2,433,131,712	2,433,131,712	1.00
12/11/2014	Increase of the share capital resulting from 328,639 bonus shares issued by deduction from the additional paid-in capital under the capital increase reserved for participants in an employee savings plan offered by the Group	328,639	(328,639.00)	2,433,460,351	2,433,460,351	1.00
12/11/2014	Increase of the share capital resulting from the issue of 1,824,660 shares following the capital increases reserved for any entity constituted in the course of the implementation of the international employee shareholding plan offered by the Group	1,824,660	24,961,348.80	2,435,285,011	2,435,285,011	1.00

(1) These new shares were recorded in ENGIE's financial statements at December 31, 2010.
(2) These new shares were recorded in ENGIE's financial statements at December 31, 2011.
(3) These new shares were recorded in ENGIE's financial statements at December 31, 2012.

5.1.5. Stock repurchase

5.1.5.1 Treasury stock

The 5th resolution of the Combined Ordinary and Extraordinary Shareholders' Meeting of April 28, 2015 authorized the Company to trade in its own shares with a view to managing its shareholders' equity according to the applicable laws and regulations.

Terms:

- maximum purchase price: €40 per share (excluding transaction costs);
- maximum number of shares that may be purchased for the duration of the program: 10% of the share capital;
- maximum total amount of acquisitions, net of fees: €9.7 billion.

A one-year liquidity agreement, renewable by tacit agreement, of an initial value of €55 million was signed on May 2, 2006, on the Euronext Paris market with Rothschild & Cie Banque. The amount of this agreement was raised to €150 million on July 22, 2008.

The main purpose of this agreement is to reduce the volatility of the ENGIE share and therefore the risk perceived by investors. This agreement complies with the Code of Conduct drawn up by the Association Française des Entreprises d'Investissement (French Association of Investment Companies). This agreement continued to apply in 2015.

Between January 1 and December 31, 2015, under the liquidity agreement, the Company purchased 22,093,983 shares, for a total of €393.8 million or €17.83 per share. Over the same period, and also under this agreement, ENGIE sold 22,543,983 shares for a total price of €403.8 million or €17.91 per share.

Furthermore, between January 1 and December 31, 2015, ENGIE did not purchase any shares intended to cover its commitments to the beneficiaries of stock options, bonus shares or company savings plans.

Between January 1 and February 23, 2016, under the liquidity agreement, ENGIE purchased 5,697,535 shares, for a total of €82.4 million or €14.47 per share. Over the same period, and also under this agreement, ENGIE sold 5,697,535 shares for a total price of €82.7 million or €14.52 per share.

Furthermore, between January 1 and February 23, 2016, ENGIE did not purchase any shares intended to cover its commitments to the beneficiaries of stock options, bonus shares or company savings plans.

On February 23, 2016, the Company held 1.62% of its share capital, or 39,399,837 shares to cover its commitments to the beneficiaries of stock options, bonus shares or company savings plans.

5.1.5.2 Description of the stock repurchase program to be submitted to the ordinary and extraordinary shareholders' meeting of May 3, 2016.

Pursuant to Articles 241-1 to 241-6 of the AMF's General Regulations, the purpose of the following program description is to set out the objectives, terms and conditions of ENGIE's stock repurchase program, as it will be submitted to the Combined Ordinary and Extraordinary Shareholders' Meeting to be held on May 3, 2016.

A. Main features of the program

The main features and goals of the program are summarized below:

- relevant securities: shares listed on Eurolist – SRD at the Paris Stock Exchange or on Eurolist at the Brussels Stock Exchange;
- maximum capital repurchase percentage authorized by the Shareholders' Meeting: 10%;
- maximum purchase price: €40 per share (excluding transaction costs).

B. Objectives of the stock repurchase program

The objectives of the ENGIE stock repurchase program are summarized below:

- to ensure liquidity in the Company's shares by an investment service provider under liquidity agreements;
- to provide for the subsequent cancellation of the repurchased shares under a decision or authorization to reduce the share capital by the Extraordinary Shareholders' Meeting;
- to allocate or assign such shares to employees or former employees and corporate officers or former corporate officers of the Group;
- to set up stock purchase plans, bonus share plans on existing shares, or employee shareholding plans under company savings plans, in the latter case, for a maximum nominal amount of 1% of the share capital;
- to allocate or sell such shares to any entity as part of implementing an international employee shareholding plan for a maximum nominal amount of 0.5% of the share capital, with the proviso that these shares will be counted against the 1% ceiling mentioned above;
- to provide for the holding and subsequent delivery of shares (as exchange, payment or otherwise) in the context of external growth transactions within the limit of 5% of the share capital;
- to provide for the hedging of securities conferring entitlement to Company share allocations upon the exercise of the rights attached to securities conferring entitlement to Company shares by conversion, redemption, exchange, upon presentation of a warrant or other means of allocation;
- to implement any other market practices previously or subsequently authorized or to be authorized by market authorities.

5

C. Terms and conditions

Maximum percentage of share capital that may be repurchased and maximum amount payable by ENGIE

The maximum number of shares that may be purchased by ENGIE may not exceed 10% of the share capital of the Company on the date of the General Shareholders' Meeting, i.e., approximately 243.5 million shares, for a maximum theoretical amount of €9.7 billion. ENGIE reserves the right to hold the maximum amount authorized.

On February 23, 2016, ENGIE directly held: 39,399,837 shares, or 1.62% of the share capital.

Therefore, based on the estimated share capital at the date of the Meeting, the stock repurchase program could cover up to 204 million shares, representing 8.38% of the share capital, for a maximum amount payable of €8.1 billion.

Maximum term of the stock repurchase program

The stock repurchase program will be in effect for a period of 18 months beginning on the date of this Shareholders' Meeting, i.e. until November 2, 2017.

5.1.6 Non-equity securities

5.1.6.1 Deeply subordinated securities

No deeply subordinated perpetual (or hybrid) notes were issued in 2015 to supplement the transactions of July 2013 and May 2014.

Issuer	Currency	Coupon rate	Issue date	Maturity	First option for redemption	Amount issued *(in stated currency) (in millions)*	Exchange	ISIN Code
ENGIE	EUR	3.875%	7/10/2013	Perpetual	7/10/2018	600	Paris	FR0011531714
ENGIE	GBP	4.625%	7/10/2013	Perpetual	1/10/2019	300	Paris	FR0011531722
ENGIE	EUR	4.750%	7/10/2013	Perpetual	7/10/2021	750	Paris	FR0011531730
ENGIE	EUR	3.000%	6/2/2014	Perpetual	6/2/2019	1,000	Paris	FR0011942226
ENGIE	EUR	3.875%	6/2/2014	Perpetual	6/2/2024	1,000	Paris	FR0011942283

All of the above securities are rated A3 by Moody's and BBB+ by Standard & Poor's.

In accordance with the provisions of IAS 32, and given their characteristics, these instruments are recognized in equity in the Group's consolidated financial statements (see Section 6.2 "Consolidated financial statements" – Note 17.2.1).

5.1.6.2 Euro Medium Term Notes (EMTN) Program

ENGIE has a €25 billion EMTN program. This program was updated on October 8, 2015 and approved by the AMF under reference number 15-518.

5.1.6.3 Bond issues

The main features of bond issues outstanding at December 31, 2015 by the Company are detailed in Section 6.4 "Financial statements" – Note 14B.

5.1.6.4 Green bond

5.1.6.4.1 Description of the bond

To help reduce greenhouse gas emissions, ENGIE is developing a diversified portfolio comprising facilities allowing the production of energy from renewable sources and the implementation of energy efficiency solutions, thus reducing the energy consumption level of its facilities and customers. The Group's investment strategy is based on becoming the leader in the energy transition.

To fund these developments, on May 19, 2014, ENGIE issued a green bond for a total of €2.5 billion, in two tranches comprised of €1.2 billion for 6 years and €1.3 billion for 12 years. The funds raised by this bond are intended to support the Group's investments in projects that satisfy environmental, social and societal criteria, specifically projects that are "eligible" as defined in the "use of proceeds" clause in the final terms of the Green Bond issue (hereafter, the "Eligible Projects").

Until the funds raised are entirely allocated to Eligible Projects (or after, in case of a substantial change in allocations), ENGIE is committed to providing information in its Registration Document on the fund allocations made during the period concerned.

As part of the Green Bond, ENGIE is committed to fulfill the following conditions:

- Eligible Projects must respect the criteria determined by ENGIE in conjunction with Vigeo. Eligible Projects include new projects that meet the eligibility criteria and/or investments made since January 1, 2013 on existing projects that meet the eligibility criteria. The amounts allocated are calculated after deduction of any funding already dedicated to these projects.
- at December 31 of the relevant year, the Group must hold cash (or cash equivalents) of an amount at least equal to the funds raised by the Green Bond, less amounts allocated to fund Eligible Projects as of that date.

In line with the commitments made in the use of proceeds clause, ENGIE requested one of its Statutory Auditors, Deloitte & Associés, to provide a statement certifying compliance of the retained projects with the eligibility criteria, the amounts allocated to those projects, and the amount held by the Group in "Cash and cash equivalents" and covering the balance of the Green Bond amount not already allocated to eligible projects.

5.1.6.4.2 Eligibility criteria

The eligibility criteria are described below and are also available in a dedicated section of the ENGIE website (http://www.engie.com/en/investors/fixed-income/green-bond-fight-climate-change/).

These criteria were drawn up together with Vigeo and were used to select the projects funded in the period from January 1, 2013 to December 31, 2015.

Project category	**Indicators**
Renewable energy	Installed capacity in MW
Energy efficiency	Percentage of reduction in energy consumption
Criteria	**Principles of action**
Fight against climate change	The project is not linked to energy production by fossil fuels or nuclear sources and contributes to the business line's reduction in GHG emissions
Environmental management	Project specifications include environmental requirements
	Environmental impact assessment (Environmental Impact Analysis or equivalent) and implementation of appropriate measures to limit, mitigate or offset negative impacts
	Implementation of environmental reporting on the project
Protection of biodiversity and natural resources	Impact analysis on biodiversity and natural resources (included in the EIA or equivalent) and implementation of appropriate measures if the site is classified as a priority
Promotion of local economic and social development	Actions taken to foster economic development through local purchases and/or opportunities generated for local employment, e.g. direct and indirect jobs created
Local consultation and community wellbeing	Assessment of project impacts on local population, health problems and/or cultural heritage (social impact assessment or equivalent) and implementation of appropriate measures to limit, mitigate or offset negative impacts (where appropriate)
	Consultation carried out and satisfaction survey conducted with local stakeholders
Promotion of business ethics	Promotion of ethical practices with suppliers and subcontractors via "Ethics and CSR" contractual clauses
	Training of purchasers in business ethics (responsibilities, competition rules, anti-corruption measures)
	Analysis and approval of subcontractors on their positive records for similar projects and on verification of any reputation risk
Responsible procurement	Traceability of the project's purchasing process, with request for proposal process (if a proposal is required)
	Integration of CSR and compliance issues in the evaluation of the project's suppliers
	E-learning for purchasers on responsible procurement
Protection of health and safety conditions	Health & Safety approbation of the project covering risk analysis and prevention plan (or equivalent) for the construction phase
	Promotion of health and safety protection to suppliers via contractual clause
	Appointment of Health and Safety Coordinator (or equivalent) for the project duration
Quality of employment conditions	Salaries analysis to ensure that the salaries of all employees involved in the project are higher than the legal minimum wage of the project country (1)
ESG assessment	Positive recommendation of ENGIE Sustainability Department based on the project ESG assessment through the ENGIE Internal ESRnvestment Criteria

(1) This principle of action only applies to ENGIE Group employees.

Note: In 2014, the arrangements in place within the Group were strengthened to take greater account of "Promotion of business ethics" and "Responsible procurement" criteria in contracts.

5

5.1.6.4.3 Eligible Projects

In 2015, the Eligible Projects financed by the Green Bond issue and which meet the above conditions were as follows:

Project category	Project name	Region/Country	Indicators [(1)]	Commissioning year [(2)]
Biomass	Ferrari	Latin America/Brazil	15 MW	2015
Biomass	Heating networks with biomass generation [(3)]	Europe/France and Italy	307 MW(th)	2015-2017
Biomass, geothermal	Heating and cooling networks with biomass or geothermal generation	Europe / France	235 MW(th)	2015-2019
Smart gas meters	Gazpar	Europe / France	NA	2017-2022
Onshore wind power	West Coast One	Africa/ South Africa	94 MW	2015
Onshore wind power	Quadran	Europe / France (TOM)	25 MW	NA
Onshore wind power	Campo Largo	Latin America/Brazil	330 MW	2019
Onshore wind power	Santa Monica	Latin America/Brazil	97 MW	2016
Onshore wind power	Dabrowice	Europe / Poland	36 MW	2015
Offshore wind power	Tréport-Noirmoutier [(4)]	Europe / France	1000 MW	2021
Onshore wind power, hydroelectricity and solar	Misc.	Europe /Belgium, France	470 MW	2015-2017
Hydroelectricity	Jirau [(3)]	Latin America/Brazil	3750 MW	2016
Hydroelectricity	Salto Santiago modernization	Latin America/Brazil	20 MW	2017
Hydroelectricity	Laja [(3)]	Latin America/Chile	34 MW	2014
Hydroelectricity	Quitaracsa [(3)]	Latin America/Peru	112 MW	2015
Solar	Solairedirect [(5)]	International	513 MW	NA

(1) Total installed capacity, expressed, unless otherwise indicated, in electric megawatts (MW), available at the full commissioning date of the relevant facilities. For acquisitions (Quadran and Solairedirect), total installed capacity commissioned as of December 31, 2015.
(2) Scheduled year for full commissioning. In the case of several sub-projects or phased commissioning, only the first and last years of commissioning are shown.
(3) Eligible Project with Green Bond allocation in 2014, for which additional investments were granted in 2015.
(4) A substantial part will be in service in 2021: the remainder of the target capacity will be available at a later date, according to a timetable that has not yet been decided.
(5) On June 30, 2015, ENGIE announced the acquisition of a 95% shareholding in Solairedirect, a leading competitive solar energy producer. With regard to this acquisition, which took place in September 2015 and includes Eligible Projects, the alignment of the company's systems and procedures with the rules of the Group is currently being finalized.

Total funds allocated to Eligible Projects in 2015 came to €847.0 million. Taking into account the allocations carried over in 2014 (€866.7 million), the total amount allocated to Eligible Projects was €1,713.7 million, which includes investments made in relation to Eligible Projects between January 1, 2013 and December 31, 2015. Details of the Eligible Projects and allocations for 2014 and 2013 are provided on pages 167 to 171 of the 2014 Registration Document.

The Green Bond contributes to the funding or acquisition of Eligible Projects in 1) renewable energy (wind, solar, hydroelectric and/or biomass) and 2) energy efficiency.

1) Renewable energy

Renewable energy represents a substantial share of ENGIE's generation portfolio, and this share is intended to grow. The Group has made its intentions clear by discontinuing development in new coal-fired plants (except for projects already committed) and positioning itself as a leader in the energy transition. With installed generation capacity of 21,5 GW as of December 31, 2015, ENGIE is already a leader in this sector, which includes hydroelectric power, biomass, biogas, and wind and solar power. In 2015, ENGIE continued to expand its portfolio of renewable assets, mainly through a number of wind projects in Europe, South Africa and Brazil, but also by acquiring 95% of the share capital of Solairedirect, a key player in competitive solar energy generation. This transaction has enabled ENGIE to strengthen its position in solar 1) in France, by becoming number one in the sector with developed, built and operated power of 570 MW at the end of 2015, and, 2) worldwide, as Solairedirect has a portfolio of projects under development or in pre-construction totaling more than 4.5 GW, 434 MW of which will be built in the next 12 months – particularly in South Africa, India, Chile, the United States, Mexico and Thailand.

These low-carbon resources play an essential role in the energy transition and fight against climate change.

At December 31, 2015, a total of €1608.5 million was allocated to Eligible Projects in the field of renewable energy sources.

In full operational mode, these projects should help to reduce greenhouse gas emissions by a minimum of seven million tons of CO_2 eq. per year. The contributions of the two projects listed as meeting the criteria of the Kyoto Protocol's "Clean Development Mechanism" (UNFCCC) are as follows:

- Jirau (hydroelectric): 6,180,620 tons of CO_2 eq. per year (in full operational phase – data available at: http://cdm.unfccc.int/Projects/DB/LRQA%20Ltd1356533361.56/view);
- Quitaracsa (hydroelectric): 249,463 tons of CO_2 eq. per year (in full operational phase – data available at: http://cdm.unfccc.int/Projects/DB/TUEV-SUED1169475557.62/view).

At the end of 2015, the Santa Monica project was submitted to the UNFCCC for application as a project meeting “Clean Development Mechanism” criteria. Its contribution to GHG reduction is estimated at 211,875 tons of CO_2 eq/year (in full operation). Additional information is available at: http://cdm.unfccc.int/ProgrammeOfActivities/Validation/DB/N285VUBOBO8I1VUDV813EBUWI1SQHI/view.html.

2) Energy efficiency

In 2014, Ecova's eligible activities contributed to a total reduction of 8.1 million tons of CO_2 emissions, the equivalent of 922,034 tons of CO_2 emissions per year on average, defined according to the methods applied in the US market [(1)].

In 2015, GRDF, an ENGIE subsidiary, began to roll out smart gas meters (Gazpar meters) through its gas distribution network in France. The aim of this project is to increase energy efficiency, mainly through better control of energy demand and more frequent generation of consumption data, enabling analysis, appropriate advice and practical actions. In a resolution of mid-2013, the French Energy Regulation Commission confirmed the economic interest of the project for the national collectivity and for customers.

As of 31 December 2015, a total amount of €105.2 million had been allocated to Eligible Projects in the field of energy efficiency.

The amount shown on the line Cash and cash equivalents of the consolidated balance sheet at December 31, 2015 exceeds the amount of funds raised from the issue and not allocated to Eligible Projects, i.e. €786.3 million.

(1) *In the United States, electric power operators treat energy efficiency gains as alternative resources to the construction of new generation units. To measure these efficiency gains, the operators, in agreement with the regulators, define the components of the reference portfolio (energy mix), its lifetime and evolution over time. Other assumptions are integrated into the model. This measurement process is very precisely monitored by the operators and regulators. The total CO2 reduction derived from energy efficiency gains is estimated on the basis of the CO_2 which would have been produced in the event of implementation and operation of a generation unit, taking into account the average lifetime of all the constituent elements of this unit.*

5.1.6.4.4 Attestation from one of the Statutory Auditors of ENGIE SA on the information related to the allocation, as of December 31, 2015, of funds raised through the Green Bond issued on May 19, 2014

This is a free translation into English of the attestation from one of the Statutory Auditors of ENGIE SA on the information related to the allocation, as of December 31, 2015, of funds raised through the Green Bond issued on May 19, 2014 originally issued in French and is provided solely for the convenience of English speaking readers.

This attestation should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Group's Chairman and Chief Executive Officer,

In our capacity as statutory auditor of ENGIE SA (the "Company") and in accordance with your request, we have prepared this attestation on the information related to the allocation, as of December 31, 2015, of funds raised through the Green Bond issued on May 19, 2014 (the "Issue"), in two tranches totaling €2.5 billion, contained in the attached document "Green Bond", and prepared pursuant to the use of proceeds of the final terms, signed on May 15, 2014, of each of the two tranches (the "Final Terms").

This document, prepared for the purposes of informing the Green Bond debt securities holders, presents an allocation of the funds raised from the Issue to eligible projects ("Eligible Projects"), over the period from January 1, 2013 to December 31, 2015, for a total amount of €1,713.7 million.

This information was prepared under your responsibility, based on the accounting records used for the preparation of the consolidated financial statements for the years ended December 31, 2013, 2014 and 2015.

Our role is to report on:

- the compliance, in all material respects, of the Eligible Projects referred to in the attached document, with the eligibility criteria defined and approved jointly by both the Company and Vigeo, referred to in the attached document and in the appendices to the Final Terms (the "Eligibility Criteria");
- the consistency of the amount raised from the Issue allocated to Eligible Projects, as of December 31, 2015, with data underlying the accounting records;
- the consistency with the consolidated financial statements for the year ended December 31, 2015, of an amount of cash, cash equivalent and money market instruments higher than the remaining balance of net proceeds not allocated to Eligible Projects.

However, we have no responsibility for:

- challenging the Eligibility Criteria, and, in particular, we give no interpretation on the Final Terms;
- forming an opinion on the use of the funds allocated to Eligible Projects after such funds have been allocated.

In the context of our role as Statutory Auditor, we have audited, jointly with the other Statutory Auditor, the consolidated financial statements of the Company for the years ended December 31, 2013, 2014 and 2015. Our audits were conducted in accordance with professional standards applicable in France, and were planned and performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole and not on any individual component of the accounts used to determine the information. Accordingly, our audit tests and samples were not carried out with this objective and we do not express any opinion on any component of the accounts taken individually. The consolidated financial statements for the year ended December 31, 2015, which have not yet been approved by the Shareholders' Meeting, have been audited and our report thereon is dated March 4, 2016.

Our engagement, which constitutes neither an audit nor a review, was performed in accordance with professional standards applicable in France. For the purposes of this attestation, our work consisted, using sampling techniques or other methods of selection, in:

- understanding the procedures implemented by the Company for producing the information contained in the attached document;
- verifying the compliance, in all material respects, of the Eligible Projects referred to in the attached document with the Eligibility Criteria;
- verifying the consistency of the amount raised from the Issue allocated to Eligible Projects with data underlying the accounting records;
- verifying that the cash, cash equivalent and money market instruments balance as in the consolidated financial statements for the year ended December 31, 2015 is higher than the remaining balance of net proceeds not allocated to Eligible Projects, as of December 31, 2015.

On the basis of our work, we have no matters to report on:

- the compliance, in all material respects, of the Eligible Projects with the Eligibility Criteria;
- the consistency of the amount raised from the Issue allocated to Eligible Projects as of December 31, 2015 with data underlying the accounting records;
- the consistency with the consolidated financial statements for the year ended December 31, 2015, of an amount of cash, cash equivalent and money market instruments higher than the remaining balance of net proceeds not allocated to Eligible Projects, as of December 31, 2015.

Without modifying the conclusion expressed above, we draw your attention to the note included in section "5.1.6.5.2 Eligibility Criteria" which states that, in 2014, the arrangements in place within the Group have been strengthened to improve the consideration for "Promoting Business Ethics" and "Responsible Purchasing" criteria in contracts and (ii) Note (4) included in paragraph "5.1.6.4.3 Eligible Projects" which states that, with regard to Solairedirect acquired in September 2015, the alignment of systems and procedures with those of the Group is being finalized.

This attestation has been prepared solely for your attention within the context described above and may not be used, distributed or referred to for any other purpose.

Neuilly-sur-Seine, March 4, 2016

One of the Statutory Auditors

Deloitte & Associés

Véronique Laurent

5.1.6.5 Commercial paper

The Company has short-term financing programs (commercial paper and US Commercial Paper).

It set up a €5 billion commercial paper program on August 13, 2008. This program was updated on November 20, 2015 for the name change from GDF SUEZ to ENGIE and approved by the Banque de France. At December 31, 2015 the amount outstanding was €3,854 million.

The Company also has a US commercial paper program in place for US$4.5 billion. The amount outstanding on December 31, 2015 was US$1,659 million.

5.2 Shareholding

5.2.1 Stock exchange quotation

TRADING VOLUMES AND HIGH AND LOW PRICES OF ENGIE SHARES IN PARIS

	High (1) *(in euros)*	Low (1) *(in euros)*	Volume of transactions (2)
2015			
January	19.995	18.010	7,138,586
February	19.875	18.590	6,038,448
March	19.440	18.230	6,616,740
April	19.510	18.205	5,837,929
May	18.875	17.775	6,563,019
June	18.240	16.640	7,249,311
July	17.835	16.110	6,593,710
August	17.940	15.060	6,144,166
September	15.720	14.150	6,590,396
October	16.240	13.950	6,457,335
November	16.620	15.875	5,456,737
December	16.550	15.510	5,450,037

(1) Rate obtained from daily closing prices.
(2) Daily average (source: Bloomberg).

Subsequent to the deregistration of ENGIE with the U.S. Securities & Exchange Commission on October 30, 2009, ENGIE maintains an unlisted Level 1 American Depositary Receipt (ADR) program on a U.S. stock exchange. These ADRs are traded on the NASDAQ over-the-counter market.

5.2.2 Breakdown of share capital

At December 31, 2015, the Company held 2,435,285,011 shares, including 39,407,541 in treasury stock.

During the fiscal year 2015, there were no changes in the Company's share capital.

MAJOR CHANGES IN ENGIE SHAREHOLDINGS DURING THE PAST THREE FISCAL YEARS

	December 31, 2015			December 31, 2014		December 31, 2013	
	Number of shares	% of share capital	% of voting rights (1)	% of share capital	% of voting rights	% of share capital	% of voting rights
French State	797,804,418	32.76	33.30	33.29	33.92	36.71	37.53
Employee shareholding	66,131,519	2.72	2.76	3.18	3.24	2.35	2.40
Groupe Bruxelles Lambert (GBL)	56,701,905	2.33	2.37	2.37	2.41	2.40	2.46
CDC Group	45,894,091	1.88	1.92	1.88	1.92	1.90	1.94
CNP Assurances	43,078,505	1.77	1.80	1.01	1.03	1.03	1.06
Sofina	8,958,904	0.37	0.37	0.38	0.38	0.53	0.54
Treasury stock	39,407,541	1.62	-	1.84	-	2.18	-
Management	Not significant	Not significant	Not significant	Not significant	Not significant	Not significant	Not significant
Public		56.55	57.48	56.05	57.10	52.90	54.07
		100%	100%	100%	100%	100%	100%

(1) Calculated based on the number of shares and voting rights outstanding at December 31, 2015.

5.2.3 Disclosure thresholds

No crossing of the legal disclosure threshold in either direction was notified to the Company for fiscal year 2015.

To the Company's knowledge, as of the date of this Registration Document, only the French state holds share capital and/or voting rights in ENGIE that exceed one of the legal thresholds.

The Company has no knowledge of any shareholders owning 5% or more of ENGIE's share capital that have notified it of crossing legal disclosure thresholds.

5.2.4 Golden share

Pursuant to the French Energy Code and Act No. 2014-384 of March 29, 2014, the French government is required to hold more than one-third of the Company's capital or voting rights, and its stake may only fall below this threshold if it returns to the required ownership threshold for capital or voting rights within two years.

Pursuant to the French Energy Code and Decree No. 2007-1790 of December 20, 2007, ENGIE's share capital includes a "golden share" resulting from the conversion of one common share owned by the French state to preserve the essential interests of France in the energy sector relating to the continuity and security of the energy supply. The golden share is granted to the French state indefinitely and entitles it to veto decisions made by ENGIE or its French subsidiaries, which directly or indirectly seek to sell in any form whatsoever, transfer operations, assign as collateral or guarantee or change the intended use of certain assets covered by the Decree, if it considers they could harm French energy interests as regards the continuity and safeguarding of supplies.

Under the terms of Article 2 of Decree No. 2007-1790 of December 20, 2007, and its Appendix, the assets covered by the French state's right of veto pursuant to the golden share are:

- natural gas transmission pipelines located in France;
- assets related to the distribution of natural gas in France;
- underground natural gas storage located in France;
- liquefied natural gas facilities located in France.

In accordance with Decree No. 93-1296 of December 13, 1993 applied pursuant to Article 10 of Act No. 86-912 (as amended) relating to privatizations and concerning certain rights attached to the golden share, and to Decree No. 2007-1790 of December 20, 2007, all decisions of this nature must be reported to the Minister of the Economy.

The decisions mentioned above are deemed to be authorized if the Minister of the Economy does not veto them within one month of the date of their disclosure, as recorded by a receipt issued by the administration. This period may be extended for a period of 15 days by order of the Minister of the Economy. Before the expiration of the aforementioned one-month period, the Minister of the Economy may waive the right to veto. If there is a veto, the Minister of the Economy will communicate the reasons of his or her decision to the company in question. The decision of the Minister of the Economy may be appealed.

Pursuant to Decree 93-1296 of December 13, 1993, any transaction executed in violation of Decree 2007-1790 of December 20, 2007 is automatically null and void.

As of the date of this Registration Document, to ENGIE's knowledge, there is no agreement relating to an option on any entity that is a member of the ENGIE Group or any agreement which, if implemented, could lead to a change in its control.

5.2.5 Dividend distribution policy

ENGIE seeks to pursue a dynamic and attractive dividend distribution policy. To encourage and reward shareholder loyalty, the General Shareholders' Meeting of April 28, 2014 instituted a 10% dividend mark-up for shareholders who have held their shares in registered form for at least two years, this 10% being the maximum amount authorized by Article L. 232-14 of the French Commercial Code. This measure will apply for the first time to the dividend payment for fiscal year 2016 and will be capped at 0.5% of the share capital for a single shareholder, as stipulated in Article 232-14 of the French Commercial Code.

The Group's objectives described in Section 6.1.1.7 "Outlook" do not, however, constitute a commitment by the Company, and future dividends will be assessed on a year-by-year basis depending on the Company's performance, financial position and any other factor considered relevant by the Board of Directors when preparing its proposals to the General Shareholders' Meeting.

The Board of Directors will propose to the General Shareholders' Meeting of May 3, 2016, the payment of a full dividend for fiscal year 2015 of €1.0 per share, including the €0.50 per share interim dividend already paid on October 15, 2015.

Dividend per share

ENGIE DIVIDENDS OVER THE LAST FIVE YEARS

Fiscal year *(fully paid-up shares)*	**Net dividend per share** *(in euros)*
2010	1.50
2011	1.50
2012	1.50
2013	1.50
2014	1.00

After a period of five years, unclaimed dividends are automatically paid to the French Treasury.

06

Financial information

6.1 Management report

6.1.1 Management report

Revenues fell by 6.4% on a reported basis to €69.9 billion (down by 8.8% on an organic basis) compared with 2014. This decrease is mainly attributable to lower commodity prices, a decline in LNG activities, outages at the Doel 3 and Tihange 2 nuclear power plants, and the shutdown of the Doel 1 reactor in Belgium, partially offset by the appreciation of the US dollar against the euro and by more favorable climatic conditions in France despite very mild temperatures towards the end of 2015 (2014 had been a particularly warm year).

EBITDA[(1)] amounted to €11.3 billion, down 7.2% on a reported basis and down 9.1% on an organic basis. It was affected by the same factors as revenues, and also offset by the commissioning of new assets and by continued cost performance efforts.

Current operating income after share in net income of entities accounted for using the equity method[(1)] declined by 11.6% on a reported basis and by 13.8% on an organic basis, to €6.3 billion. This fall was in line with the EBITDA performance.

Net income/(loss) Group share[(1)] represented a net loss of €4.6 billion, negatively impacted by €8.7 billion in impairment losses, and down €7.1 billion on 2014 which had been boosted by gains on remeasuring the interest in Gaztransport & Technigaz (GTT) following the acquisition of control over the company and the loss of significant influence over the Walloon inter-municipal companies.

Net recurring income Group share[(2)] amounted to €2.6 billion, down €0.1 billion on 2014. The decline in current operating income after share in net income of entities accounted for using the equity method was partially offset by lower tax expense and recurring financial expenses.

Cash flow from operations amounted to €9.8 billion, up €1.9 billion year-on-year. This increase is notably due to the favorable change in working capital requirements which had been affected in 2014 by the one-off impact of commodity price fluctuations on margin calls, and by lower interest payments owing to the decrease in the average cost of debt, partially offset by the fall in cash generated from operations before income tax and working capital requirements, in line with EBITDA trends.

Net debt stood at €27.7 billion at December 31, 2015, up €0.2 billion compared with net debt at December 31, 2014, reflecting (i) net investments (including changes in the scope of consolidation) carried out by the Group (€5.7 billion), dividends paid to ENGIE SA shareholders (€2.4 billion) and to non-controlling interests (€0.5 billion), the impact of changes in exchange rates related to the depreciation of the euro against major currencies (€0.5 billion), cash outflows related to tax payments (€1.7 billion) and to interest payments on net debt (€0.8 billion), (ii) offset by cash generated from operations before income tax and working capital requirements (€10.9 billion) and the favorable change in working capital requirements (€1.2 billion).

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1.1 to the consolidated financial statements).

(2) As an agreement was entered into on November 30, 2015 between the Belgian State, ENGIE and Electrabel, the expense relating to the nuclear contribution was reclassified to recurring income (see Note 10 to the consolidated financial statements).

6.1.1.1 Revenues and earnings trends

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	69,883	74,686	-6.4%	-8.8%
EBITDA	11,262	12,133	-7.2%	-9.1%
Net depreciation and amortization/Other	(4,935)	(4,977)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	6,326	7,156	-11.6%	-13.8%

Consolidated **revenues** for the year ended December 31, 2015 amounted to €69.9 billion, down 6.4% compared with the same prior-year period. On an organic basis (excluding the impact of changes in the scope of consolidation and exchange rates), revenues fell by 8.8%.

Changes in the scope of consolidation had a net negative €48 million impact resulting chiefly from the disposal and deconsolidation of operations in the Energy Europe business line in 2014 and 2015 (negative €82 million impact), in the Energy International business line in Central America in the second half of 2014 (negative €214 million impact), and in the Energy Services business line in 2015 (negative €97 million impact), including in particular the sale of oil trading operations in Italy. These changes were partially offset by the acquisition of Solairedirect in second-half 2015 (positive €33 million impact), by Energy Services acquisitions (positive €286 million impact) and in particular Ecova in the United States, Lend Lease FM in the United Kingdom, Keppel FMO in Singapore and Lahmeyer in Germany, and by the full consolidation of GTT by Global Gas & LNG (positive €35 million impact) at the end of February 2014.

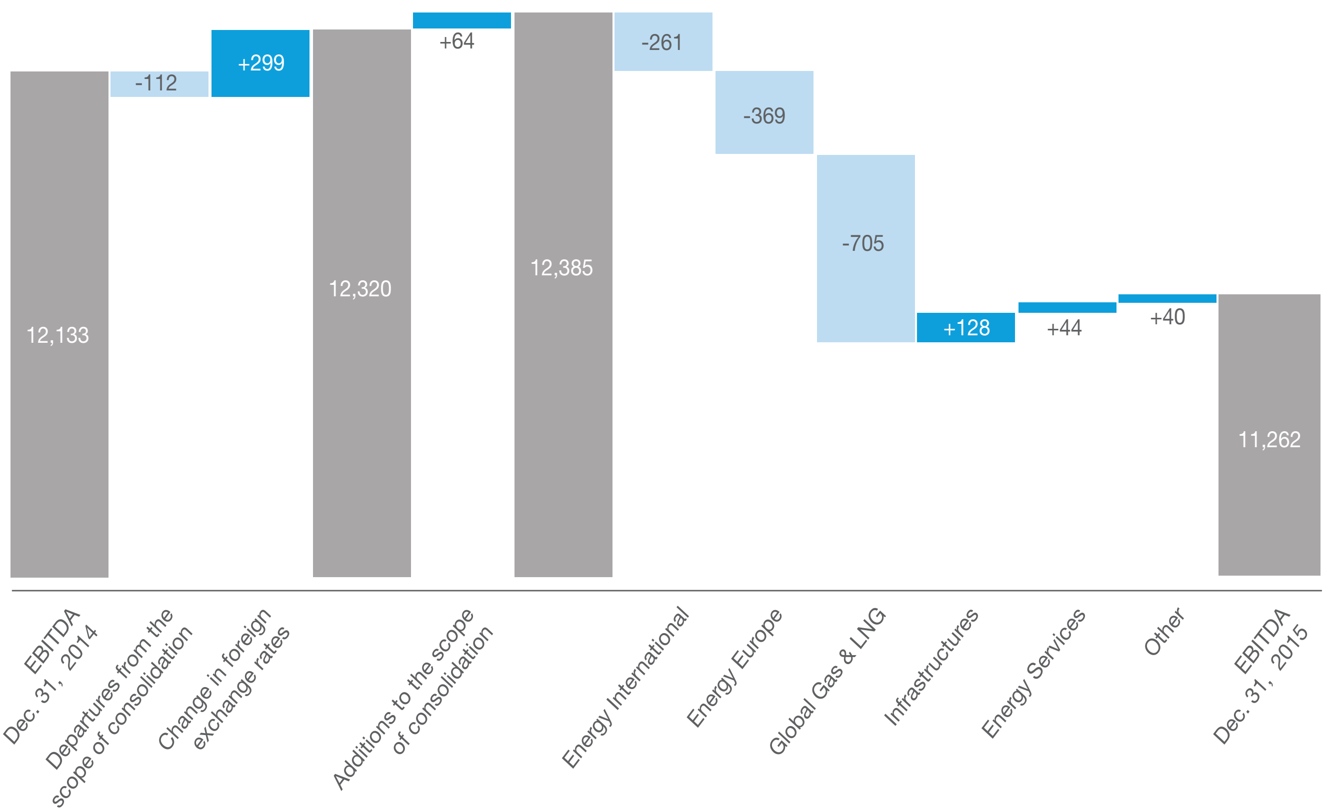
Exchange rates had a positive €1,969 million impact on Group revenues, mainly reflecting the depreciation of the euro against the US dollar, the pound sterling and the Thai baht. This was partly offset by the euro's appreciation against the Brazilian real and Norwegian krone.

Organic revenue performance varied across the Group's business lines: Infrastructures reported growth for the period, while revenues decreased slightly at Energy International and Energy Services and fell sharply at Energy Europe and Global Gas & LNG.

EBITDA declined by 7.2% to €11.3 billion over the period. Excluding the impact of changes in the scope of consolidation and exchange rates, the decrease in EBITDA came out at 9.1%.

EBITDA TRENDS

In millions of euros



Departures from the scope of consolidation had a negative €112 million impact on EBITDA, largely due to disposals and deconsolidation of power generation assets in France, Italy, and Central America, and to the disposal of exploration-production assets. Conversely, additions to the scope of consolidation had a positive €64 million impact, resulting chiefly from acquisitions made by Energy Services.

Changes in exchange rates had a positive €299 million impact, mainly due to the depreciation of the euro against the US dollar, the pound sterling and the Thai baht, partially offset by the fall in the value of the Brazilian real and Norwegian krone.

On an organic basis, EBITDA was down 9.1%, or €1,123 million, and down 10.8%, or €1,373 million, when adjusted for climatic conditions in France. Besides the positive impact of Perform 2015 and the swift action plans in all business lines, this reflects the following trends:

- EBITDA for the Energy International business line amounted to €3,589 million, down 6.8% on an organic basis. This was driven mainly by (i) a weaker performance from power generation activities in mature markets (United States, Australia and United Kingdom) and from LNG operations, and (ii) planned maintenance in Thailand. However, the decline was partly mitigated by improved performances, mainly in Brazil despite unfavorable hydrological conditions, in Peru, and in the Australian retail business;
- EBITDA for Energy Europe totaled €1,612 million, down 18.6% on an organic basis, due mainly to outages at the Doel 3 and Tihange 2 nuclear power plants and the shutdown of the Doel 1 reactor, the decrease in average electricity market prices and the adverse impact of market conditions on LNG sales, despite the positive impact of supply contract renegociations, more favorable climatic conditions for gas sales in France and liquidated damages for delay collected in connection with two coal-fired power plant projects in Germany and the Netherlands;
- EBITDA for Global Gas & LNG was down 30.5% on an organic basis to €1,625 million, reflecting plummeting oil prices, gas prices on the European and Asian markets and a contraction in the LNG activity, largely attributable to the disruption of LNG shipments from Yemen since April 2015. These effects were partially offset by the increase in production recorded by the exploration-production activities as a result of the commissioning of new assets in 2014;
- EBITDA for the Infrastructures business line improved 3.9% on an organic basis compared with the same prior-year period, to €3,402 million, reflecting colder temperatures in 2015 and rate increases, partially offset by a downturn in volumes and the related revenues from Joint Transport Storage (JTS) services and gas purchases and sales to maintain technical storage performance;
- EBITDA for Energy Services was up 3.9% on an organic basis to €1,227 million.

Current operating income after share in net income of entities accounted for using the equity method amounted to €6.3 billion, down 13.8% on an organic basis compared with 2014. This indicator shows trends by business line comparable to those of EBITDA.

6.1.1.2 Business trends

6.1.1.2.1 Energy International

In millions of euros	Dec. 31, 2015 Total (1)	Latin America	Asia-Pacific	North America	UK - Turkey	South Asia, Middle East & Africa
Revenues	**14,534**	**3,683**	**2,684**	**4,450**	**2,872**	**846**
EBITDA	**3,589**	**1,439**	**803**	**751**	**341**	**371**
Net depreciation and amortization/Other	(993)	(355)	(219)	(314)	(83)	(16)
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**2,596**	**1,084**	**585**	**437**	**259**	**355**

(1) The Energy International business line also has a "headquarters" function, the costs for which are not broken down in the table above.

In millions of euros	Dec. 31, 2014 Total (1)	Latin America	Asia-Pacific	North America	UK - Turkey	South Asia, Middle East & Africa	% change (reported basis)	% change (organic basis)
Revenues	**13,977**	**3,818**	**2,740**	**3,782**	**2,957**	**679**	**+4.0%**	**-3.8%**
EBITDA	**3,716**	**1,343**	**857**	**956**	**380**	**298**	**-3.4%**	**-6.8%**
Net depreciation and amortization/Other	(971)	(361)	(218)	(268)	(109)	(11)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**2,745**	**982**	**638**	**688**	**271**	**286**	**-5.4%**	**-7.9%**

(1) The Energy International business line also has a "headquarters" function, the costs for which are not broken down in the table above.

Energy International's revenues, at €14,534 million, rose by 4.0% on a reported basis (down 3.8% on an organic basis). These movements reflect, on the one hand, the negative €216 million impact of changes in the scope of consolidation and the favorable €1,354 million impact of changes in exchange rates (due mainly to the appreciation of the US dollar, but also the pound sterling and Thai baht), and on the other hand, an organic decrease resulting chiefly from the impact of lower prices and volumes of power generation activities in the mature markets and in Turkey, partially offset by improvements in the US and Australian retail businesses and the commissioning of assets in Latin America and South Asia, Middle East & Africa (SAMEA).

EBITDA amounted to €3,589 million, down 3.4% based on reported figures and 6.8% on an organic basis after taking into account the negative €160 million impact of changes in the scope of consolidation and favorable exchange rate movements of €294 million. This organic decrease was driven mainly by (i) a weaker performance from power generation activities in mature markets (United States, Australia and United Kingdom) and from LNG operations, and (ii) planned maintenance in Thailand. However, the decline was partly mitigated by improved performances, mainly in Brazil despite more unfavorable hydrological conditions, in Peru, and in the Australian retail business.

Current operating income after share in net income of entities accounted for using the equity method, at €2,596 million, decreased by 5.4% on a reported basis and by 7.9% on an organic basis, in line with EBITDA trends.

Latin America

Revenues for the Latin America region totaled €3,683 million, representing a 3.5% decrease on a reported basis and a 3.5% organic increase, reflecting the negative foreign exchange impact (the sharp depreciation of the Brazilian real was partly offset by the appreciation of the US dollar) combined with the impact of the disposal of all assets in Central America in December 2014.

In Brazil, higher sales resulted from the increase in average sales prices, primarily due to inflation indexation, and the progressive commissioning of the Jirau Hydro complex. Peru trended upwards thanks to new PPAs mainly related to the Quitaracsa Hydro Power Plant (commissioned in October 2015), while in Chile, revenues contracted slightly mostly due to lower tariffs linked to fuel price indexation. Electricity sales remained stable at 56.1 TWh, while gas sales rose by 0.3 TWh to 9.8 TWh.

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EBITDA totaled €1,439 million, representing an organic increase of 12.3%, mainly reflecting:

- a stronger performance in Brazil despite more adverse hydrological conditions affecting the overall system. For Tractebel Energia, this improvement was attributable to an increase in the average price of bilateral contracts, mainly due to inflation, combined with positive results in the spot market. In addition, EBITDA benefited from the commissioning of the Jirau Hydro complex;
- positive trends in Peru, mainly due to higher electricity sales thanks to new contracts, primarily related to the Quitaracsa Hydro power plant; and
- improved results in E-CL: a lower tariff due to the fuel price indexation was more than offset by a lower cost base following the depreciation of the local currency.

Current operating income after share in net income of entities accounted for using the equity method amounted to €1,084 million, up 16.1% on an organic basis primarily due to improved EBITDA.

Asia-Pacific

Revenues for the region totaled €2,684 million, down 2.0% based on reported figures and 10.6% on an organic basis. There was a decline in the Glow IPP business in Thailand due to planned maintenance and lower demand. The Australian coal-fired power plants suffered from lower market prices, especially in the first half of the year due to the repeal of the carbon scheme on July 1, 2014. However, this was partially offset by the growth of revenues in the Australian retail business, reflecting an increase in the number of customers and higher consumption due to the cold winter.

Electricity sales decreased by 1.5 TWh to 41.3 TWh, with higher volumes in Australia (up 1.0 TWh) only partially offsetting the 2.5 TWh decrease in Thailand. Natural gas sales rose by 0.6 TWh to 4.3 TWh.

EBITDA came in at €803 million, down 6.2% on a reported basis and down 15.3% based on organic figures, mainly reflecting the weaker performance of the Australian thermal facilities, which suffered because of difficult market conditions, and the lower availability of the Gheco One and Glow IPP facilities in Thailand due to major planned maintenance outages, as well as the negative impact of persistently low oil prices on gas distribution margins. This was partly offset by the strong performance of Indonesian thermal assets and the growth of the Australian retail business.

Current operating income after share of net income of entities accounted for using the equity method turned out at €585 million decreasing by 18.1% on an organic basis, in line with overall EBITDA trends.

North America

Revenues for the North America region totaled €4,450 million, up 17.6% on a reported basis reflecting the weakening of the euro against the US dollar, but remained unchanged organically. The organic stability resulted from a combination of higher third-party LNG sales volumes, US retail volumes at higher prices, and higher generation volumes which offset lower electricity and gas prices.

Electricity sales increased 7.1 TWh to 72.0 TWh, reflecting higher sales volumes across the generation fleet and US retail business.

Natural gas sales, excluding intra-Group transactions, increased by 8.0 TWh to 39.7 TWh following a combination of higher third-party LNG sales and higher gas distribution in Mexico.

EBITDA came in at €751 million, down 23.0% on an organic basis. This resulted from a combination of lower margins on LNG cargoes and one-off items (either adverse this year and favorable last year). These factors were partially mitigated by higher capacity revenues in the United States and commissioning effects in Mexico. EBITDA decreased by 21.5% on a reported basis, impacted by the transfer of operations for the Yemen LNG contract to the Global Gas & LNG business line.

Current operating income after share in net income of entities accounted for using the equity method amounted to €437 million, down 33.5% organically, primarily as a result of EBITDA movements.

United Kingdom & Turkey

Revenues for the United Kingdom & Turkey region totaled €2,872 million, down 2.9% on a reported basis, and down 13.1% on an organic basis. Lower power prices led to lower generation volumes across the UK and Turkey fleet. In the UK retail business, revenues were down following lower gas prices and electricity sales volumes. These adverse effects were slightly offset by higher gas sales volumes in Turkey.

Electricity sales fell 4.0 TWh to 26.1 TWh, mainly due to lower volumes across the UK thermal assets as a result of weaker market spreads. Gas sales totaled 42.1 TWh, up 7.0 TWh following higher transportation volumes in Turkey.

EBITDA came in at €341 million, down 17.5% on an organic basis. Weaker performances in the UK generation facilities resulting from declining spreads were mitigated by favorable results in Turkey and cost reduction initiatives. Additionally, 2015 benefited from the impact of favorable one-off items.

Current operating income after share in net income of entities accounted for using the equity method was €259 million, down 12.9% on an organic basis, due primarily to the decrease in EBITDA but mitigated slightly by lower depreciation charges following asset writedowns in December 2014.

South Asia, Middle East & Africa

Revenues for the South Asia, Middle East & Africa region (SAMEA) totaled €846 million, an increase of 24.5% on a reported basis reflecting the weakening euro against the US dollar, and 5.6% on an organic basis. This organic growth is mainly related to the commissioning of Uch II in Pakistan in April 2014 as well as higher volumes and prices in Meenakshi Phase I in India.

Electricity sales amounted to 8.5 TWh down 0.2 TWh on the previous year, mainly reflecting the lower production levels of the Al Kamil power plant in Oman, offset by the generation volumes of Uch II and Meenakshi Phase I.

EBITDA came in at €371 million, up 5.6% on an organic basis. This increase stems mainly from the commissioning of Uch II and Tarfaya, the improved performance of Meenakshi Phase I, as well as higher O&M margins in the Middle East.

Current operating income after share of net income of entities accounted for using the equity method amounted to €355 million, up 4.9% on an organic basis. This increase is explained by the same factors that impacted EBITDA.

6.1.1.2.2 Energy Europe

In millions of euros	Dec. 31, 2015 Total [1]	Dec. 31, 2015 Central Western Europe	Dec. 31, 2015 Southern & Eastern Europe	Dec. 31, 2014 Total [1]	Dec. 31, 2014 Central Western Europe	Dec. 31, 2014 Southern & Eastern Europe	% change (reported basis)	% change (organic basis)
Revenues	**32,011**	**26,859**	**5,143**	**35,158**	**29,285**	**5,873**	**-9.0%**	**-8.8%**
EBITDA	**1,612**	**1,536**	**293**	**2,015**	**1,602**	**585**	**-20.0%**	**-18.6%**
Net depreciation and amortization/Other	(1,025)	(817)	(196)	(1,107)	(909)	(195)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**587**	**718**	**97**	**908**	**692**	**390**	**-35.3%**	**-33.2%**

(1) Of which business line corporate function costs.

VOLUMES SOLD BY THE BUSINESS LINE

In TWh	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)
Gas sales	485.2	605.8	-19.9%
Electricity sales	165.4	159.9	+3.5%

Energy Europe's revenues totaled €32,011 million, down 9.0% on a reported basis, or 8.8% on an organic basis. This decrease chiefly reflects the impact of the shutdown of three nuclear power plants in Belgium (Doel 3 from March 26, 2014 to December 21, 2015, Tihange 2 from March 26, 2014 to December 14, 2015 and Doel 1 from February 15, 2015 to December 30, 2015), as well as the fall in gas sales volumes, particularly in France and Italy, partially offset by the positive impact of climatic conditions in France (2015 was colder than 2014). Gas sales represented 485.2 TWh, including 54.1 TWh to key accounts. Electricity sales amounted to 165.4 TWh. At December 31, 2015, Energy Europe had over 12.7 million individual gas customers and almost 6.1 million electricity customers.

The business line's EBITDA dropped 20.0% on a reported basis to €1,612 million (down 18.6% on an organic basis). 2015 was penalized by outages at the Doel 3 and Tihange 2 nuclear power plants and by the shutdown of the Doel 1 reactor, the fall in average sales prices on the electricity market and the unfavorable impact of market conditions on LNG sales. These factors were partly mitigated by more favorable climatic conditions for gas sales in France, the positive impact of supply contract renegociations and by liquidated damages for delay collected in connection with two coal-fired power plant projects in Germany and the Netherlands.

Current operating income after share in net income of entities accounted for using the equity method also fell, reflecting the decline in EBITDA despite lower depreciation and amortization charges.

Central Western Europe (CWE)

The contribution of CWE to Group revenues amounted to €26,859 million, down 8.3% on a reported basis and 8.1% on an organic basis. The decrease chiefly reflects the shutdown of three nuclear power plants in Belgium, and the decline in gas sales volumes in France.

CWE's EBITDA was down 4.1% on a reported basis to €1,536 million, due chiefly to the factors affecting revenues discussed above. The decline was partially offset by improved gas supply conditions for the Group and by favorable climatic conditions in France.

However, current operating income after share in net income of entities accounted for using the equity method increased (up 3.8% on a reported basis to €718 million), due to lower depreciation and amortization charges in Belgium, Luxembourg and France.

CWE FRANCE

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	**12,494**	**13,698**	**-8.8%**	**-7.2%**
EBITDA	**624**	**627**	**-0.6%**	**+27.4%**
Net depreciation and amortization/Other	(359)	(380)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**265**	**247**	**+7.4%**	**+61.6%**

VOLUMES SOLD IN FRANCE

In TWh	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)
Gas sales [1]	174.1	203.5	-14.4%
Electricity sales	49.6	46.3	+7.3%

(1) Business line contribution data.

FRANCE CLIMATIC ADJUSTMENT

In TWh	Dec. 31, 2015	Dec. 31, 2014	Total change in TWh
Climate adjustment volumes (negative figure = warm climate, positive figure = cold climate)	(6.6)	(21.7)	15.1

France's contribution to Group **revenues** for 2015 amounted to €12,494 million, down 8.8% on a reported basis (down 7.2% on an organic basis) due to a negative volume impact on gas sales, mainly in the B2B segment, and a negative price effect in both the B2C and B2B segments. These negative impacts were partly countered by more favorable climatic conditions in 2015 compared to 2014 and by the increase in electricity sales to end customers.

Natural gas sales were down 29.4 TWh despite colder weather than in 2014 (+15.1 TWh), following the loss of customers due to competitive pressure in the key accounts segment and the end of regulated tariffs on the B2B market. ENGIE maintains a share of around 77% of the B2C market and around 31% of the B2B market. Electricity sales were up on 2014 and continued to advance in terms of both sales to end customers and sales to business customers and key accounts.

EBITDA came in at €624 million, up 27.4% on an organic basis and down 0.6%, or €3 million, on a reported basis. This reflects a fall in volumes sold and the transfer of drawing rights on the Chooz B and Tricastin nuclear reactors to CWE Benelux & Germany (negative €142 million impact), offset by the positive €151 million impact of climatic conditions and by cost performance efforts.

Current operating income after share in net income of entities accounted for using the equity method improved on the back of lower depreciation and amortization charges.

CWE BENELUX & GERMANY

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	**9,620**	**9,964**	**-3.5%**	**-5.3%**
EBITDA	**611**	**497**	**+22.9%**	**+7.0%**
Net depreciation and amortization/Other	(428)	(470)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**182**	**27**	**NA**	**NA**

Revenues for the Benelux & Germany region amounted to €9,620 million in 2015, down 3.5% on a reported basis and down 5.3% on an organic basis compared to 2014. Volumes of electricity and gas sales declined due to outages at the Doel 3 and Tihange 2 nuclear power plants and the shutdown of the Doel 1 reactor, and to a drop in sales to key accounts. These factors were partially offset by the transfer of CWE France's drawing rights on the Chooz B and Tricastin nuclear reactors.

Electricity sales in Belgium and Luxembourg were down 9.7 TWh, mainly reflecting a decrease in market sales. The retail market share in Belgium remained stable at around 47% at end-December. Electricity sales in the Netherlands and Germany were up 1.9 TWh and 1.2 TWh, respectively.

Natural gas sales declined 11.1 TWh, or 12%, in the Benelux & Germany region due to a fall in market sales and in sales to key accounts. Retail market share in Belgium has stabilized at around 44%.

EBITDA for the region amounted to €611 million, up 22.9% on a reported basis and 7.0% on an organic basis, chiefly reflecting liquidated damages for delay collected in connection with two coal-fired power plant projects in Germany and the Netherlands. Nonetheless, EBITDA was penalized by outages at the Doel 3 and Tihange 2 nuclear power plants and the shutdown of the Doel 1 reactor.

Current operating income after share in net income of entities accounted for using the equity method increased in line with EBITDA and was also favorably impacted by lower net depreciation and amortization charges.

SOUTHERN & EASTERN EUROPE

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	**5,143**	**5,873**	**-12.4%**	**-12.2%**
EBITDA	**293**	**585**	**-50.0%**	**-49.6%**
Net depreciation and amortization/Other	(196)	(195)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**97**	**390**	**NA**	**NA**

Southern & Eastern Europe region **revenues** were down 12.4% on a reported basis, or 12.2% on an organic basis, at €5,143 million. The decline was chiefly attributable to Italy (lower gas volumes sold) and to a lesser extent Hungary, and was partially offset by a rise in Poland.

EBITDA for Southern & Eastern Europe fell 50.0% on a reported basis, or 49.6% on an organic basis, to €293 million, impacted mainly by a poor performance in Italy due chiefly to negative price effects.

Current operating income after share in net income of entities accounted for using the equity method decreased in line with EBITDA.

6.1.1.2.3 Global Gas & LNG

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	**4,246**	**6,883**	**-38.3%**	**-42.0%**
Total revenues *(incl. intra-Group transactions)*	**5,993**	**9,551**	**-37.3%**	
EBITDA	**1,625**	**2,225**	**-27.0%**	**-30.5%**
Net depreciation and amortization/Other	(1,090)	(1,162)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**535**	**1,064**	**-49.7%**	**-54.6%**

Global Gas & LNG's contribution to Group **revenues** for the year ended December 31, 2015 amounted to €4,246 million, down 38.3% on a reported basis compared to 2014 and down 42.0% on an organic basis.

The decrease in the revenue contribution was mainly due to plummeting oil prices, gas prices on the European and Asian markets, which sharply reduced LNG arbitrage opportunities in 2015, and also to the disruption in supplies shipped from Egypt as from January 2015 and from Yemen as from April 2015.

The unfavorable price impact on exploration-production activities was offset to a large extent by the 3.6 Mboe increase in total hydrocarbon production (59.1 Mboe in 2015 compared to 55.5 Mboe in 2014), thanks to the restart of production at the Njord facility in Norway in July 2014 and to contributions from the Amstel field in the Netherlands and the Gudrun field in Norway, commissioned in February 2014 and April 2014, respectively.

External LNG sales fell 47.8 TWh to 71.4 TWh, representing 86 cargoes for 2015 compared with 119.2 TWh, or 142 cargoes, for the prior-year period, and were adversely impacted by the fall in LNG sales prices in Europe and in Asia, where LNG sales prices are currently very close to European prices based on comparable shipping costs.

EBITDA for the Global Gas & LNG business line amounted to €1,625 million for 2015, down 27.0% on a reported basis and down 30.5% on an organic basis compared to the same prior-year period, due to the abovementioned reasons.

Current operating income after share in net income of entities accounted for using the equity method was €535 million in 2015, down 49.7% on a reported basis and down 54.6% on an organic basis.

6.1.1.2.4 Infrastructures

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	**3,055**	**2,994**	**+2.0%**	**+2.0%**
Total revenues *(incl. intra-Group transactions)*	**6,608**	**6,812**	**-3.0%**	
EBITDA	**3,402**	**3,274**	**+3.9%**	**+3.9%**
Net depreciation and amortization/Other	(1,330)	(1,280)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**2,072**	**1,994**	**+3.9%**	**+4.0%**

Total revenues for the Infrastructures business line, including intra-Group transactions, amounted to €6,608 million, down 3.0% on 2014, reflecting:

- the decrease in gas purchases and sales at Storengy to maintain technical storage performance (low summer/winter spreads) and the related revenues at GRTgaz and Storengy, linked particularly to Joint Transport Storage (JTS) services and market coupling (due to a very low North-South GEP spread);
- despite:
  - a 19.9 TWh[(1)] increase in volumes distributed by GRDF due to colder weather conditions in 2015 compared to the prior-year period;
  - the annual review in France of distribution infrastructure access tariffs (3.9% increase on July 1, 2015 and 4.1% increase on July 1, 2014) and of transport infrastructure tariffs (2.5% increase on April 1, 2015 and 3.9% increase on April 1, 2014);
  - improved marketing of storage capacity in France linked to the commissioning of new storage caverns in Germany (Peckensen 4 and 5) and the United Kingdom (Stublach).

In this climatic and regulatory context, the business line's contribution to Group revenues was €3,055 million, a slight 2.0% increase on 2014. The improved contribution essentially reflects the development of third party services in increasingly deregulated markets, despite the downturn in gas purchases and sales activities at Storengy.

EBITDA for the Infrastructures business line amounted to €3,402 million for the period, up 3.9% on the prior-year period thanks to favorable climatic conditions (positive 19.9 TWh impact) and rate increases, partially offset by a decrease in volumes and revenues from JTS services and performance gas purchases and sales.

Current operating income after share in net income of entities accounted for using the equity method for the Infrastructures business line came in at €2,072 million for the period, up 3.9% on the prior-year period, with a 3.7% rise in net depreciation and amortization charges resulting from the commissioning of new assets by GRDF and GRTgaz in 2014.

(1) *A 32.1 TWh decrease due to the mild weather conditions in 2014 and a 12.2 TWh decrease due to the mild weather conditions in 2015.*

6.1.1.2.5 Energy Services

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
Revenues	16,001	15,673	+2.1%	-0.4%
EBITDA	1,227	1,127	+8.9%	+3.9%
Net depreciation and amortization/Other	(373)	(335)		
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	854	791	+7.9%	+2.4%

Revenues for the Energy Services business line, up 2.1% on a reported basis to €16,001 million for 2015, buoyed by the acquisitions carried out in the second half of 2014 of Lend Lease FM in the United Kingdom, Ecova in the United States, Keppel FMO in Singapore, and Lahmeyer in Germany, essentially offset by the disposal of oil trading operations in Italy, for a net amount of €189 million, and positive exchange rate effects in the United Kingdom (€148 million) and Switzerland (€59 million).

Revenue slipped 0.4% on an organic basis, mainly owing to a decline in maintenance services in the North Sea oil and gas industry following the collapse of crude oil prices, and to a downturn in the Services business in France and Southern Europe linked to the fall in investments by public authorities and to continued lackluster business investment.

This decline was partially offset by an upturn in sales of heat by networks and co-generation facilities triggered by the return to colder temperatures in 2015 after exceptionally mild weather conditions in 2014, and by a good performance from Engineering activities.

EBITDA for the Energy Services business line rose 8.9% on a reported basis to €1,227 million, due chiefly to the acquisitions referred to above. Organic growth came out at 3.9%, essentially reflecting:

- the favorable impact of weather conditions and efficiency gains on network activities in France;
- improved margins for services activities in France;
- new facilities commissioned in France.

These items were partially offset by:

- one-off items which had benefited the 2014 performance;
- weaker North Sea oil and gas activities;
- difficulties encountered in Spain and on installation markets in Central Europe.

Current operating income after share in net income of entities accounted for using the equity method amounted to €854 million, up 7.9% on a reported basis and 2.4% on an organic basis. This was in line with EBITDA trends, adjusted for higher depreciation and amortization charges following the commissioning of new facilities in heating networks and services in France and the United Kingdom.

6.1.1.2.6 Other

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)	% change (organic basis)
EBITDA	(194)	(225)	+13.8%	+17.7%
Net depreciation and amortization/Other	(125)	(121)		
CURRENT OPERATING INCOME/(LOSS) AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	(319)	(346)	+7.9%	+12.2%

EBITDA for the "Other" business line came in at a negative €194 million for 2015, an improvement on 2014, mainly reflecting the positive impacts of the Perform 2015 plan.

Current operating loss after share in net income of entities accounted for using the equity method improved in 2015, owing mainly to the improvement in EBITDA.

6.1.1.3 Other income statement items

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	% change (reported basis)
Current operating income after share in net income of entities accounted for using the equity method	**6,326**	**7,156**	**-11.6%**
Mark to market on commodity contracts other than trading instruments	(261)	(298)	
Impairment losses	(8,748)	(1,037)	
Restructuring costs	(265)	(167)	
Changes in scope of consolidation	(46)	562	
Other non-recurring items	(248)	353	
Income/(loss) from operating activities	**(3,242)**	**6,569**	**NA**
Net financial income/(loss)	(1,547)	(1,876)	
Income tax expense	(324)	(1,586)	
NET INCOME/(LOSS)	**(5,113)**	**3,106**	**NA**
o/w net income/(loss) Group share	(4,617)	2,437	
o/w non-controlling interests	(496)	669	

Income/(loss) from operating activities represented a net loss of €3,242 million in 2015. The year-on-year decline results chiefly from the fall in current operating income after share in net income of entities accounted for using the equity method and the impact of impairment losses recognized against goodwill, property, plant and equipment, intangible assets and financial assets.

At December 31, 2015, the Group recognized impairment losses of €2,628 million against goodwill, €5,731 million against property, plant and equipment and intangible assets, and €402 million against financial assets and investments in entities accounted for using the equity method. These impairment losses mainly concerned the Global Gas & LNG, Energy International and Energy Europe business lines. After taking into account the deferred tax effects and the share of impairment losses attributable to non-controlling interests, the impact of these impairment losses on net income Group share for 2015 amounts to €6,761 million. These impairment losses are described in Note 7.2 “Impairment losses” to the consolidated financial statements.

Impairment losses recognized in 2014 totaled €1,037 million, chiefly in respect of Global Gas & LNG (€362 million), Energy International (€306 million) and Energy Europe (€291 million).

Income/(loss) from operating activities was also affected by:

- changes in the fair value of commodity derivatives (mark-to-market) that had a negative impact of €261 million on income/(loss) from operating activities (reflecting the impact of transactions not eligible for hedge accounting), compared with a negative impact of €298 million in 2014. The impact for the period results chiefly from negative overall price effects on these positions, partly offset by the net positive impact of unwinding positions with a negative market value at December 31, 2014;
- restructuring costs of €265 million (€167 million in 2014), including €47 million in external costs relating to the change in the Group’s corporate brand;
- changes in the scope of consolidation (gains and losses on disposals of consolidated equity investments or remeasurements of previously-held interests in accordance with IFRS 3) which had a negative impact of €46 million versus a positive impact of €562 million in 2014 (relating mainly to gains on remeasuring the previously-held interest in GTT after the Group acquired control of the company, and on the Walloon intermunicipal companies due to the loss of significant influence);
- other non-recurring items representing a loss of €248 million, integrating additional dismantling and site rehabilitation costs for one production unit versus income of €353 million in 2014 (primarily resulting from the capital gain on the disposal of interests in the Flemish inter-municipal companies).

The Group’s net financial loss narrowed to €1,547 million in 2015 from €1,876 million in 2014, owing to a €100 million fall in the cost of debt on the back of the lower average cost of gross debt, and to the positive €216 million impact of lower non-recurring expenses compared to 2014 (corresponding to changes in the fair value of derivatives not eligible for hedge accounting which had a positive €104 million impact and debt restructuring transactions which had a positive €99 million impact).

The 2015 income tax charge amounts to €324 million (versus €1,586 million in 2014). It includes an income tax benefit of €1,110 million arising on non-recurring income statement items (versus €659 million in 2014), essentially related to the impairment losses recognized against property, plant and equipment and intangible assets in 2015 and €338 million of deferred tax income in Luxembourg. Adjusted for these items, the effective recurring tax rate was 39.0%, lower than the 42.5% rate in 2014 due mainly to the impacts of one-off reversals of various tax provisions and to the decrease in the nuclear contribution.

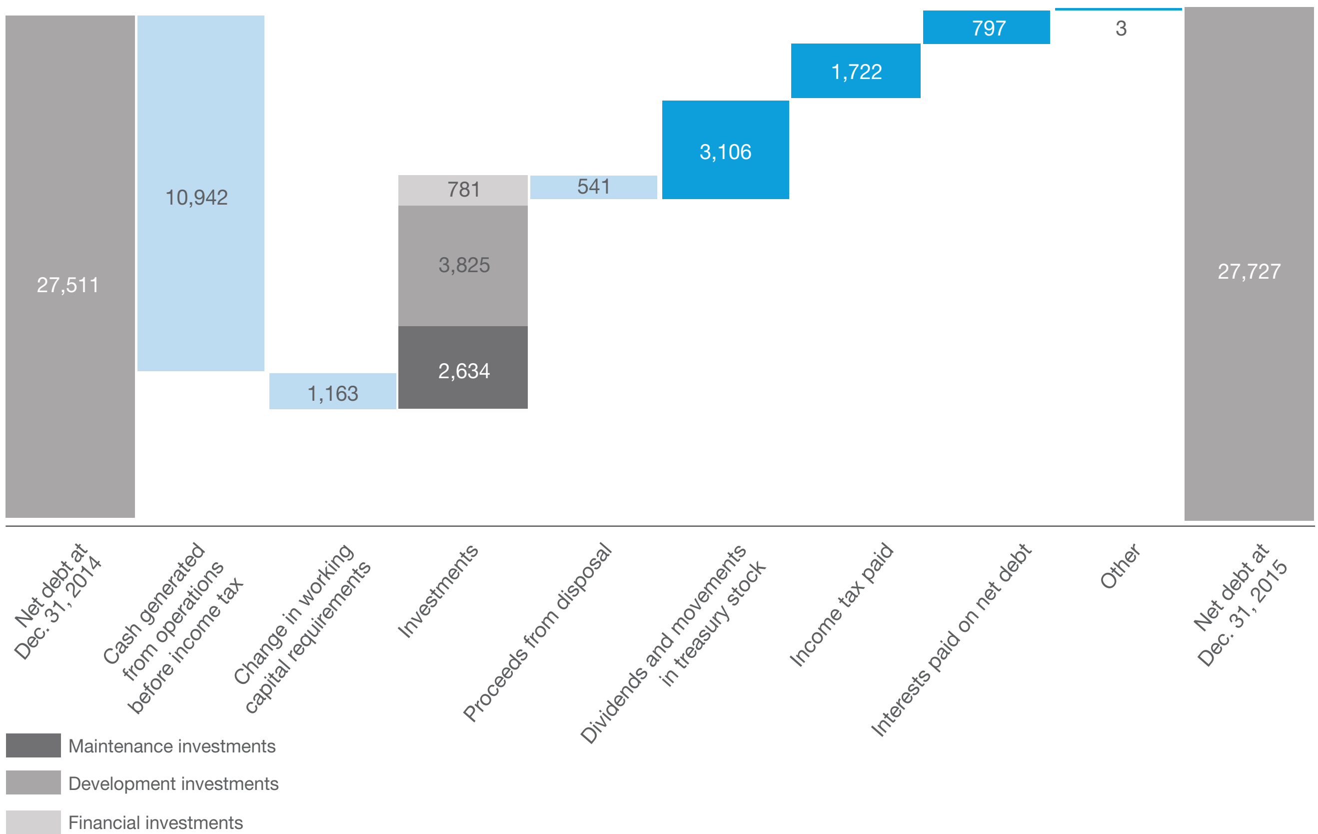
Net income/(loss) attributable to non-controlling interests was down year-on-year at a loss of €496 million, due primarily to impairment losses impacting net income from exploration-production activities.

6.1.1.4 Changes in net debt

Net debt stood at €27.7 billion at December 31, 2015, up €0.2 billion compared with net debt at December 31, 2014, reflecting (i) net investments (including changes in the scope of consolidation) carried out by the Group (€5.7 billion), dividends paid to ENGIE SA shareholders (€2.4 billion) and to non-controlling interests (€0.5 billion), the impact of changes in exchange rates related to the depreciation of the euro against major currencies (€0.5 billion), cash outflows related to tax payments (€1.7 billion) and to interest payments on net debt (€0.8 billion), (ii) offset by cash generated from operations before income tax and working capital requirements (€10.9 billion) and the favorable change in working capital requirements (€1.2 billion).

Changes in net debt break down as follows:

In millions of euros



The net debt to EBITDA ratio came out at 2.46 at December 31, 2015.

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Net debt	27,727	27,511
EBITDA	11,262	12,133
NET DEBT/EBITDA RATIO	**2.46**	**2.27**

6.1.1.4.1 Cash generated from operations before income tax and working capital requirements

Cash generated from operations before income tax and working capital requirements amounted to €10,942 million in 2015, down €829 million compared with 2014.

The fall was in line with the EBITDA performance and amplified by net changes in additions to provisions.

6.1.1.4.2 Change in working capital requirements

The change in working capital requirements represents a positive impact of €1.2 billion, mainly related to the impact of fluctuations in commodity prices (Brent crude) on margin calls.

6.1.1.4.3 Net investments

Gross investments during the period amounted to €7,240 million and included:

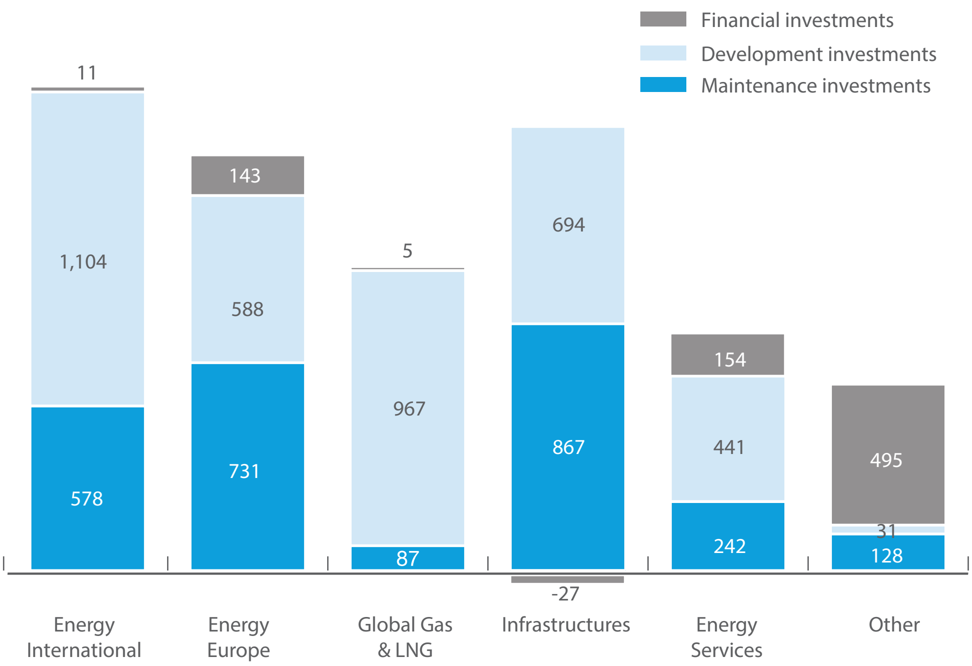
- financial investments for €781 million, relating chiefly to the acquisition of Solairedirect for €176 million and various companies in the Energy Services business line for €118 million, capital increases or loans for companies accounted for using the equity method totaling €327 million (mainly for the Jirau and Nugen projects, wind farm projects in France and Belgium, and power plant projects in the Middle East and South Africa), Synatom investments which rose by €153 million, and the repayment of loans for the Los Ramones pipeline (Mexico) and the Marafiq power generation facility and desalination unit (Saudi Arabia) construction projects for €152 million;
- development investments totaling €3,825 million, including €1,104 million invested in the Energy International business line to build power plants and develop wind farms in Peru, Chile, Brazil and India, €967 million invested in the Global Gas & LNG business line to develop gas fields in the United Kingdom, the Netherlands, Indonesia, Algeria and Norway, and €694 million invested in the Infrastructures business line;
- maintenance investments for an amount of €2,634 million.

Disposals represented a cash amount of €541 million and related to disposals of interests in exploration-production licenses in Indonesia and Norway for €241 million, and to real estate disposals for €164 million.

Including changes in the scope of consolidation resulting from these acquisitions and disposals, net investments represented €5,746 million.

Capital expenditure breaks down as follows by business line:

In millions of euros



6.1.1.4.4 Dividends and movements in treasury stock

Dividends and movements in treasury stock during the period amounted to €3,106 million and included:

- €2,392 million in dividends paid by ENGIE SA to its shareholders, which corresponds to the balance of the 2014 dividend (€0.50 per share) paid in May 2015, and an interim dividend in respect of 2015 (€0.50 per share) paid in October 2015;
- dividends paid by various subsidiaries to their non-controlling shareholders in an amount of €482 million, the payment of interest on hybrid debt for €145 million, withholding tax and movements in treasury stock.

6.1.1.4.5 Net debt at December 31, 2015

Excluding amortized cost but including the impact of foreign currency derivatives, at December 31, 2015 a total of 67% of net debt was denominated in euros, 17% in US dollars and 7% in pounds sterling.

Including the impact of financial instruments, 83% of net debt is at fixed rates.

The average maturity of the Group's net debt is 9.5 years.

At December 31, 2015, the Group had total undrawn confirmed credit lines of €14.0 billion.

6.1.1.5 Other items in the statement of financial position

In millions of euros	Dec. 31, 2015	Dec. 31, 2014	Net change
Non-current assets	**101,204**	**109,998**	**(8,794)**
of which goodwill	19,024	21,222	(2,198)
of which property, plant and equipment and intangible assets, net	64,001	71,601	(7,600)
of which investments in entities accounted for using the equity method	6,977	7,055	(78)
Current assets	**59,454**	**55,306**	**4,148**
Total equity	**48,750**	**55,981**	**(7,230)**
Provisions	18,835	18,539	296
Borrowings	39,155	38,321	834
Other liabilities	53,917	52,463	1,454

The carrying amount of property, plant and equipment and intangible assets was €64.0 billion, a decrease of €7.6 billion compared to December 31, 2014. This decrease was primarily the result of asset impairment losses (negative €5.7 billion impact), depreciation and amortization (negative €4.7 billion impact), reclassifying certain assets as held for sale (negative €4.1 billion impact), and disposals (negative €0.5 billion impact), partially offset by the positive impact of investments for the period (€6.5 billion) and translation adjustments (€0.6 billion).

Goodwill decreased by €2.2 billion to €19.0 billion, mainly due to the impairment losses recognized (€1.7 billion) and to the impact of assets classified as held for sale (€0.9 billion).

Total equity amounted to €48.8 billion, a decrease of €7.2 billion compared to December 31, 2014. This decrease results essentially from the net loss for the period (negative €5.1 billion impact), the payment of cash dividends (negative €2.9 billion impact), and other comprehensive income (positive €0.9 billion impact, chiefly translation adjustments, actuarial differences and net investment and cash flow hedges net of tax, for a net amount of €0.2 billion).

Provisions remained stable, as the fall in actuarial differences on provisions for post-employment benefits (negative €0.4 billion impact), and provisions for tax disputes in Australia and the United Kingdom (negative €0.2 billion impact) was offset by the positive €0.6 billion impact of unwinding the discount on provisions.

6.1.1.6 Parent company financial statements

The figures provided below relate to the financial statements of ENGIE SA, prepared in accordance with French GAAP and applicable regulations.

Revenues for ENGIE SA in 2015 totaled €19,891 million, down 19% on 2014 due mainly to the impact of the downturn in volumes delivered and the fall in market prices.

The Company posted a net operating loss of €744 million versus a net operating loss of €1,354 million in 2014. This improved performance chiefly reflects advances in electricity transmission partially offset by the decline in the energy margin and the decrease in personnel costs.

The Company reported net financial income of €1,089 million compared with €1,589 million one year earlier. This mainly includes dividends received from subsidiaries for €2,055 million versus €2,297 million in 2014, and the cost of debt which remained stable at €837 million, chiefly consisting of the interest expense on bond issues.

Non-recurring items included €617 million in non-recurring expenses, chiefly due to the combined effect of debt restructuring (expense of €116 million), impairment losses on securities net of reversals (expense of €488 million), offset by capital gains on disposals of real estate (income of €52 million) and the reversal of the provision for the renewal of the Corsican agreements (income of €39 million).

The income tax benefit amounts to €540 million compared to a benefit of €378 million in 2014. These two amounts include a tax consolidation benefit of €350 million and €368 million in 2015 and 2014, respectively.

Net income for the year came out at €268 million.

Shareholders' equity amounted to €39,903 million at end-2015, versus €41,896 million at December 31, 2014, mainly reflecting the cash dividend payout.

At December 31, 2015, net debt stood at €32,388 million, and cash and cash equivalents totaled €9,158 million.

INFORMATION RELATING TO SUPPLIER PAYMENT DEADLINES

The law in favor of the modernization of the economy ("LME" law No. 2008-776 of August 4, 2008) and its implementing decree (No. 2008-1492 of December 30, 2008), provide that companies whose annual financial statements are certified by a Statutory Auditor must publish information regarding supplier payment deadlines. The purpose of publishing this information is to demonstrate that there are no significant delays in the payment of suppliers.

The breakdown by maturity of outstanding amounts payable by ENGIE SA to its suppliers over the last two reporting periods is as follow:

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	External	Group	Total	External	Group	Total
Past due	20	112	132	33	94	127
30 days	254	30	284	414	28	442
45 days	141	253	394	8	251	259
More than 45 days	54	-	54	23	-	23
TOTAL	**469**	**395**	**864**	**478**	**373**	**851**

6.1.1.7 Outlook

The Group is committed to a 3 year transformation plan aiming at creating value and at improving the Group's risk profile. This plan is based on **3 main programs:**

- a **portfolio rotation program of €15 billion** (net debt impact) over 2016-2018, aimed at reducing its exposure to activities sensitive to commodity prices, by means of disposals, partnerships and/or sites closures;
- a **capex program of €22 billion** over 2016-2018, of which €7 billion on maintenance and at least €500 million on innovation, mainly financed by operational cash flow generation; and
- an **ambitious performance program named Lean 2018,** which targets recurring savings on operational costs, with a cumulated net impact on EBITDA of €1 billion by 2018.

For 2016[1], and despite a difficult market context characterized by the major and prolonged drop of oil, gas and power prices, which will continue to weigh on its results, the Group anticipates a **net recurring income Group share resilient compared with 2015,** comprised **between €2.4 and €2.7 billion.** This guidance is based on an estimated range for EBITDA[2] of €10.8 to €11.4 billion, assuming no significant scope out impact.

For the period 2016-2018, the Group anticipates:

- a **net debt/EBITDA ratio** below or equal to 2.5x; and
- an "A" category credit rating.

For fiscal years **2015 and 2016,** the Group confirms the payment of €1/share dividend per year, payable in cash.

For fiscal years **2017 and 2018,** the Group commits to pay a €0.70/share dividend per year, payable in cash.

6.1.2 Cash and shareholders' equity

6.1.2.1 Borrowing conditions and financial structure applicable to the issuer

Debt structure

Gross debt (excluding bank overdrafts, amortized cost and financial derivative instruments) amounted to €36.9 billion at December 31, 2015, up slightly from the previous year, and was primarily made up of €24 billion in bond issues and €7.1 billion in bank loans (including finance leases). Other loans and drawdowns on credit lines accounted for a total of €0.5 billion. Short-term loans (commercial paper) accounted for 15% of this total gross debt at the end of 2015.

79% of the gross debt was issued on financial markets (bond issues and commercial paper).

Net debt, excluding amortized costs, the effect of financial derivative instruments and cash collateral, came to €27.5 billion at the end of 2015.

At the end of 2015, the net debt was 67% denominated in euros, 17% in US dollars and 7% in British pounds, excluding amortized cost but after the foreign exchange impact of derivatives.

After the impact of derivatives, 83% of the net debt was at a fixed rate. The average cost of gross debt was 2.99%, down by 15 basis points compared to 2014. The average maturity of net debt is 9.5 years at the end of 2015.

Main transactions in 2015

The main transactions performed in 2015 affecting financial debt are described in Note 15.3.2 of Section 6.2 "Consolidated financial statements". In addition, the Group renewed a €4.5 billion centralized syndicated credit line ahead of schedule, taking the total to €5.5 billion and extending its maturity to November 2020.

In 2015, the annual update of the prospectus for ENGIE's €25 billion EMTN program received approval No. 15-518 from the AMF, dated October 8, 2015.

Ratings

Moody's and Standard & Poor's have put ENGIE's rating on review for downgrade / negative credit watch respectively on 13 and 26 February 2016. ENGIE was rated A/A-1 by Standard & Poor's with stable outlook since July 2014, and A1/P-1 negative outlook since June 2015 by Moody's.

6.1.2.2 Restrictions on the use of capital

On December 31, 2015, the Group had total undrawn confirmed credit lines (usable, among other things, as back-up lines for the commercial paper programs) of €14.0 billion. 92% of these lines are centrally managed and their availability is not subject to any financial covenant or linked to a credit risk rating. The counterparties of these lines are well diversified, with no single counterparty holding more than 6% of the total of these pooled lines. No pooled credit facility was in use as at the end of 2015.

Furthermore, the Group has set up credit lines in some subsidiaries, for which the documentation includes ratios related to their financial standing. These lines of credit are not guaranteed by ENGIE SA or GIE ENGIE Alliance.

The definition, as well as the level of these ratios, also known as "financial covenants", are determined by agreement with the lenders and may be reviewed during the life of the loan.

(1) These targets and indication assume average weather conditions in France, full pass through of supply costs in French regulated gas tariffs, no significant regulatory and macro-economic changes, commodity price assumptions based on market conditions as of December 31, 2015 for the non-hedged part of the production, and average foreign exchange rates as follows for 2016 : €/$: 1.10, €/BRL : 4.59.

(2) As from January 1, 2016, EBITDA will no longer include the non-recurring contribution from entities accounted for using the equity method (which represents in 2015 an amount of -€12 million).

The most frequent ratios are:

- Debt Service Cover Ratio = Free Cash Flow (Principal + interest expense) or for servicing interest (Interest Cover Ratio = EBITDA/interest expense);
- Loan Life Cover Ratio (adjustment of the average cost of the future Free Cash Flows debt divided by the borrowed amount still owed);
- Debt/Equity ratio or maintenance of a minimum amount of equity.

At December 31, 2015, all Group companies whose debt is consolidated were compliant with the covenants and representations contained in their financial documentation, with the exception of an Energy International subsidiary, which was not compliant with some of its commitments. Appropriate waivers are currently under discussion.

6.1.2.3 Expected sources on financing to honor commitments relative to investment decisions

The Group believes that its funding needs will be covered by available cash and the possible use of its existing credit facilities. However, it may call upon the capital markets on an ad hoc basis.

If necessary, dedicated financing could be established for very specific projects.

The Group has a total of €4.0 billion in credit lines or loans expiring in 2016 (excluding the maturity of €5.4 billion in commercial paper). In addition, at December 31, 2015 it had €9.4 billion in cash (net of bank overdrafts) and a total of €14.0 billion in available lines (not net of the amount of commercial paper issued), including €1 billion expiring in 2016.

6.2 Financial statements

6.2.1 Consolidated financial statements

Income statement

In millions of euros	Notes	Dec. 31, 2015	Dec. 31, 2014 [1]
Revenues	6.1	69,883	74,686
Purchases		(39,308)	(44,160)
Personnel costs	6.2	(10,168)	(9,779)
Depreciation, amortization and provisions	6.3	(5,007)	(4,797)
Other operating expenses		(11,163)	(11,000)
Other operating income		1,617	1,764
CURRENT OPERATING INCOME	**6**	**5,854**	**6,715**
Share in net income of entities accounted for using the equity method	3	473	441
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD		**6,326**	**7,156**
Mark-to-market on commodity contracts other than trading instruments	7.1	(261)	(298)
Impairment losses	7.2	(8,748)	(1,037)
Restructuring costs	7.3	(265)	(167)
Changes in scope of consolidation	7.4	(46)	562
Other non-recurring items	7.5	(248)	353
INCOME/(LOSS) FROM OPERATING ACTIVITIES	**7**	**(3,242)**	**6,569**
Financial expenses		(2,413)	(2,673)
Financial income		866	797
NET FINANCIAL INCOME/(LOSS)	**8**	**(1,547)**	**(1,876)**
Income tax expense	9	(324)	(1,586)
NET INCOME/(LOSS)		**(5,113)**	**3,106**
Net income/(loss) Group share		(4,617)	2,437
Non-controlling interests		(496)	669
BASIC EARNINGS/(LOSS) PER SHARE *(EUROS)*	**11**	**(1.99)**	**1.00**
DILUTED EARNINGS/(LOSS) PER SHARE *(EUROS)*	**11**	**(1.99)**	**0.99**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

Statement of comprehensive income

In millions of euros	Notes	Dec. 31, 2015	Dec. 31, 2015 Owners of the parent	Dec. 31, 2015 Non-controlling interests	Dec. 31, 2014 [(1)]	Dec. 31, 2014 Owners of the parent [(1)]	Dec. 31, 2014 Non-controlling interests [(1)]
NET INCOME/(LOSS)		**(5,113)**	**(4,617)**	**(496)**	**3,106**	**2,437**	**669**
Available-for-sale securities	15	(19)	(19)	-	47	47	-
Net investment hedges		(364)	(364)	-	(442)	(442)	-
Cash flow hedges (excl. commodity instruments)	16	277	263	13	(717)	(702)	(15)
Commodity cash flow hedges	16	101	(1)	103	298	234	64
Deferred tax on items above	9	(65)	(18)	(47)	182	211	(29)
Share of entities accounted for using the equity method in recyclable items, net of tax		(162)	(162)	-	(128)	(128)	-
Translation adjustments		903	799	105	1,835	1,545	290
TOTAL RECYCLABLE ITEMS		**671**	**498**	**173**	**1,075**	**765**	**310**
Actuarial gains and losses	19	446	433	13	(1,762)	(1,658)	(105)
Deferred tax on actuarial gains and losses	9	(139)	(135)	(4)	516	482	33
Share of entities accounted for using the equity method in non-recyclable items from actuarial gains and losses, net of tax		(34)	(34)	-	7	7	(1)
TOTAL NON-RECYCLABLE ITEMS		**274**	**264**	**9**	**(1,240)**	**(1,168)**	**(72)**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(4,168)**	**(3,855)**	**(313)**	**2,941**	**2,034**	**907**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

Statement of financial position

ASSETS

In millions of euros	Notes	Dec. 31, 2015	Dec. 31, 2014 (1)
Non-current assets			
Intangible assets, net	13	7,013	7,569
Goodwill	12	19,024	21,222
Property, plant and equipment, net	14	56,988	64,032
Available-for-sale securities	15	3,016	2,893
Loans and receivables at amortized cost	15	2,377	2,960
Derivative instruments	15	4,026	2,733
Investments in entities accounted for using the equity method	3	6,977	7,055
Other assets	26	503	557
Deferred tax assets	9	1,280	978
TOTAL NON-CURRENT ASSETS		**101,204**	**109,998**
Current assets			
Loans and receivables at amortized cost	15	731	925
Derivative instruments	15	10,857	7,886
Trade and other receivables, net	15	19,349	21,558
Inventories	26	4,207	4,891
Other assets	26	9,348	10,049
Financial assets at fair value through income	15	1,172	1,450
Cash and cash equivalents	15	9,183	8,546
Assets classified as held for sale	4	4,607	-
TOTAL CURRENT ASSETS		**59,454**	**55,306**
TOTAL ASSETS		**160,658**	**165,304**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

LIABILITIES

In millions of euros	Notes	Dec. 31, 2015	Dec. 31, 2014 [1]
Shareholders' equity		43,078	49,548
Non-controlling interests		5,672	6,433
TOTAL EQUITY	**17**	**48,750**	**55,981**
Non-current liabilities			
Provisions	18	16,804	16,402
Long-term borrowings	15	28,123	28,024
Derivative instruments	15	4,216	3,020
Other financial liabilities	15	237	286
Other liabilities	26	1,108	1,078
Deferred tax liabilities	9	8,131	9,049
TOTAL NON-CURRENT LIABILITIES		**58,619**	**57,859**
Current liabilities			
Provisions	18	2,032	2,137
Short-term borrowings	15	11,032	10,297
Derivative instruments	15	8,642	5,895
Trade and other payables	15	17,101	18,799
Other liabilities	26	13,782	14,337
Liabilities directly associated with assets classified as held for sale	4	699	-
TOTAL CURRENT LIABILITIES		**53,288**	**51,465**
TOTAL EQUITY AND LIABILITIES		**160,658**	**165,304**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

Statement of changes in equity

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves	Deeply-subordinated perpetual notes	Changes in fair value and other	Translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total
EQUITY AT DECEMBER 31, 2013	**2,412,824,089**	**2,413**	**32,207**	**14,005**	**1,657**	**152**	**(1,353)**	**(1,109)**	**47,971**	**5,689**	**53,660**
IFRIC 21 impact (*see Note 1.1*)				26					26	1	27
EQUITY AT JANUARY 1, 2014 (1)	**2,412,824,089**	**2,413**	**32,207**	**14,031**	**1,657**	**152**	**(1,353)**	**(1,109)**	**47,996**	**5,690**	**53,686**
Net income/(loss) (1)				2,437					2,437	669	3,106
Other comprehensive income/(loss) (1)				(1,168)		(779)	1,545		(403)	238	(165)
TOTAL COMPREHENSIVE INCOME/(LOSS) (1)				**1,269**	**-**	**(779)**	**1,545**	**-**	**2,034**	**907**	**2,941**
Employee share issues and share-based payments	22,460,922	22	299	35					357	-	357
Dividends paid in cash				(2,767)					(2,767)	(761)	(3,527)
Purchase/disposal of treasury stock				(17)				152	136	-	136
Acquisition of control over Gaztransport & Technigaz									-	476	476
Coupons of deeply-subordinated perpetual notes					(67)				(67)	-	(67)
Issuance of deeply-subordinated perpetual notes					1,974				1,974	-	1,974
Transactions between owners				(114)					(114)	12	(102)
Share capital increases subscribed by non-controlling interests									-	60	60
Other changes				(1)					(1)	49	48
EQUITY AT DECEMBER 31, 2014 (1)	**2,435,285,011**	**2,435**	**32,506**	**12,436**	**3,564**	**(627)**	**191**	**(957)**	**49,548**	**6,433**	**55,981**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

In millions of euros	Number of shares	Share capital	Additional paid-in capital	Consolidated reserves	Deeply-subordinated perpetual notes	Changes in fair value and other	Translation adjustments	Treasury stock	Shareholders' equity	Non-controlling interests	Total
EQUITY AT DECEMBER 31, 2014 [(1)]	**2,435,285,011**	**2,435**	**32,506**	**12,436**	**3,564**	**(627)**	**191**	**(957)**	**49,548**	**6,433**	**55,981**
Net income/(loss)				(4,617)					(4,617)	(496)	(5,113)
Other comprehensive income/(loss)				264		(301)	799		762	183	945
TOTAL COMPREHENSIVE INCOME/(LOSS)				**(4,353)**	**-**	**(301)**	**799**	**-**	**(3,855)**	**(313)**	**(4,168)**
Employee share issues and share-based payments				46					46	-	46
Dividends paid in cash (*see Note 17.2.3*)				(2,392)					(2,392)	(482)	(2,875)
Purchase/disposal of treasury stock (*see Note 17.1.2*)				(134)				135	1	-	1
Coupons of deeply-subordinated perpetual notes (*see Note 17.2.1*)					(145)				(145)	-	(145)
Transactions between owners				(60)					(60)	21	(39)
Transactions between owners within entities accounted for using the equity method				(73)					(73)	-	(73)
Share capital increases and decreases subscribed by non-controlling interests									-	22	22
Other changes				8					8	(8)	-
EQUITY AT DECEMBER 31, 2015	**2,435,285,011**	**2,435**	**32,506**	**5,479**	**3,419**	**(928)**	**990**	**(822)**	**43,078**	**5,672**	**48,750**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

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Statement of cash flows

In millions of euros	Notes	Dec. 31, 2015	Dec. 31, 2014 [1]
NET INCOME/(LOSS)		**(5,113)**	**3,106**
- Share in net income of entities accounted for using the equity method		(473)	(441)
+ Dividends received from entities accounted for using the equity method		503	526
- Net depreciation, amortization, impairment and provisions		13,890	5,722
- Impact of changes in scope of consolidation and other non-recurring items		(47)	(924)
- Mark-to-market on commodity contracts other than trading instruments		261	298
- Other items with no cash impact		50	21
- Income tax expense		324	1,586
- Net financial income/(loss)		1,547	1,876
Cash generated from operations before income tax and working capital requirements		**10,942**	**11,771**
+ Tax paid		(1,722)	(1,805)
Change in working capital requirements	**26.1**	**1,163**	**(1,216)**
CASH FLOW FROM OPERATING ACTIVITIES		**10,383**	**8,751**
Acquisitions of property, plant and equipment and intangible assets	5.4.3	(6,459)	(5,790)
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	5.4.3	(259)	(340)
Acquisitions of investments in entities accounted for using the equity method and joint operations	5.4.3	(241)	(398)
Acquisitions of available-for-sale securities	5.4.3	(252)	(246)
Disposals of property, plant and equipment, and intangible assets		507	241
Loss of controlling interests in entities, net of cash and cash equivalents sold		(48)	565
Disposals of investments in entities accounted for using the equity method and joint operations		1	822
Disposals of available-for-sale securities		41	1,064
Interest received on non-current financial assets		133	29
Dividends received on non-current financial assets		103	107
Change in loans and receivables originated by the Group and other	5.4.3	245	8
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		**(6,230)**	**(3,939)**
Dividends paid [2]		(3,107)	(3,720)
Repayment of borrowings and debt		(4,846)	(6,394)
Change in financial assets at fair value through income		296	(412)
Interest paid		(918)	(1,079)
Interest received on cash and cash equivalents		126	100
Cash flow on derivatives qualifying as net investment hedges and compensation payments on derivatives and on early buyback of borrowings		(660)	(873)
Increase in borrowings		5,834	5,033
Increase/decrease in capital		21	388
Hybrid issue of perpetual subordinated notes	17.2.1	-	1,974
Purchase and/or sale of treasury stock		1	136
Changes in ownership interests in controlled entities	5.4.3	(42)	(126)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		**(3,295)**	**(4,973)**
Effects of changes in exchange rates and other		(221)	1
TOTAL CASH FLOW FOR THE PERIOD		**637**	**(160)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**8,546**	**8,706**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**9,183**	**8,546**

(1) Comparative data at December 31, 2014 have been restated due to the retrospective application of IFRIC 21 (see Note 1.1).
(2) The line “Dividends paid” includes the coupons paid to the owners of the deeply subordinated perpetual notes for an amount of €145 million at December 31, 2015 and €67 million at December 31, 2014.
NB: The amounts shown in the tables are expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the totals.

6.2.2 Notes to the consolidated financial statements

Since April 24, 2015, the corporate name of the GDF SUEZ Group is ENGIE. On July 29, 2015, the Extraordinary Shareholders' Meeting approved the name change of GDF SUEZ SA into ENGIE SA.

ENGIE SA, the parent company of the Group is a French *société anonyme* with a Board of Directors that is subject to the provisions of Book II of the French Commercial Code (*Code de Commerce*), as well as to all other provisions of French law applicable to French commercial companies. It was incorporated on November 20, 2004 for a period of 99 years.

It is governed by current and future laws and by regulations applicable to *sociétés anonymes* and its bylaws.

The Group is headquartered at 1 place Samuel de Champlain, 92400 Courbevoie (France).

ENGIE shares are listed on the Paris, Brussels, and Luxembourg stock exchanges.

On February 24, 2016, the Group's Board of Directors approved and authorized for issue the consolidated financial statements of the Group for the year ended December 31, 2015.

NOTE 1 Accounting standards and methods

1.1 Accounting standards

Pursuant to European Regulation (EC) 809/2004 on prospectuses dated April 29, 2004, financial information concerning the assets, liabilities, financial position, and profit and loss of ENGIE has been provided for the last two reporting periods (ended December 31, 2014 and 2015). This information was prepared in accordance with European Regulation (EC) 1606/2002 on international accounting standards (IFRS) dated July 19, 2002. The Group’s consolidated financial statements for the year ended December 31, 2015 have been prepared in accordance with IFRS as published by the International Accounting Standards Board (IASB) and endorsed by the European Union[1].

The accounting standards applied in the consolidated financial statements for the year ended December 31, 2015 are consistent with the policies used to prepare the consolidated financial statements for the year ended December 31, 2014, except for those described in § 1.1.1 below.

1.1.1 IFRS standards, amendments or IFRIC interpretations applicable in 2015

- Annual Improvements to IFRSs 2011-2013.

  These annual improvements had no material impact on the Group’s annual consolidated financial statements.
- IFRIC 21 – *Levies.*

  IFRIC 21, effective as from January 1, 2015 with a retrospective effect as at January 1, 2014, aims to clarify when to recognize a liability for taxes or levies, other than income taxes. Under this interpretation, the obligating event that gives rise to the recognition of a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. If the obligating event arises at a point in time, the related liability is recognized at said point in time. If the obligating event arises progressively over a period of time (for example, the generation of revenue), the related liability is recognized progressively as the revenue is generated.

  As a result, (i) certain taxes that were recognized progressively over the 12-month reporting period are from now on recognized one-shot as from January 1 of the current reporting period and (ii) to a lesser extent, there is a change in the reporting period when other taxes, such as the social solidarity contribution due by the French entities (*Contribution Sociale de Solidarité des Sociétés* or C3S) (to be recognized in Y on the basis of revenues generated in Y-1), are recognized.

  The impacts resulting from the retrospective application of IFRIC 21 as from January 1, 2014, are as follows for the Group:
  - a €27 million increase in equity as at January 1, 2014;
  - an insignificant impact on the annual income statement as at December 31, 2014;
  - a €22 million increase in equity as at December 31, 2014.

1.1.2 IFRS standards, amendments or IFRIC interpretations effective in 2016 and that the Group has elected not to early adopt in 2015

- Amendments to IFRS 11 – *Joint Arrangements: Accounting for acquisitions of interests in Joint Operations*.
- Amendments to IAS 16 – *Property, Plant and Equipment* and IAS 38 – *Intangible Assets: Clarification of acceptable methods of depreciation and amortization*.
- Amendments to IAS 1 – *Presentation of Financial Statements*: *Disclosure initiative*.
- Amendments to IAS 19 – *Employee Benefits – Defined benefit plans: employee contributions.*
- Annual Improvements to IFRSs 2010-2012.
- Annual Improvements to IFRSs 2012-2014.

1.1.3 IFRS standards, amendments or IFRIC interpretations applicable after 2016

- IFRS 9 – *Financial Instruments*[2].

  An internal Group project has been launched in 2015, together with the entities specifically concerned by the accounting of financial instruments.

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(1) *Available on the European Commission’s website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm*

(2) *These standards and amendments have not yet been adopted by the European Union.*

- IFRS 15 – *Revenue from Contracts with Customers*[2].

  The Group project has been deployed since end 2014 in order to identify the issues likely to have an impact on how revenue is recognized by the various activities of the Group. Identifying the effects of the first application of this standard will be pursued throughout next year.

The impact resulting from the application of these standards and amendments is currently being assessed.

1.1.4 Reminder of IFRS 1 transition options

The Group used some of the options available under IFRS 1 for its transition to IFRS in 2005. The options that continue to have an effect on the consolidated financial statements are:

- translation adjustments: the Group elected to reclassify cumulative translation adjustments within consolidated equity at January 1, 2004;
- business combinations: the Group elected not to restate business combinations that took place prior to January 1, 2004 in accordance with IFRS 3.

1.2 Measurement and presentation basis

The consolidated financial statements have been prepared using the historical cost convention, except for financial instruments that are accounted for according to the financial instrument categories defined by IAS 39.

Assets or groups of assets held for sale

In accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*, assets or groups of assets held for sale are presented separately on the face of the statement of financial position, at the lower of their carrying amount and fair value less costs to sell.

Assets are classified as "held for sale" when they are available for immediate sale in their present condition, their sale is highly probable within twelve months from the date of classification, management is committed to a plan to sell the asset and an active program to locate a buyer and complete the plan has been initiated. To assess whether a sale is highly probable, the Group takes into consideration among other items, indications of interest and offers received from potential buyers and specific risks to the execution of certain transactions.

1.3 Use of estimates and judgment

The developments of the economic and financial environment prompted the Group to step up its risk oversight procedures and include an assessment of these risks in measuring financial instruments and performing impairment tests. The Group's estimates used in business plans and determination of discount rates used in impairment tests and for calculating provisions take into account the environment and the important market volatility.

1.3.1 Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities and contingent assets and liabilities at the reporting date, as well as income and expenses reported during the period.

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used in preparing the Group's consolidated financial statements relate mainly to:

- measurement of the fair value of assets acquired and liabilities assumed in a business combination *(see Note 4)*;
- measurement of the recoverable amount of goodwill, other intangible assets and property, plant and equipment *(see § 1.4.4 and 1.4.5)*;
- measurement of provisions, particularly for back-end of nuclear fuel cycle, dismantling obligations, disputes, pensions and other employee benefits *(see § 1.4.15)*;
- financial instruments *(see § 1.4.11)*;
- measurement of revenues not yet metered, so called un-metered revenues *(see § 1.3.1.6)*;
- measurement of recognized tax loss carry-forwards *(see Note 9.3)*.

1.3.1.1 Measurement of the fair value of assets acquired and liabilities assumed in a business combination

The key assumptions and estimates used to determine the fair value of assets acquired and liabilities assumed include the market outlook for the measurement of future cash flows and the applicable discount rates.

These assumptions reflect management's best estimates.

1.3.1.2 Recoverable amount of goodwill, other intangible assets and property, plant and equipment

The recoverable amount of goodwill, other intangible assets and property, plant and equipment is based on estimates and assumptions, regarding in particular the expected market outlook and the evolution of the regulatory framework, which are used for the measurement of cash flows, whose sensitivity varies depending on the activity, and the determination of the discount rate. Any changes in these assumptions could have a material impact on the measurement of the recoverable amount and could result in adjustments to the impairment losses to be recognized.

The key assumptions used in the impairment tests on material goodwill CGUs are as follows:

- Energy – Central Western Europe (CWE) CGU (Energy Europe business line)

  The cash flow projections for the electricity and gas activities in the CWE region are based on a large number of key assumptions, such as the long-term prices for fuel and CO_2, expected trends in gas and electricity demand and in power prices, the market outlook, as well as changes in the regulatory environment (especially concerning nuclear capacities in Belgium and the extension of drawing rights agreements for French nuclear plants), and the prospects of renewal of the Group's hydro concessions in France. The key assumptions also include the discount rate used to calculate the value in use of this goodwill CGU.

- Distribution CGU (Infrastructures business line)

  The cash flow projections are drawn up based on the tariff for public natural gas distribution networks (known as "ATRD 4"), which entered into effect for a period of four years on July 1, 2012, and on the overall level of investments agreed by the French Energy Regulatory Commission (*Commission de Régulation de l'Énergie* – CRE) as part of its decision on the ATRD 4 tariff. The terminal value calculated at the end of the medium-term business plan corresponds to the expected Regulated Asset Base (RAB) with no premium at the end of 2021. The RAB is the value assigned by the regulator to the assets operated by the distributor.
- Global Gas & LNG CGU

  The main assumptions and key estimates primarily include the discount rates, hydrocarbon price trends, changes in the euro/US dollar exchange rate, estimates of proven and probable reserves, changes in LNG supply and demand, the date on which the Yemen LNG facility resumes its activities, as well as market forecasts. The values assigned reflect our best estimates of market prices and expected future trends on these markets.
- Energy – Energy Services International CGU

  The main assumptions and key estimates primarily include the discount rates, changes in gross margin and the overall level of renewal and maintenance investments, as well as the growth perspectives of each activity in its respective market.

1.3.1.3 Estimates of provisions

Parameters having a significant influence on the amount of provisions, and particularly, but not solely, those relating to the back-end of nuclear fuel cycle and to the dismantling of nuclear facilities, as well as those relating to the dismantling of gas infrastructures in France, include:

- cost forecasts (notably the retained scenario for reprocessing and storage of radioactive nuclear fuel consumed),
- the timing of expenditure (notably, for nuclear power generation activities, the timetable for reprocessing radioactive nuclear fuel consumed and for dismantling facilities as well as the timetable for the end of gas operations regarding the gas infrastructure businesses in France),
- and the discount rate applied to cash flows.

These parameters are based on information and estimates deemed to be relevant by the Group at the current time.

The modification of certain parameters could involve a significant adjustment of these provisions.

1.3.1.4 Pensions

Pension commitments are measured on the basis of actuarial assumptions. The Group considers that the assumptions used to measure its obligations are relevant and documented. However, any change in these assumptions could have a significant impact on the resulting calculations.

1.3.1.5 Financial instruments

To determine the fair value of financial instruments that are not listed on an active market, the Group uses valuation techniques that are based on certain assumptions. Any change in these assumptions could have a significant impact on the resulting calculations.

1.3.1.6 Revenues

Revenues generated from types of customers whose energy consumption is metered during the accounting period, particularly customers supplied with low-voltage electricity or low-pressure gas, are estimated at the reporting date based on historical data, consumption statistics and estimated selling prices. For sales on networks used by a large number of grid operators, the Group is allocated a certain volume of energy transiting through the networks by the grid managers. The final allocations are sometimes only known several months down the line, which means that revenue figures are only an estimate.

However, the Group has developed measuring and modeling tools allowing it to estimate revenues with a satisfactory degree of accuracy and subsequently ensure that risks of error associated with estimating quantities sold and the related revenues can be considered as not significant. In France, un-metered revenues ("gas in the meter") are calculated using a direct method taking into account estimated customers' consumption since the last metering not yet billed. These estimates are in line with the volume of energy allocated by the grid managers over the same period. The average price is used to measure the "gas in the meter". The average price used takes account of the category of customer and the age of the delivered unbilled "gas in the meter". The portion of unbilled revenues at year-end varies according to the assumptions about volume and average price.

1.3.1.7 Measurement of recognized tax loss carry-forwards

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. The probability that taxable profit will be available against which the unused tax losses can be utilized, is based on taxable temporary differences relating to the same taxation authority and the same taxable entity and estimates of future taxable profits. These estimates and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as included in the medium-term business plan and, if necessary, on the basis of additional forecasts.

1.3.2 Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting policies to apply to certain activities and transactions, particularly when the effective IFRS standards and interpretations do not specifically deal with the related accounting issues.

In particular, the Group exercised its judgment in determining the nature of control, the classification of arrangements which contain a lease, the recognition of acquisitions of non-controlling interests prior to January 1, 2010 and the identification of "own use" contracts, as defined by IAS 39, within non-financial purchase and sale contracts (electricity, gas, etc.).

Entities for which judgment on the nature of control has been exercised are listed in Notes 2 “Main subsidiaries at December 31, 2015” and 3 “Investments in entities accounted for using the equity method”.

In accordance with IAS 1, the Group’s current and non-current assets and liabilities are shown separately on the consolidated statement of financial position. For most of the Group’s activities, the breakdown into current and non-current items is based on when assets are expected to be realized, or liabilities extinguished. Assets expected to be realized or liabilities extinguished within 12 months of the reporting date are classified as current, while all other items are classified as non-current.

1.4 Accounting methods

1.4.1 Scope and methods of consolidation

Controlled entities (subsidiaries)

Controlled entities (subsidiaries) are fully consolidated in accordance with IFRS 10 – *Consolidated Financial Statements*. An investor (the Group) controls an entity and therefore must consolidate it as a subsidiary, if it has all the following:

- the ability to direct the relevant activities of the entity;
- rights to variable returns from its involvement with the entity;
- the ability to use its power over the entity to affect the amount of the investor’s return.

Investments in Associates and Joint Ventures

The Group accounts for its investments in associates (entities over which the Group has significant influence) and joint ventures, using the equity method. Under IFRS 11 – *Joint Arrangements*, a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in Joint Operations

Under IFRS 11 – *Joint Arrangements*, a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In accordance with this standard, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to these assets, liabilities, revenues and expenses.

Production sharing contracts, in particular in oil and gas exploration-production activities, are considered to be outside the scope of IFRS 11. Contractors account for their rights to a portion of production and reserves, based on the contractual clauses.

1.4.2 Foreign currency translation methods

1.4.2.1 Presentation currency of the consolidated financial statements

The Group’s consolidated financial statements are presented in euros (€).

1.4.2.2 Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates, which in most cases corresponds to local currency. However, certain entities may have a functional currency different from local currency when that other currency is used for an entity’s main transactions and better reflects its economic environment.

1.4.2.3 Foreign currency transactions

Foreign currency transactions are recorded in the functional currency at the exchange rate prevailing on the date of the transaction. At each reporting date:

- monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The related translation gains and losses are recorded in the consolidated statement of income for the year to which they relate;
- non-monetary assets and liabilities denominated in foreign currencies are recognized at the historical cost applicable at the date of the transaction.

1.4.2.4 Translation of the financial statements of subsidiaries with a functional currency other than the euro (the presentation currency)

The statements of financial position of these subsidiaries are translated into euros at the official year-end exchange rates. Income statement and cash flow statement items are translated using the average exchange rate for the year. Any differences arising from the translation of the financial statements of these subsidiaries are recorded under “Translation adjustments” as other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are classified as assets and liabilities of those foreign entities and are therefore denominated in the functional currencies of the entities and translated at the year-end exchange rate.

1.4.3 Business combinations

Business combinations carried out prior to January 1, 2010 have been accounted for in accordance with IFRS 3 prior to the revision. In accordance with IFRS 3 revised, these business combinations have not been restated.

Since January 1, 2010, the Group applies the purchase method as defined in IFRS 3 revised, which consists in recognizing the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date, as well as any non-controlling interests in the acquiree. Non-controlling interests are measured either at fair value or at the entity’s proportionate interest in the net identifiable assets of the acquiree. The Group determines on a case-by-case basis which measurement option to be used to recognize non-controlling interests.

1.4.4 Intangible assets

Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

1.4.4.1 Goodwill

Recognition of goodwill

Due to the application of IFRS 3 revised at January 1, 2010, the Group is required to separately identify business combinations carried out before or after this date.

Business combinations carried out prior to January 1, 2010

Goodwill represents the excess of the cost of a business combination (acquisition price of shares plus any costs directly attributable to the business combination) over the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognized at the acquisition date (except if the business combination is achieved in stages).

For a business combination achieved in stages – i.e. where the Group acquires a subsidiary through successive share purchases – the amount of goodwill is determined for each exchange transaction separately based on the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of each exchange transaction.

Business combinations carried out after January 1, 2010

Goodwill is measured as the excess of the aggregate of:

(i) the consideration transferred;

(ii) the amount of any non-controlling interests in the acquiree; and

(iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree;

over the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed.

The amount of goodwill recognized at the acquisition date cannot be adjusted after the end of the measurement period.

Goodwill relating to interests in associate companies is recorded under "Investments in entities accounted for using the equity method".

Measurement of goodwill

Goodwill is not amortized but tested for impairment each year, or more frequently where an indication of impairment is identified. Impairment tests are carried out at the level of cash-generating units (CGUs) or groups of CGUs which constitute groups of assets generating cash inflows that are largely independent of the cash inflows from other CGUs.

The methods used to carry out these impairment tests are described in § 1.4.8 "Impairment of property, plant and equipment and intangible assets".

Impairment losses in relation to goodwill cannot be reversed and are shown under "Impairment losses" in the consolidated income statement.

1.4.4.2 Other intangible assets

Development costs

Research costs are expensed as incurred.

Development costs are capitalized when the asset recognition criteria set out in IAS 38 are met. Capitalized development costs are amortized over the useful life of the intangible asset recognized.

Other internally-generated or acquired intangible assets

Other intangible assets include mainly:

- amounts paid or payable as consideration for rights relating to concession contracts or public service contracts;
- customer portfolios acquired on business combinations;
- capacity rights, in particular regarding power stations; the Group helped finance the construction of certain nuclear power stations operated by third parties and in consideration received the right to purchase a share of the production over the life of the assets. Said capacity rights are amortized over the useful life of the related assets, not exceeding 40 years;
- concession assets.

Intangible assets are amortized on the basis of the expected pattern of consumption of the estimated future economic benefits embodied in the asset. Amortization is calculated mainly on a straight-line basis over the following useful lives:

	Useful life	
Main depreciation periods (years)	**Minimum**	**Maximum**
Concession rights	10	30
Customer portfolio	10	40
Other intangible assets	1	40

Some intangible assets with an indefinite useful life are not amortized but an impairment test has to be performed annually.

1.4.5 Property, plant and equipment

1.4.5.1 Initial recognition and subsequent measurement

Items of property, plant and equipment are recognized at historical cost less any accumulated depreciation and any accumulated impairment losses.

The carrying amount of these items is not revalued as the Group has elected not to apply the allowed alternative method, which consists of regularly revaluing one or more categories of property, plant and equipment.

Investment subsidies are deducted from the gross value of the assets concerned.

In accordance with IAS 16, the initial cost of the item of property, plant and equipment includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has a present, legal or constructive obligation to dismantle the item or restore the site. A corresponding provision for this obligation is recorded for the amount of the asset component.

Property, plant and equipment acquired under finance leases is carried in the consolidated statement of financial position at the lower of market value and the present value of the related minimum lease payments. The corresponding liability is recognized under borrowings. These assets are depreciated using the same methods and useful lives as set out below.

Borrowing costs that are directly attributable to the construction of the qualifying asset are capitalized as part of the cost of that asset.

Cushion gas

"Cushion" gas injected into underground storage facilities is essential for ensuring that reservoirs can be operated effectively, and is therefore inseparable from these reservoirs. Unlike "working" gas which is included in inventories, cushion gas is reported in property, plant and equipment *(see § 1.4.10 "Inventories")*.

1.4.5.2 Depreciation

In accordance with the components approach, each significant component of an item of property, plant and equipment with a different useful life from that of the main asset to which it relates is depreciated separately over its own useful life.

Property, plant and equipment is depreciated mainly using the straight-line method over the following useful lives:

	Useful life	
Main depreciation periods (years)	**Minimum**	**Maximum**
Plant and equipment		
• Storage - Production - Transport - Distribution	5	60*
• Installation - Maintenance	3	10
• Hydraulic plant and equipment	20	65
Other property, plant and equipment	2	33

* *Excluding cushion gas.*

The range of useful lives is due to the diversity of the assets in each category. The minimum periods relate to smaller equipment and furniture, while the maximum periods concern network infrastructures and storage facilities. In accordance with the law of January 31, 2003 adopted by the Belgian Chamber of Representatives with respect to the gradual phase-out of nuclear energy for the industrial production of electricity, the useful lives of nuclear power stations were reviewed and adjusted prospectively to 40 years as from 2003, except Tihange 1 the operating life of which has been extended by 10 years by the law of December 18, 2013.

Fixtures and fittings relating to the hydro plant operated by the Group are depreciated over the shorter of the contract term and useful life of the assets, taking into account the renewal of the concession period if such renewal is considered to be reasonably certain.

1.4.6 Assets relating to the exploration and production of mineral resources

The Group applies IFRS 6 – *Exploration for and Evaluation of Mineral Resources*.

Geological and geophysical studies are expensed in the year in which they are incurred.

Exploration costs (other than geological and geophysical studies) are temporarily capitalized in "pre-capitalized exploration costs" before the confirmation of the technical feasibility and commercial viability of extracting resources. These exploration drilling costs are temporarily capitalized when the following two conditions are met:

- sufficient reserves have been found to justify completion as a producing well assuming the required capital expenditure is made;
- the Group has made significant progress in determining that reserves exist and that the project is technically and economically viable. This progress is assessed based on criteria such as whether any additional exploratory work (drilling, seismic studies or other significant surveys) is underway or firmly planned for the near future. Progress is also assessed based on any expenses incurred in conducting development studies and on the fact that the Group may be required to wait for the relevant government or third party authorizations for the project, or for available transport capacity or treatment capacity at existing facilities.

In accordance with this method known as "successful efforts" method, when the exploratory phase has resulted in proven, commercially viable reserves, the related costs are reported in property, plant and equipment and depreciated over the period during which the reserves are extracted. Otherwise, the costs are expensed as incurred.

The depreciation of production assets, including site rehabilitation costs, starts when the oil or gas field is brought into production, and is based on the unit of production method (UOP). According to this method, the depletion rate is equal to the ratio of oil and gas production for the period to proven and probable reserves.

1.4.7 Concession arrangements

SIC 29 – *Service Concession Arrangements: Disclosures,* prescribes the information that should be disclosed in the notes to the financial statements of a concession grantor and concession operator, while IFRIC 12 deals with the treatment to be applied by the concession operator in respect of certain concession arrangements.

For a concession arrangement to fall within the scope of IFRIC 12, usage of the infrastructure must be controlled by the concession grantor. This requirement is met when the following two conditions are met:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls the infrastructure, i.e. retains the right to take back the infrastructure at the end of the concession.

Concessions outside the scope of IFRIC 12

Concession infrastructures that do not meet the requirements of IFRIC 12 are presented as property, plant and equipment.

This is the case of the distribution of gas in France. The related assets are recognized in accordance with IAS 16, since GRDF operates its network under long-term concession arrangements, most of which are mandatorily renewed upon expiration pursuant to French law no. 46-628 of April 8, 1946.

1.4.8 Impairment of property, plant and equipment and intangible assets

In accordance with IAS 36, impairment tests are carried out on items of property, plant and equipment and intangible assets where there is an indication that the assets may be impaired. Such indications may be based on events or changes in the market environment, or on internal sources of information. Intangible assets that are not amortized are tested for impairment annually.

Impairment indicators

Property, plant and equipment and intangible assets with finite useful lives are only tested for impairment when there is an indication that they may be impaired. This is generally the result of significant changes to the environment in which the assets are operated or when economic performance is less than expected.

The main impairment indicators used by the Group are described below:

- external sources of information:
  - significant changes in the economic, technological, regulatory, political or market environment in which the entity operates or to which an asset is dedicated,
  - fall in demand,
  - adverse changes in energy prices and US dollar exchange rates;
- internal sources of information:
  - evidence of obsolescence or physical damage not budgeted for in the depreciation/amortization schedule,
  - less-than-expected performance,
  - fall in resources for exploration-production activities.

Impairment

Items of property, plant and equipment and intangible assets are tested for impairment at the level of the individual asset or cash-generating unit (CGU) as appropriate, determined in accordance with IAS 36. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is written down to the recoverable amount by recording an impairment loss. Upon recognition of an impairment loss, the depreciable amount and possibly the useful life of the assets concerned is revised.

Impairment losses recorded in relation to property, plant and equipment or intangible assets may be subsequently reversed if the recoverable amount of the assets is once again higher than their carrying amount. The increased carrying amount of an item of property, plant or equipment attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized in prior periods.

Measurement of recoverable amount

In order to review the recoverable amount of property, plant and equipment and intangible assets, the assets are grouped, where appropriate, into CGUs and the carrying amount of each CGU is compared with its recoverable amount.

For operating entities which the Group intends to hold on a long-term and going concern basis, the recoverable amount of a CGU corresponds to the higher of its fair value less costs to sell and its value in use. Value in use is primarily determined based on the present value of future operating cash flows and a terminal value. Standard valuation techniques are used based on the following main economic data:

- discount rates based on the specific characteristics of the operating entities concerned;
- terminal values in line with the available market data specific to the operating segments concerned and growth rates associated with these terminal values, not to exceed the inflation rate.

Discount rates are determined on a post-tax basis and applied to post-tax cash flows. The recoverable amounts calculated on the basis of these discount rates are the same as the amounts obtained by applying the pre-tax discount rates to cash flows estimated on a pre-tax basis, as required by IAS 36.

For operating entities which the Group has decided to sell, the related recoverable amount of the assets concerned is based on market value less costs of disposal. Where negotiations are ongoing, this value is determined based on the best estimate of their outcome as of the reporting date.

In the event of a decline in value, the impairment loss is recorded in the consolidated income statement under “Impairment losses”.

1.4.9 Leases

The Group holds assets for its various activities under lease contracts.

These leases are analyzed based on the situations and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases.

A finance lease is defined as a lease which transfers substantially all the risks and rewards incidental to the ownership of the related asset to the lessee. All leases which do not comply with the definition of a finance lease are classified as operating leases.

The following main factors are considered by the Group to assess if a lease transfers substantially all the risks and rewards incidental to ownership: whether (i) the lessor transfers ownership of the asset to the lessee by the end of the lease term; (ii) the lessee has an option to purchase the asset and if so, the conditions applicable to exercising that option; (iii) the lease term is for the major part of the economic life of the asset; (iv) the asset is of a highly specialized nature; and (v) the present value of minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

1.4.9.1 Accounting for finance leases

On initial recognition, assets held under finance leases are recorded as property, plant and equipment and the related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

1.4.9.2 Accounting for operating leases

Payments made under operating leases are recognized as an expense on a straight-line basis over the lease term.

1.4.9.3 Accounting for arrangements that contain a lease

IFRIC 4 deals with the identification of services and take-or-pay sales or purchasing contracts that do not take the legal form of a lease but convey rights to customers/suppliers to use an asset or a group of assets in return for a payment or a series of fixed payments. Contracts meeting these criteria should be identified as either operating leases or finance leases. In the latter case, a finance receivable should be recognized to reflect the financing deemed to be granted by the Group where it is considered as acting as lessor and its customers as lessees.

The Group is concerned by this interpretation mainly with respect to:

- some energy purchase and sale contracts, particularly where the contract conveys to the purchaser of the energy an exclusive right to use a production asset;
- certain contracts with industrial customers relating to assets held by the Group.

1.4.10 Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value corresponds to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is determined based on the first-in, first-out method or the weighted average cost formula.

Nuclear fuel purchased is consumed in the process of producing electricity over a number of years. The consumption of this nuclear fuel inventory is recorded based on estimates of the quantity of electricity produced per unit of fuel.

Gas inventories

Gas injected into underground storage facilities includes working gas which can be withdrawn without adversely affecting the operation of the reservoir and cushion gas which is inseparable from the reservoirs and essential for their operation (*see § 1.4.5.1*).

Working gas is classified in inventory and measured at weighted average purchase cost upon entering the transportation network regardless of its source, including any regasification costs.

Group inventory outflows are valued using the weighted average unit cost method.

An impairment loss is recognized when the net realizable value of inventories is lower than their weighted average cost.

Greenhouse gas emissions rights

European Directive 2003/87/EC establishes a greenhouse gas (GHG) emissions allowance trading scheme within the European Union. Under the Directive, each year the sites concerned have to surrender a number of allowances equal to the total emissions from the installations during the previous calendar year. As there are no specific rules under IFRS dealing with the accounting treatment of GHG emissions allowances, the Group decided to apply the following principles:

- emission rights are classified as inventories, as they are consumed in the production process;
- emission rights purchased on the market are recognized at acquisition cost;
- emission rights granted free of charge are recorded in the statement of financial position at a value of nil.

The Group records a liability at year-end in the event that it does not have enough emission rights to cover its GHG emissions during the period. This liability is measured at the market value of the allowances required to meet its obligations at year-end or based on the contracts price concluded to hedge this lack of emission rights.

Energy savings certificates (ESC)

In the absence of current IFRS standards or interpretations on accounting for energy savings certificates (ESC), the following principles are applied:

- in the event that the number of ESCs held exceeds the obligation at the reporting date, this is accounted for as inventory; otherwise, a liability is recorded;
- ESC inventories are valued at weighted average cost (acquisition cost for those ESCs acquired or cost incurred for those ESCs generated internally).

1.4.11 Financial instruments

Financial instruments are recognized and measured in accordance with IAS 32 and IAS 39.

1.4.11.1 Financial assets

Financial assets comprise available-for-sale securities, loans and receivables carried at amortized cost including trade and other receivables and financial assets measured at fair value through income, including derivative financial instruments. Financial assets are broken down into current and non-current assets in the consolidated statement of financial position.

Available-for-sale securities

"Available-for-sale securities" include the Group's investments in non-consolidated companies and equity or debt instruments that do not satisfy the criteria for classification in another category (see below). Cost is determined using the weighted average cost formula.

These items are measured at fair value on initial recognition, which generally corresponds to the acquisition cost plus transaction costs.

At each reporting date, available-for-sale securities are measured at fair value. For listed securities, fair value is determined based on the quoted market price at the reporting date. For unlisted securities, fair value is measured using valuation models based primarily on recent market transactions, discounted dividends and future cash flows or net asset value. Changes in fair value are recorded directly in other comprehensive income, except when the decline in the value of the investment below its historical acquisition cost is judged significant or prolonged enough to require an impairment loss to be recognized. In this case, the loss is recognized in income under "Impairment losses". Only impairment losses recognized on debt instruments (debt securities/bonds) may be reversed through income.

Loans and receivables carried at amortized cost

This item primarily includes loans granted to affiliated companies, loans and advances to associates or non-consolidated companies, guarantee deposits, trade and other receivables.

On initial recognition, these loans and receivables are recorded at fair value plus transaction costs. At each statement of financial position date, they are measured at amortized cost using the effective interest rate method.

Leasing guarantee deposits are recognized at their nominal value.

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. This item also includes amounts due from customers under construction contracts.

Financial assets at fair value through income

These financial assets meet the qualification or designation criteria set out in IAS 39.

This item mainly includes trading securities and short-term investments which do not meet the criteria for classification as cash or cash equivalents (*see § 1.4.12*). The financial assets are measured at fair value at the statement of financial position date and changes in fair value are recorded in the consolidated income statement.

1.4.11.2 Financial liabilities

Financial liabilities include borrowings, trade and other payables, derivative financial instruments and other financial liabilities.

Financial liabilities are broken down into current and non-current liabilities in the consolidated statement of financial position. Current financial liabilities primarily comprise:

- financial liabilities with a settlement or maturity date within 12 months after the reporting date;
- financial liabilities in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date;
- financial liabilities held primarily for trading purposes;
- derivative financial instruments qualifying as fair value hedges where the underlying is classified as a current item;
- all commodity trading derivatives not qualifying as hedges.

Measurement of borrowings and other financial liabilities

Borrowings and other financial liabilities are measured at amortized cost using the effective interest rate method.

On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate and are therefore recorded in the consolidated income statement over the life of the borrowings using the amortized cost method.

As regards structured debt instruments that do not have an equity component, the Group may be required to separate an "embedded" derivative instrument from its host contract (*see § 1.4.11.3*). The conditions under which these instruments must be separated are detailed below. When an embedded derivative is separated from its host contract, the initial carrying amount of the structured instrument is broken down into an embedded derivative component, corresponding to the fair value of the embedded derivative, and a financial liability component, corresponding to the difference between the amount of the issue and the fair value of the embedded derivative. The separation of components upon initial recognition does not give rise to any gains or losses.

The debt is subsequently recorded at amortized cost using the effective interest method while the derivative is measured at fair value, with changes in fair value taken to income.

Put options on non-controlling interests

Other financial liabilities primarily include put options granted by the Group in respect of non-controlling interests.

Put options on non-controlling interests granted prior to January 1, 2010

As no specific guidance is provided by IFRS and based on recommendations issued by the AMF for the 2009 reporting period, the Group decided to continue accounting for instruments recognized prior to January 1, 2010 using its previous accounting policies:

- when the put option with a variable price is initially granted, the present value of the exercise price is recognized as a financial liability, with a corresponding reduction in non-controlling interests. When the value of the put option is greater than the carrying amount of the non-controlling interests, the difference is recognized as goodwill;
- at each reporting date, the amount of the financial liability is revised and any changes in the amount are recorded with a corresponding adjustment to goodwill;
- payments of dividends to non-controlling interests result in an increase in goodwill;
- in the consolidated income statement, non-controlling interests are allocated their share in income. In the consolidated statement of financial position, the share in income allocated to non-controlling interests reduces the carrying amount of goodwill. No finance costs are recognized in respect of changes in the fair value of liabilities recognized against goodwill.

1.4.11.3 Derivatives and hedge accounting

The Group uses financial instruments to manage and reduce its exposure to market risks arising from fluctuations in interest rates, foreign currency exchange rates and commodity prices, mainly for gas and electricity. The use of derivative instruments is governed by a Group policy for managing interest rate, currency and commodity risks.

Definition and scope of derivative financial instruments

Derivative financial instruments are contracts (i) whose value changes in response to the change in one or more observable variables; (ii) that do not require any material initial net investment and (iii) that are settled at a future date.

Derivative instruments therefore include swaps, options, futures and swaptions, as well as forward commitments to purchase or sell listed and unlisted securities, and firm commitments or options to purchase or sell non-financial assets that involve physical delivery of the underlying.

For purchases and sales of electricity and natural gas, the Group systematically analyzes whether the contract was entered into in the "normal" course of operations and therefore falls outside the scope of IAS 39. This analysis consists firstly of demonstrating that the contract is entered into and held for the purpose of making or taking physical delivery of the commodity in accordance with the Group's expected purchase, sale or usage requirements.

The second step is to demonstrate that the Group has no practice of settling similar contracts on a net basis and that these contracts are not equivalent to written options. In particular, in the case of electricity and gas sales allowing the buyer a certain degree of flexibility concerning the volumes delivered, the Group distinguishes between contracts that are equivalent to capacity sales considered as transactions falling within the scope of ordinary operations and those that are equivalent to written financial options, which are accounted for as derivative financial instruments.

Only contracts that meet all of the above conditions are considered as falling outside the scope of IAS 39. Adequate specific documentation is compiled to support this analysis.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

The main Group contracts that may contain embedded derivatives are contracts with clauses or options potentially affecting the contract price, volume or maturity. This is the case primarily with contracts for the purchase or sale of non-financial assets, whose price is revised based on an index, the exchange rate of a foreign currency or the price of an asset other than the contract's underlying.

Embedded derivatives are separated from the host contract and accounted for as derivatives when:

- the host contract is not a financial instrument measured at fair value through income;
- if separated from the host contract, the embedded derivative still fulfills the criteria for classification as a derivative instrument (existence of an underlying, no material initial net investment, settlement at a future date); and
- its characteristics are not closely related to those of the host contract. The analysis of whether or not the characteristics of the derivative are "closely related" to the host contract is made when the contract is signed.

Embedded derivatives that are separated from the host contract are recognized in the consolidated statement of financial position at fair value, with changes in fair value recognized in income (except when the embedded derivative is part of a designated hedging relationship).

Hedging instruments: recognition and presentation

Derivative instruments qualifying as hedging instruments are recognized in the consolidated statement of financial position and measured at fair value. However, their accounting treatment varies according to whether they are classified as (i) a fair value hedge of an asset or liability; (ii) a cash flow hedge or (iii) a hedge of a net investment in a foreign operation.

Fair value hedges

A fair value hedge is defined as a hedge of the exposure to changes in fair value of a recognized asset or liability such as a fixed-rate loan or borrowing, or of assets, liabilities or an unrecognized firm commitment denominated in a foreign currency.

The gain or loss from remeasuring the hedging instrument at fair value is recognized in income. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in income even if the hedged item is in a category in respect of which changes in fair value are recognized through other comprehensive income. These two adjustments are presented net in the consolidated income statement, with the net effect corresponding to the ineffective portion of the hedge.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that could affect the Group's income. The hedged cash flows may be attributable to a particular risk associated with a recognized financial or non-financial asset or a highly probable forecast transaction.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in equity are reclassified to the consolidated income statement under the same caption as the loss or gain on the hedged item – i.e. current operating income for operating cash flows and financial income or expenses for other cash flows – in the same periods in which the hedged cash flows affect income.

If the hedging relationship is discontinued, in particular because the hedge is no longer considered effective, the cumulative gain or loss on the hedging instrument remains recognized in equity until the forecast transaction occurs. However, if a forecast transaction is no longer expected to occur, the cumulative gain or loss on the hedging instrument is immediately recognized in income.

Hedge of a net investment in a foreign operation

In the same way as for a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge of the currency risk is recognized directly in other comprehensive income, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in other comprehensive income are transferred to the consolidated income statement when the investment is liquidated or sold.

Hedging instruments: identification and documentation of hedging relationships

The hedging instruments and hedged items are designated at the inception of the hedging relationship. The hedging relationship is formally documented in each case, specifying the hedging strategy, the hedged risk and the method used to assess hedge effectiveness. Only derivative contracts entered into with external counterparties are considered as being eligible for hedge accounting.

Hedge effectiveness is assessed and documented at the inception of the hedging relationship and on an ongoing basis throughout the periods for which the hedge was designated. Hedges are considered to be effective when changes in fair value or cash flows between the hedging instrument and the hedged item are offset within a range of 80%-125%.

Hedge effectiveness is demonstrated both prospectively and retrospectively using various methods, based mainly on a comparison between changes in the fair value or cash flows between the hedging instrument and the hedged item. Methods based on an analysis of statistical correlations between historical price data are also used.

Derivative instruments not qualifying for hedge accounting: recognition and presentation

These items mainly concern derivative financial instruments used in economic hedges that have not been – or are no longer – documented as hedging relationships for accounting purposes.

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, changes in fair value are recognized directly in income, under "Mark-to-market" or "Mark-to-market on commodity contracts other than trading instruments" below the current operating income for derivative instruments with non-financial assets as the underlying, and in financial income or expenses for currency, interest rate and equity derivatives.

Derivative instruments not qualifying for hedge accounting used by the Group in connection with proprietary commodity trading activities and other derivatives expiring in less than 12 months are recognized in the consolidated statement of financial position in current assets and liabilities, while derivatives expiring after this period are classified as non-current items.

Fair value measurement

The fair value of instruments listed on an active market is determined by reference to the market price. In this case, these instruments are presented in level 1 of the fair value hierarchy.

The fair value of unlisted financial instruments for which there is no active market and for which observable market data exist is determined based on valuation techniques such as option pricing models or the discounted cash flow method.

Models used to evaluate these instruments take into account assumptions based on market inputs:

- the fair value of interest rate swaps is calculated based on the present value of future cash flows;
- the fair value of forward foreign exchange contracts and currency swaps is calculated by reference to current prices for contracts with similar maturities by discounting the future cash flow spread (difference between the forward exchange rate under the contract and the forward exchange rate recalculated in line with the new market conditions applicable to the nominal amount);
- the fair value of currency and interest rate options is calculated using option pricing models;
- commodity derivatives contracts are valued by reference to listed market prices based on the present value of future cash flows (commodity swaps or commodity forwards) and option pricing models (options), for which market price volatility may be a factor. Contracts with maturities exceeding the depth of transactions for which prices are observable, or which are particularly complex, may be valued based on internal assumptions;
- exceptionally, for complex contracts negotiated with independent financial institutions, the Group uses the values established by its counterparties.

These instruments are presented in level 2 of the fair value hierarchy except when the evaluation is based mainly on data that are not observable; in which case they are presented in level 3 of the fair value hierarchy. Most often, this is the case for derivatives with a maturity that falls outside the observability period for market data relating to the underlying or when some parameters such as the volatility of the underlying are not observable.

Except in case of enforceable master netting arrangements or similar agreements, counterparty risk is included in the fair value of financial derivative instrument assets and liabilities. It is calculated according to the "expected loss" method and takes into account the exposure at default, the probability of default and the loss given default. The probability of default is determined on the basis of credit ratings assigned to each counterparty ("historical probability of default" approach).

1.4.12 Cash and cash equivalents

These items include cash equivalents as well as short-term investments that are considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

Bank overdrafts are not included in the calculation of cash and cash equivalents and are recorded under "Short-term borrowings".

1.4.13 Treasury shares

Treasury shares are recognized at cost and deducted from equity. Gains and losses on disposals of treasury shares are recorded directly in equity and do not therefore impact income for the period.

1.4.14 Share-based payment

Under IFRS 2, share-based payments made in consideration for services provided are recognized as personnel costs. These services are measured at the fair value of the instruments awarded.

The Group share-based payments are equity-settled instruments (currently no cash-settled instruments).

Equity-settled instruments: bonus share plans and performance shares granted to employees

The fair value of bonus share plans is estimated by reference to the share price at the grant date, taking into account the fact that no dividend is payable over the vesting period, and based on the estimated turnover rate for the employees concerned and the probability that the Group will meet its performance targets. The fair value measurement also takes into account the non-transferability period associated with these instruments. The cost of shares granted to employees is expensed over the vesting period of the rights and offset against equity.

A Monte Carlo pricing model is used for performance shares granted on a discretionary basis and subject to external performance criteria.

1.4.15 Provisions

1.4.15.1 Provisions for post-employment benefit obligations and other long-term employee benefits

Depending on the laws and practices in force in the countries where the Group operates, Group companies have obligations in terms of pensions, early retirement payments, retirement bonuses and other benefit plans. Such obligations generally apply to all of the employees within the companies concerned.

The Group's obligations in relation to pensions and other employee benefits are recognized and measured in compliance with IAS 19. Accordingly:

- the cost of defined contribution plans is expensed based on the amount of contributions payable in the period;
- the Group's obligations concerning pensions and other employee benefits payable under defined benefit plans are assessed on an actuarial basis using the projected unit credit method. These calculations are based on assumptions relating to mortality, staff turnover and estimated future salary increases, as well as the economic conditions specific to each country or subsidiary of the Group. Discount rates are determined by reference to the yield, at the measurement date, on high-quality corporate bonds in the related geographical area (or on government bonds in countries where no representative market for such corporate bonds exists).

Provisions are recorded when commitments under these plans exceed the fair value of plan assets. Where the value of plan assets (capped where appropriate) is greater than the related commitments, the surplus is recorded as an asset under "Other assets" (current or non-current).

As regards post-employment benefit obligations, actuarial gains and losses are recognized in other comprehensive income. Where appropriate, adjustments resulting from applying the asset ceiling to net assets relating to overfunded plans are treated in a similar way. However, actuarial gains and losses on other long-term benefits such as long-service awards, are recognized immediately in income.

Net interest on the net defined benefit liability (asset) is presented in net financial expense (income).

1.4.15.2 Other provisions

The Group records a provision where it has a present obligation (legal or constructive), the settlement of which is expected to result in an outflow of resources embodying economic benefits with no corresponding consideration in return.

A provision for restructuring costs is recorded when the general criteria for setting up a provision are met, i.e. when the Group has a detailed formal plan relating to the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Provisions with a maturity of over 12 months are discounted when the effect of discounting is material. The Group's main long-term provisions are provisions for the back-end of the nuclear fuel cycle, provisions for dismantling facilities and provisions for site restoration costs. The discount rates used reflect current market assessments of the time value of money and the risks specific to the liability concerned. Expenses corresponding to the reversal of discounting adjustments to long-term provisions are recorded under other financial income and expenses.

A provision is recognized when the Group has a present legal or constructive obligation to dismantle facilities or to restore a site. An asset is recorded simultaneously by including this dismantling obligation in the carrying amount of the facilities concerned. Adjustments to the provision due to subsequent changes in the expected outflow of resources, the dismantling date or the discount rate are deducted from or added to the cost of the corresponding asset in a symmetrical manner. The impacts of unwinding the discount are recognized in expenses for the period.

1.4.16 Revenues

Group revenues (as defined by IAS 18) are mainly generated from the following:

- energy sales;
- rendering of services;
- construction and lease contracts.

Revenues on sales of goods are recognized on delivery, i.e. when the significant risks and rewards of ownership are transferred to the buyer. For services and construction contracts, revenues are recognized using the percentage-of-completion method. In both cases, revenues are recognized solely when the transaction price is fixed or can be reliably determined and the recovery of the amounts due is probable.

Revenues are measured at the fair value of the consideration received or receivable. Where deferred payment has a material impact on the measurement of the fair value of this consideration, this is taken into account by discounting future receipts.

1.4.16.1 Energy sales

These revenues primarily include sales of electricity and gas, transport and distribution fees relating to services such as electricity and gas distribution network maintenance and heating network sales.

Part of the price received by the Group under certain long-term energy sales contracts may be fixed rather than being based on volumes. In rare cases, the fixed amount can change over the term of the contract. In accordance with IAS 18, revenues from such components are recognized on a straight-line basis because, in substance, the fair value of the services rendered does not vary from one period to the next.

In accordance with IAS 1 and IAS 18, both proprietary energy trading transactions and energy trading carried out on behalf of customers are recorded within "Revenues" after netting off sales and purchases.

In addition, revenues from hedging contracts aimed at optimizing production assets and from fuel purchase and energy sale contracts are recognized based on the net amount.

1.4.16.2 Rendering of services

These revenues relate mainly to installation, maintenance and energy services, and are recognized in accordance with IAS 18, which requires services to be accounted for on a percentage-of-completion basis.

1.4.16.3 Construction and lease contracts

Revenues from construction contracts are determined using the percentage-of-completion method and more generally according to the provisions of IAS 11. Depending on the contract concerned, the stage of completion may be determined either based on the proportion that costs incurred to date bear to the estimated total costs of the transaction, or on the physical progress of the contract based on factors such as contractually defined milestones.

Revenues also include revenues from financial concession assets (IFRIC 12) and finance lease receivables (IFRIC 4).

1.4.17 Current operating income

Current operating income is an indicator used by the Group to present "a level of operational performance that can be used as part of an approach to forecast recurring performance" (this complies with ANC Recommendation 2013-03 on the format of financial statements of entities applying IFRSs). Current operating income is a sub-total which helps to better understand the Group's performance because it excludes elements which are inherently difficult to predict due to their unusual, irregular or non-recurring nature. For the Group, such elements relate to mark-to-market on commodity contracts other than trading instruments, impairment losses, restructuring costs, changes in the scope of consolidation and other non-recurring items, and are defined as follows:

- "Mark-to-market on commodity contracts other than trading instruments" corresponds to changes in the fair value (marked-to-market) of financial instruments relating to commodities, gas and electricity, which do not qualify as either trading or hedging instruments. These contracts are used in economic hedges of operating transactions in the energy sector. Since changes in the fair value of these instruments which must be recognized through income in IAS 39 can be material and difficult to predict, they are presented on a separate line of the consolidated income statement;
- "Impairment losses" include impairment losses on goodwill, other intangible assets and property, plant and equipment, investments in entities accounted for using the equity method and available-for-sale securities;
- "Restructuring costs" concern costs corresponding to a restructuring program planned and controlled by management that materially changes either the scope of a business undertaken by the entity, or the manner in which that business is conducted, based on the criteria set out in IAS 37;

- "Changes in the scope of consolidation". This line includes:
  - direct costs related to acquisitions of controlling interests,
  - in the event of a business combination achieved in stages, impacts of the remeasurement of the previously held equity interest at acquisition-date fair value,
  - subsequent changes in the fair value of contingent consideration,
  - gains or losses from disposals of investments which result in a change in consolidation method, as well as any impact of the remeasurement of retained interests;
- "Other non-recurring items" notably include capital gains and losses on disposals of non-current assets and available-for-sale securities.

1.4.18 Consolidated statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method starting from net income.

“Interest received on non-current financial assets” is classified within investing activities because it represents a return on investments. “Interest received on cash and cash equivalents” is shown as a component of financing activities because the interest can be used to reduce borrowing costs. This classification is consistent with the Group’s internal organization, where debt and cash are managed centrally by the treasury department.

As impairment losses on current assets are considered to be definitive losses, changes in current assets are presented net of impairment.

Cash flows relating to the payment of income tax are presented on a separate line.

1.4.19 Income tax expense

The Group computes taxes in accordance with prevailing tax legislation in the countries where income is taxable.

In accordance with IAS 12, deferred taxes are recognized according to the liability method on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases, using tax rates that have been enacted or substantively enacted by the reporting date. However, under the provisions of IAS 12, no deferred tax is recognized for temporary differences arising from goodwill for which impairment losses are not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which (i) is not a business combination and (ii) at the time of the transaction, affects neither accounting income nor taxable income. In addition, deferred tax assets are only recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

Temporary differences arising on restatements of finance leases result in the recognition of deferred taxes.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, associates, joint ventures and branches, except if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Net balances of deferred taxes are calculated based on the tax position of each company or on the total income of companies included within the relevant consolidated tax group, and are presented in assets or liabilities for their net amount per tax entity.

Deferred taxes are reviewed at each reporting date to take into account factors including the impact of changes in tax laws and the prospects of recovering deferred tax assets arising from deductible temporary differences.

Deferred tax assets and liabilities are not discounted.

Tax effects relating to coupon payments on deeply-subordinated perpetual notes are recognised in profit or loss.

1.4.20 Earnings per share

Basic earnings per share are calculated by dividing net income Group share for the year by the weighted average number of ordinary shares outstanding during the year. The average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year.

The weighted average number of shares and basic earnings per share are adjusted to take into account the impact of the conversion or exercise of any dilutive potential ordinary shares (options, warrants and convertible bonds, etc.).

NOTE 2 Main subsidiaries at December 31, 2015

2.1 List of main subsidiaries at December 31, 2015

The list of main subsidiaries presented below was determined, as regards operating entities, based on their contribution to Group revenues, EBITDA and net debt. The main equity-accounted investments (associates and joint ventures) are presented in Note 3 “Investments in entities accounted for using the equity method”.

“FC” indicates the full consolidation method, “EM” designates the equity method and “NC” indicates non-consolidated entities.

ENGIE SA comprises both operating activities and headquarters functions which report to management teams of different business lines. In the following tables, these operating activities and headquarters functions are shown under ENGIE SA (*) within the respective business lines.

ENERGY INTERNATIONAL BUSINESS LINE

			% interest		Consolidation method	
Company name	**Activity**	**Country**	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2015**	**Dec. 31, 2014**
E-CL Group	Electricity generation	Chile	52.8	52.8	FC	FC
Enersur	Electricity generation	Peru	61.8	61.8	FC	FC
Tractebel Energia Group	Electricity distribution and generation	Brazil	68.7	68.7	FC	FC
GLOW Group	Electricity distribution and generation	Thailand	69.1	69.1	FC	FC
Hazelwood Power Partnership	Electricity generation	Australia	72.0	72.0	FC	FC
Loy Yang B Consolidated	Electricity generation	Australia	70.0	70.0	FC	FC
Simply Energy	Energy sales	Australia	72.0	72.0	FC	FC
GDF SUEZ Energy Generation North America Group	Electricity generation	United States	100.0	100.0	FC	FC
ENGIE Gas & LNG LLC Group	Natural gas/LNG	United States	100.0	100.0	FC	FC
GDF SUEZ Energy Resources North America Group	Energy sales	United States	100.0	100.0	FC	FC
First Hydro Holdings Company	Electricity generation	United Kingdom	75.0	75.0	FC	FC
Rugeley Power Limited	Electricity generation	United Kingdom	75.0	75.0	FC	FC
Saltend	Electricity generation	United Kingdom	75.0	75.0	FC	FC
Baymina Enerji A.S.	Electricity generation	Turkey	95.0	95.0	FC	FC
GDF SUEZ Energy UK Retail	Energy sales	United Kingdom	100.0	100.0	FC	FC
International Power plc	Energy International business line headquarters	United Kingdom	100.0	100.0	FC	FC

ENERGY EUROPE BUSINESS LINE

Company name	Activity	Country	% interest Dec. 31, 2015	% interest Dec. 31, 2014	Consolidation method Dec. 31, 2015	Consolidation method Dec. 31, 2014
GDF SUEZ Energy Deutschland AG	Electricity generation/Energy sales	Germany	100.0	100.0	FC	FC
Electrabel SA	Electricity generation	Belgium/France	100.0	100.0	FC	FC
Electrabel Customer Solutions	Energy sales	Belgium	100.0	98.8	FC	FC
Synatom	Managing provisions relating to power plants and nuclear fuel	Belgium	100.0	100.0	FC	FC
ENGIE Energie Nederland N.V.	Electricity generation/Energy sales	Netherlands	100.0	100.0	FC	FC
GDF SUEZ Trading	Energy management trading	France/Belgium	100.0	100.0	FC	FC
GDF SUEZ Energy Management Trading	Energy management trading	France/Belgium/Italy	100.0	100.0	FC	FC
Compagnie Nationale du Rhône	Electricity generation	France	49.9	49.9	FC	FC
ENGIE SA (*)	Energy management trading/Energy sales	France	100.0	100.0	FC	FC
GDF SUEZ Cartagena Energia	Electricity generation	Spain	100.0	100.0	FC	FC
GDF SUEZ Energia Italia Spa	Electricity generation	Italy	100.0	100.0	FC	FC
ENGIE Energia Polska SA	Electricity generation	Poland	100.0	100.0	FC	FC
GDF SUEZ Energy Romania SA	Natural gas distribution/Energy sales	Romania	51.0	51.0	FC	FC

GLOBAL GAS & LNG BUSINESS LINE

Company name	Activity	Country	% interest Dec. 31, 2015	% interest Dec. 31, 2014	Consolidation method Dec. 31, 2015	Consolidation method Dec. 31, 2014
ENGIE E&P International Group	Exploration-production	France and other countries	70.0	70.0	FC	FC
ENGIE E&P International	*Holding company - parent company*	*France*	*70.0*	*70.0*	*FC*	*FC*
GDF SUEZ E&P Nederland B.V.	*Exploration-production*	*Netherlands*	*70.0*	*70.0*	*FC*	*FC*
GDF SUEZ E&P Deutschland GmbH	*Exploration-production*	*Germany*	*70.0*	*70.0*	*FC*	*FC*
GDF SUEZ E&P Norge AS	*Exploration-production*	*Norway*	*70.0*	*70.0*	*FC*	*FC*
GDF SUEZ E&P UK Ltd.	*Exploration-production*	*United Kingdom*	*70.0*	*70.0*	*FC*	*FC*
Gaztransport & Technigaz (GTT)	Engineering	France	40.4	40.4	FC	FC
ENGIE SA (*)	LNG/Global Gas & LNG business line headquarters	France	100.0	100.0	FC	FC

INFRASTRUCTURES BUSINESS LINE

Company name	Activity	Country	% interest Dec. 31, 2015	% interest Dec. 31, 2014	Consolidation method Dec. 31, 2015	Consolidation method Dec. 31, 2014
Elengy	LNG terminals	France	100.0	100.0	FC	FC
Fosmax LNG	LNG terminals	France	72.5	72.5	FC	FC
GRDF	Natural gas distribution	France	100.0	100.0	FC	FC
GRTgaz Group	Natural gas transportation	France	74.7	75.0	FC	FC
Storengy Deutschland GmbH	Underground natural gas storage	Germany	100.0	100.0	FC	FC
Storengy SA	Underground natural gas storage	France	100.0	100.0	FC	FC

ENERGY SERVICES BUSINESS LINE

Company name	Activity	Country	% interest Dec. 31, 2015	% interest Dec. 31, 2014	Consolidation method Dec. 31, 2015	Consolidation method Dec. 31, 2014
Cofely Fabricom SA	Systems, facilities and maintenance services	Belgium	100.0	100.0	FC	FC
Cofely Services SA	Energy services	Belgium	100.0	100.0	FC	FC
Cofely Nederland N.V.	Energy services	Netherlands	100.0	100.0	FC	FC
Axima Concept	Systems, facilities and maintenance services	France	100.0	100.0	FC	FC
Endel Group	Systems, facilities and maintenance services	France	100.0	100.0	FC	FC
INEO Group	Systems, facilities and maintenance services	France	100.0	100.0	FC	FC
Tractebel Engineering	Engineering	Belgium	100.0	100.0	FC	FC
Ecova	Energy services	United States	100.0	100.0	FC	FC
Cofely Italia Spa Group	Energy services	Italy	100.0	100.0	FC	FC
Cofely UK Ltd.	Energy services	United Kingdom	100.0	100.0	FC	FC
Cofely Workplace Limited	Energy services	United Kingdom	100.0	100.0	FC	FC
Cofely Réseaux Group	Urban heating networks	France	100.0	100.0	FC	FC
CPCU	Urban heating networks	France	64.4	64.4	FC	FC

OTHER BUSINESS LINE

Company name	Activity	Country	% interest Dec. 31, 2015	% interest Dec. 31, 2014	Consolidation method Dec. 31, 2015	Consolidation method Dec. 31, 2014
ENGIE SA (*)	Holding company - parent company	France	100.0	100.0	FC	FC
ENGIE CC	Central functions	Belgium	100.0	100.0	FC	FC
ENGIE FINANCE SA	Financial subsidiaries	France	100.0	100.0	FC	FC
Solairedirect	Electricity generation	France	96.6	-	FC	NC

2.2 Significant judgments exercised when assessing control

The Group primarily considers the following information and criteria when determining whether it has control over an entity:

- governance arrangements: voting rights and whether the Group is represented in the governing bodies, majority, veto rights;
- whether substantive or protective rights are granted to shareholders, particularly in relation to the entity's relevant activities;
- the consequences of a "deadlock" clause;
- whether the Group is exposed, or has rights, to variable returns from its involvement with the entity.

The Group exercised its judgment regarding the entities and sub-groups described below.

Entities in which the Group has the majority of the voting rights

This category mainly comprises the ENGIE E&P International (70%) and GRTgaz (74.7%) sub-groups.

ENGIE E&P International (Global Gas & LNG): 70%

On October 31, 2011, ENGIE and China Investment Corporation (CIC) signed a partnership agreement for the acquisition by CIC of a 30% stake in the Group's exploration-production activities (ENGIE E&P). The shareholder agreement provides that certain investment decisions relating to major development projects require a unanimous decision from the two shareholders, after a consultation period.

ENGIE considered that it continued to control ENGIE E&P, as the rights granted to CIC represent minority protective rights, regarding in particular the risks to which all shareholders are exposed when undertaking exploration-production activities.

GRTgaz (Infrastructures): 74.7%

In addition to the analysis of the shareholder agreement with Société d'Infrastructures Gazières, a subsidiary of *Caisse des Dépôts et Consignations* (CDC), which owns 24.9% of the share capital of GRTgaz, the Group also assessed the rights granted to the French Energy Regulatory Commission (*Commission de régulation de l'énergie* – CRE). As a regulated activity, GRTgaz has a dominant position on the gas transportation market in France. Accordingly, since the transposition of the Third European Directive of July 13, 2009 into French law (Energy Code of May 9, 2011), GRTgaz has been subject to independence rules as concerns its directors and senior management team. The French Energy Code confers certain powers on the CRE in the context of its duties to control the proper functioning of the gas markets in France, including the one consisting in verifying the independence of the members of the Board of Directors and senior management and assessing its choice of investments. The Group considers that it exercises control over GRTgaz in view of its current ability to appoint the majority of the members of the Board of Directors and take decisions about the relevant activities, especially in terms of the level of investment and planned financing.

Entities in which the Group does not have the majority of the voting rights

In the entities in which the Group does not have the majority of the voting rights, judgment is exercised with regard to the following items, in order to assess whether there is a situation of de facto control:

- dispersion of shareholding structure: number of voting rights held by the Group relative to the number of rights held respectively by the other vote holders and their dispersion;
- voting patterns at shareholders' meetings: the percentages of voting rights exercised by the Group at shareholders' meetings in recent years;
- governance arrangements: representation in the governing body with strategic and operational decision-making power over the relevant activities, as well as the rules for appointing key management personnel;
- contractual relationships and material transactions.

The main fully consolidated entities in which the Group does not have the majority of the voting rights are Compagnie Nationale du Rhône (49.98%) and Gaztransport & Technigaz (40.4%).

Compagnie Nationale du Rhône ("CNR" – Energy Europe): 49.98%

The Group holds 49.98% of the share capital of CNR, with CDC holding 33.2%, and the balance (16.82%) being dispersed among around 200 local authorities. In view of the current provisions of the French "Murcef" law, under which a majority of CNR's share capital must remain under public ownership, the Group is unable to hold more than 50% of the share capital of CNR. However, the Group considers that it exercises *de facto* control as it holds the majority of the voting rights exercised at shareholders' meetings due to the widely dispersed shareholding structure and the absence of evidence of the minority shareholders acting in concert.

Gaztransport & Technigaz ("GTT" – Global Gas & LNG): 40.4%

Since GTT's initial public offering in February 2014, ENGIE has been the largest shareholder in that company with a 40.4% stake *(see Note 4.4.1)*. The free float represented around 49% of the share capital at December 31, 2015. The Group considers that it exercises de facto control over GTT. Indeed, at the time of its stock market listing, ENGIE held the majority of the seats on the Board of Directors and, in view of the widely dispersed shareholding structure and the absence of evidence of minority shareholders acting in concert, ENGIE considers that it will have the majority of the voting rights exercised at forthcoming shareholders' meetings.

2.3 Subsidiaries with material non-controlling interests

The following table shows the non-controlling interests in Group entities that are deemed to be material, the respective contributions to equity and net income at December 31, 2015 and December 31, 2014, as well as the dividends paid to non-controlling interests of these significant subsidiaries:

		Percentage interest of non-controlling interests		Net income/(loss) of non-controlling interests		Equity of non-controlling interests		Dividends paid to non-controlling interests	
In millions of euros	**Activity**	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2015**	**Dec. 31, 2014**
GRTgaz Group (Infrastructures, France)	Regulated gas transportation activities in France	25.3	25.0	86	91	945	938	91	70
ENGIE E&P International Group (Global Gaz & LNG, France and other countries) [1]	Portfolio of exploration-production assets and oil and gas field operation assets	30.0	30.0	(641)	80	363	940	22	171
E-CL Group (BEI, Chile) [2]	Electricity generation - thermal power plants	47.2	47.2	45	15	838	741	26	34
GLOW Group (BEI, Thailand) [2]	Electricity distribution and generation - hydroelectric, wind and thermal power plants	30.9	30.9	107	109	566	490	71	57
Tractebel Energia Group (BEI, Brazil) [2]	Electricity distribution and generation	31.3	31.3	130	142	507	557	68	107
GDF SUEZ Energy Romania (BEE, Romania)	Distribution of natural gas/Energy sales	49.0	49.0	44	50	433	418	22	31
Other subsidiaries with non-controlling interests				(267)	184	2,020	2,348	183	290
TOTAL				**(496)**	**669**	**5,672**	**6,432**	**482**	**761**

(1) The main subsidiaries of the ENGIE E&P International group are shown in Note 2.1.
(2) The E-CL, GLOW and Tractebel Energia groups are listed on the stock markets in their respective countries. The non-controlling interests in the E-CL and Tractebel Energia groups correspond to the free float.

2.3.1 Condensed financial information on subsidiaries with material non-controlling interests

The condensed financial information concerning these subsidiaries presented in the table below is based on a 100% interest, and is shown before intragroup eliminations.

	GRTgaz Group		ENGIE E&P International Group		E-CL Group		GLOW Group		Tractebel Energia Group		GDF SUEZ Energy Romania	
In millions of euros	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Income statement												
Revenues	1,956	2,051	2,406	2,863	1,033	933	1,679	1,681	1,750	2,017	975	951
Net income/(loss)	342	363	(2,136)	246	86	24	271	260	415	454	90	101
Net income/(loss) Group share	255	272	(1,495)	166	41	9	164	152	285	311	46	52
Other comprehensive income/(loss) – Owners of the parent	1	(72)	200	41	78	(2)	44	(7)	(249)	(6)	(4)	-
TOTAL COMPREHENSIVE INCOME/(LOSS) – OWNERS OF THE PARENT	**257**	**200**	**(1,296)**	**208**	**119**	**7**	**208**	**145**	**36**	**305**	**42**	**51**
Statement of financial position												
Current assets	641	557	2,057	2,112	504	554	626	628	1,103	1,021	391	408
Non-current assets	8,966	8,855	4,639	7,042	2,435	1,970	2,695	2,644	2,449	3,095	757	748
Current liabilities	(691)	(798)	(1,281)	(1,302)	(248)	(170)	(419)	(493)	(730)	(619)	(172)	(219)
Non-current liabilities	(5,177)	(4,864)	(4,367)	(4,879)	(994)	(861)	(1,416)	(1,483)	(1,312)	(1,824)	(104)	(101)
TOTAL EQUITY	**3,739**	**3,750**	**1,049**	**2,972**	**1,697**	**1,494**	**1,486**	**1,297**	**1,511**	**1,673**	**872**	**836**
TOTAL NON-CONTROLLING INTERESTS	**945**	**938**	**363**	**940**	**838**	**741**	**566**	**490**	**507**	**557**	**433**	**418**
Statement of cash flows												
Cash flow from operating activities	925	884	965	956	313	202	522	429	723	589	96	204
Cash flow from (used in) investing activities	(559)	(720)	(745)	(896)	(351)	(39)	(50)	(21)	(232)	(209)	(68)	(61)
Cash flow from (used in) financing activities	(210)	(292)	(4)	(631)	(66)	(105)	(374)	(404)	(277)	(258)	(48)	(97)
TOTAL CASH FLOW FOR THE PERIOD [(1)]	**156**	**(128)**	**216**	**(571)**	**(105)**	**57**	**99**	**3**	**214**	**122**	**(21)**	**47**

(1) Excluding effects of changes in exchange rates and other.

2.3.2 Other information on material non-controlling interests

The main transactions with non-controlling interests concern the repurchase in 2014 of interests in Electrabel Customer Solutions held by the public sector in Flanders *(see Note 4 "Main changes in Group structure")*.

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NOTE 3 Investments in entities accounted for using the equity method

The respective contributions of associates and joint ventures in the statement of financial position at December 31, 2015 and December 31, 2014, and in the income statement and statement of comprehensive income for the years then ended, are as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Statement of financial position		
Investments in associates	5,157	5,191
Investments in joint ventures	1,820	1,864
INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**6,977**	**7,055**
Income statement		
Share in net income/(loss) of associates	338	196
Share in net income/(loss) of joint ventures	135	246
SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**473**	**441**
Statement of comprehensive income		
Share of associates in "Other comprehensive income/(loss)"	(195)	(98)
Share of joint ventures in "Other comprehensive income/(loss)"	-	(23)
SHARE OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD IN "OTHER COMPREHENSIVE INCOME/(LOSS)"	**(195)**	**(121)**

Significant judgments

The Group primarily considers the following information and criteria in determining whether it has joint control or significant influence over an entity:

- governance arrangements: whether the Group is represented in the governing bodies, majority rules, veto rights;
- whether substantive or protective rights are granted to shareholders, particularly in relation to the entity's relevant activities.

  This can be difficult to determine in the case of "project management" or "one-asset" entities, as certain decisions concerning the relevant activities are made upon the creation of the joint arrangement and remain valid throughout the project. Accordingly, the decision-making analysis concerns the relevant residual activities of the entity (those that significantly affect the returns of the entity);
- the consequences of a "deadlock" clause;
- whether the Group is exposed, or has rights, to variable returns from its involvement with the entity.

  This can also involve analyzing the Group's contractual relations with the entity, and in particular the conditions in which contracts are entered into, contract terms and the management of any conflicts of interest that may arise when the entity's governing body casts votes.

The Group exercised its judgment regarding the following entities and sub-groups:

Project management entities in the Middle East

The significant judgments made in determining the consolidation method to be applied to these project management entities concerned the risks and rewards relating to contracts between ENGIE and the entity concerned, as well as an analysis of the residual relevant activities over which the entity retains control after its creation. The Group considers that it has significant influence or joint control over these entities, since the decisions taken throughout the term of the project about the relevant activities such as refinancing, or the renewal or amendment of significant contracts (sales, purchases, operating and maintenance services), require, depending on the case, the unanimous consent of two or more parties sharing control.

SUEZ Environnement (33.55%)

With effect from July 22, 2013, the date on which the SUEZ Environnement shareholders' agreement expired, ENGIE no longer controls SUEZ Environnement but exercises significant influence over the company. In particular, this is because: a) the Group does not have a majority of members on SUEZ Environnement's Board of Directors; b) at Shareholders' Meetings, although SUEZ Environnement's shareholder base is fragmented and ENGIE holds a large interest, past voting shows that ENGIE alone did not have the majority at Ordinary and Extraordinary Shareholders' Meetings between 2010 and 2015; and c) the operational transition agreements (essentially relating to a framework agreement governing purchases and IT) were entered into on an arm's length basis.

Associates in which the Group holds an interest of less than 20%

Cameron Holding LNG LLC (16.6%)

ENGIE entered into a partnership agreement with Sempra (50.2%), Mitsubishi (16.6%) and Mitsui (16.6%) to develop the Cameron LNG project in the United States. Pursuant to these agreements, ENGIE has held a 16.6% stake in the project management entity Cameron Holding LNG LLC since October 1, 2014 and will have a long-term liquefaction capacity of 4 million tonnes per year (mtpa). Construction work has begun on the project and the facility should be operational for commercial purposes as from 2018.

The agreement grants all shareholders the right to participate in all decisions about the relevant activities, on the basis of qualified majorities. Accordingly, ENGIE has significant influence over this entity, which it has accounted for as an associate.

Joint ventures in which the Group holds an interest of more than 50%

Tihama (60%)

ENGIE holds a 60% stake in the Tihama cogeneration plant in Saudi Arabia and its partner Saudi Oger holds 40%. The Group considers that it has joint control over Tihama since the decisions about its relevant activities, including for example preparation of the budget and amendments to major contracts, require the unanimous consent of the parties sharing control.

Joint control – difference between joint ventures and joint operations

Classifying a joint arrangement requires the Group to use its judgment to determine whether the entity in question is a joint venture or a joint operation. IFRS 11 requires an analysis of "other facts and circumstances" when determining the classification of jointly controlled entities.

The IFRS Interpretations Committee ("IFRS IC") (November 2014) decided that for an entity to be classified as a joint operation, other facts and circumstances must give rise to direct enforceable rights to the assets, and obligations for the liabilities, of the joint arrangement.

In view of this position and its application to our analyses, the Group has no material joint operations at December 31, 2015.

3.1 Investments in associates

3.1.1 Contribution of material associates and of associates that are not material to the Group taken individually

The table hereafter shows the contribution of each material associate along with the aggregate contribution of associates deemed not material taken individually, in the consolidated statement of financial position, income statement, statement of comprehensive income, and the "Dividends received from companies accounted for using the equity method" line of the statement of cash flows.

The Group used qualitative and quantitative criteria to determine material associates. These criteria include the contribution to the consolidated line items "Share in net income/(loss) of associates" and "Investments in associates", the total assets of associates in Group share, and associates carrying major projects in the study or construction phase for which the related investment commitments are material.

Corporate name	Activity	Capacity	% interest		Carrying amount of investments in associates		Share in net income/(loss) of associates		Other comprehensive income/(loss) of associates		Dividends received from associates	
In millions of euros			2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
SUEZ Environnement Group (Other, Europe/Asia/Latin America)	Water and waste processing		33.55	33.70	1,940	1,996	134	118	(123)	60	118	118
Paiton (BEI, Indonesia)	Coal-fired power plant	2,035 MW	40.51	40.51	851	726	85	65	-	(5)	44	-
Project management entities in the Middle East (BEI, Saudi Arabia, Bahrain, Qatar, United Arab Emirates, Oman) (1)	Gas-fired power plants and seawater desalination facilities				547	459	146	121	(41)	(71)	110	82
Energia Sustentável Do Brasil (BEI, Brazil)	Hydro power plant	3,750 MW	40.00	40.00	446	676	(76)	(165)	-	(1)	-	-
Senoko (BEI, Singapore)	Gas-fired power plants	3,201 MW	30.00	30.00	331	302	8	10	9	(50)	-	1
GASAG (BEE, Germany)	Gas and heat networks		31.58	31.58	293	295	11	9	(4)	(12)	10	18
Cameron (Global Gas & LNG, United States)	Gas liquefaction terminal		16.60	16.60	162	166	(4)	(1)	(21)	(15)	-	-
Canadian renewable energy activities (BEI, Canada)	Wind farm	679 MW	40.00	40.00	159	191	12	12	(3)	(7)	25	32
Other investments in associates that are not material taken individually					427	381	22	27	(13)	3	42	55
INVESTMENTS IN ASSOCIATES					**5,157**	**5,191**	**338**	**196**	**(195)**	**(98)**	**350**	**306**

(1) Investments in associates operating gas-fired power plants and seawater desalination facilities in the Arabian peninsula have been grouped together under "Project management entities in the Middle East". This includes around 40 associates operating thermal power plants with a total installed capacity of 25,335 MW (at 100%) and a further 3,240 MW (at 100%) in capacity under construction.
These associates have fairly similar business models and joint arrangements: the project management entities selected as a result of a competitive bidding process develop, build and operate power generation plants and seawater desalination facilities. The entire output of these facilities is sold to government-owned companies under power and water purchase agreements, over periods generally spanning from 20 to 30 years.
In accordance with their contractual arrangements, the corresponding plants are recognized as property, plant and equipment or as financial receivables whenever substantially all of the risks and rewards associated with the assets are transferred to the buyer of the output. This treatment complies with IFRIC 4 and IAS 17. The shareholding structure of these entities systematically includes a government-owned company based in the same country as the project management entity. The Group's percent interest and percent voting rights in each of these entities varies between 20% and 50%.

The share in net income/(loss) of associates includes net non-recurring income for a total amount of €3 million in 2015 (compared to net non-recurring expenses of €17 million in 2014), mainly including changes in the fair value of derivative instruments and disposal gains and losses, net of taxes *(see Note 10 "Net recurring income Group share")*.

3.1.2 Financial information regarding material associates

The tables below provide condensed financial information for the Group's main associates.

The amounts shown have been determined in accordance with IFRS, before the elimination of intragroup items and after (i) adjustments made in line with Group accounting policies, and (ii) fair value measurements of the assets and liabilities of the associate at the level of ENGIE, as required by IAS 28. All amounts are presented based on a 100% interest with the exception of "Total equity attributable to ENGIE".

In millions of euros	Revenues	Net income/ (loss)	Other compre-hensive income/ (loss)	Total compre-hensive income/ (loss)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Total equity	% interest of Group	Total equity attributable to ENGIE
AT DECEMBER 31, 2015											
SUEZ Environnement Group (1)	15,135	408	58	465	8,039	19,593	9,271	11,555	6,805	33.55	1,940
Paiton	783	210	2	212	486	3,582	381	1,587	2,101	40.51	851
Project management entities in the Middle East	3,857	605	(239)	366	2,337	23,479	3,702	19,864	2,250	-	547
Energia Sustentável Do Brasil	570	(191)	-	(191)	285	4,910	1,380	2,699	1,116	40.00	446
Senoko	1,500	25	29	55	327	2,883	260	1,848	1,103	30.00	331
GASAG	1,054	36	(12)	24	851	1,956	1,674	206	928	31.58	293
Cameron	60	(27)	(125)	(152)	50	3,287	232	2,129	977	16.60	162
Canadian renewable energy activities	174	40	(36)	4	68	1,231	69	832	397	40.00	159
AT DECEMBER 31, 2014											
SUEZ Environnement Group (1)	14,324	417	(31)	386	7,863	18,992	9,086	10,773	6,996	33.70	1,996
Paiton	657	161	(54)	107	483	3,260	478	1,473	1,791	40.51	726
Project management entities in the Middle East	2,957	510	(328)	182	2,254	20,445	3,119	17,706	1,873	-	459
Energia Sustentável Do Brasil	233	(413)	(1)	(414)	481	5,897	1,278	3,409	1,690	40.00	676
Senoko	1,976	32	(167)	(135)	312	2,944	353	1,895	1,007	30.00	302
GASAG	1,099	30	(39)	(9)	969	1,964	1,782	217	934	31.58	295
Cameron	13	(6)	(91)	(97)	34	1,497	429	104	998	16.60	166
Canadian renewable energy activities	171	39	(18)	21	86	1,384	70	924	476	40.00	191

(1) The data indicated in the table for SUEZ Environnement correspond to financial information published by SUEZ Environnement. Total SUEZ Environnement equity attributable to the Group amounts to €5,420 million based on the published financial statements of SUEZ Environnement and €5,757 million based on the financial statements of ENGIE. The €337 million difference in these amounts chiefly reflects the fair value measurement of the assets and liabilities of SUEZ Environnement at the date the Group changed its consolidation method (July 22, 2013).

SUEZ Environnement is the only material listed associate. Based on the closing share price at December 31, 2015, the market value of this interest was €3,142 million.

3.1.3 Transactions between the Group and its associates

The data below set out the impact of transactions with associates on the Group's 2015 consolidated financial statements.

In millions of euros	Purchases of goods and services	Sales of goods and services	Net financial income (excluding dividends)	Trade and other receivables	Loans and receivables at amortized cost	Trade and other payables	Borrowings and debt
Project management entities in the Middle East	-	302	-	9	481	-	-
Paiton	-	-	30	-	211	-	-
Contassur [(1)]	-	-	-	167	-	-	-
Energia Sustentável Do Brasil	173	-	-	-	52	-	-
Other	17	86	-	4	20	-	-
AT DECEMBER 31, 2015	**190**	**388**	**30**	**180**	**764**	**-**	**-**

(1) Contassur is a life insurance company accounted for using the equity method. Contassur offers insurance contracts, chiefly with pension funds that cover post-employment benefit obligations for Group employees and also employees of other companies mainly engaged in regulated activities in the electricity and gas sector in Belgium. Insurance contracts entered into by Contassur represent reimbursement rights recorded within "Other assets" in the statement of financial position. These reimbursement rights totaled €167 million at December 31, 2015 (€176 million at December 31, 2014).

3.2 Investments in joint ventures

3.2.1 Contribution of material joint ventures and of joint ventures that are not material to the Group taken individually

The table below shows the contribution of each material joint venture along with the aggregate contribution of joint ventures deemed not material taken individually, to the consolidated statement of financial position, income statement, statement of comprehensive income, and the "Dividends received from entities accounted for using the equity method" line of the statement of cash flows.

The Group used qualitative and quantitative criteria to determine material joint ventures. These criteria include the contribution to the lines "Share in net income/(loss) of joint ventures" and "Investments in joint ventures", the total assets of joint ventures in Group share, and joint ventures carrying major projects in the study or construction phase for which the related investment commitments are material.

Corporate name	Activity	Capacity	% interest		Carrying amount of investments in joint ventures		Share in net income/(loss) of joint ventures		Other comprehensive income/(loss) of joint ventures		Dividends received from joint ventures	
In millions of euros			2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
EcoÉlectrica (BEI, Puerto Rico)	Combined-cycle gas-fired power plant and LNG terminal	507 MW	50.00	50.00	487	458	31	33	-	-	47	17
Portfolio of power generation assets in Portugal (BEE, Portugal)	Electricity generation	3,348 MW	50.00	50.00	388	348	37	45	2	(10)	-	15
WSW Energie und Wasser AG (BEE, Germany)	Electricity distribution and generation		33.10	33.10	194	199	1	3	-	-	6	7
Megal GmbH (Infrastuctures, Germany)	Gas transmission network		49.00	49.00	112	122	4	7	-	-	23	14
Tihama Power Generation Co (BEI, Saudi Arabia)	Electricity generation	1,595 MW	60.00	60.00	104	72	30	5	4	-	11	3
Maia Eolis (BEE, France)	Wind farm	252 MW	49.00	49.00	96	97	(1)	-	-	-	-	-
Oyster Creek (BEI, United States)	Gas-fired power plant	393 MW	50.00	50.00	30	29	7	44	(2)	(1)	10	93
NELP (BEI, United States) (1)	Gas-fired power plants	615 MW	50.00	50.00	-	145	34	59	-	-	43	19
Other investments in joint ventures not individually significant					409	395	(9)	50	(5)	(10)	13	52
INVESTMENTS IN JOINT VENTURES					**1,820**	**1,864**	**135**	**246**	**-**	**(23)**	**153**	**220**

(1) At December 31, 2015, the 50% interest in NELP was included in the portfolio of power generation assets in the United States classified as "Assets held for sale" and was therefore recorded under "Assets classified as held for sale". The carrying amount of the group's interest in NELP amounted to €153 million at December 31, 2015.

The share in net income/(loss) of joint ventures includes non-recurring expenses of €15 million in 2015 (non-recurring income of €15 million in 2014), resulting chiefly from changes in the fair value of derivatives and disposal gains and losses, net of tax *(see Note 10 "Net recurring income Group share")*.

3.2.2 Financial information regarding material joint ventures

The amounts shown have been determined in accordance with IFRS before the elimination of intragroup items and after (i) adjustments made in line with Group accounting policies, and (ii) fair value measurements of the assets and liabilities of the joint venture at the level of ENGIE, as required by IAS 28. All amounts are presented based on a 100% interest with the exception of "Total equity attributable to ENGIE" in the statement of financial position.

INFORMATION ON THE INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	Revenues	Depreciation and amortization on intangible assets and property, plant and equipment	Net financial income/ (loss) (1)	Income taxe expense	Net income/ (loss)	Other comprehensive income/(loss)	Total comprehensive income/(loss)
AT DECEMBER 31, 2015							
EcoÉlectrica	320	(72)	(5)	(3)	62	-	61
Portfolio of power generation assets in Portugal	764	(100)	(50)	(46)	110	9	120
WSW Energie und Wasser AG	1,091	(13)	(7)	(12)	5	1	7
Megal GmbH	114	(52)	(5)	2	9	-	9
Tihama Power Generation Co	101	(6)	(22)	(5)	50	7	57
Maia Eolis	42	(26)	(2)	1	(1)	1	(1)
Oyster Creek	24	-	(7)	-	14	(3)	10
NELP	140	(25)	-	-	68	-	68
AT DECEMBER 31, 2014							
EcoÉlectrica	333	(70)	(3)	(3)	65	(1)	64
Portfolio of power generation assets in Portugal	652	(74)	(42)	(42)	140	(42)	98
WSW Energie und Wasser AG	976	(13)	(7)	(6)	10	1	11
Megal GmbH	112	(50)	(9)	5	15	-	15
Tihama Power Generation Co	71	(5)	(16)	(1)	9	(1)	8
Maia Eolis	34	(24)	(2)	1	(1)	(1)	(2)
Oyster Creek	144	(28)	(3)	-	89	(3)	86
NELP	126	(23)	(1)	-	117	-	117

(1) Interest income is not material.

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

In millions of euros	Cash and cash equivalents	Other current assets	Non-current assets	Short-term borrowings	Other current liabilities	Long-term borrowings	Other non-current liabilities	Total equity	% interest of Group	Total equity attributable to ENGIE
AT DECEMBER 31, 2015										
EcoÉlectrica	33	137	998	57	31	75	30	975	50.00	487
Portfolio of power generation assets in Portugal [(1)]	402	258	2,401	519	220	1,203	146	972	50.00	388
WSW Energie und Wasser AG [(2)]	21	158	805	60	147	124	93	561	33.10	194
Megal GmbH	17	1	711	84	48	279	90	228	49.00	112
Tihama Power Generation Co	37	90	702	70	26	543	17	173	60.00	104
Maia Eolis	56	27	314	21	20	120	40	196	49.00	96
Oyster Creek	-	178	60	12	5	152	7	61	50.00	30
NELP	4	75	296	-	13	-	58	305	50.00	153
AT DECEMBER 31, 2014										
EcoÉlectrica	112	134	923	76	32	118	28	915	50.00	458
Portfolio of power generation assets in Portugal [(1)]	307	594	2,032	603	142	1,130	182	875	50.00	348
WSW Energie und Wasser AG [(2)]	48	121	792	46	128	121	94	573	33.10	199
Megal GmbH	14	1	724	106	37	249	97	249	49.00	122
Tihama Power Generation Co	38	45	626	53	33	486	18	120	60.00	72
Maia Eolis	51	35	313	20	19	123	40	197	49.00	97
Oyster Creek	15	159	54	9	5	149	6	58	50.00	29
NELP	29	79	285	-	29	-	74	290	50.00	145

(1) Equity Group share amounts to €776 million for the Portuguese sub-group. The share of this €776 million attributable to ENGIE is therefore €388 million.

(2) Equity Group share amounts to €549 million for the WSW Energie und Wasser AG sub-group. The share of this €549 million attributable to ENGIE is therefore €182 million. This amount is increased by an additional share of €12 million in respect of a non-controlling interest held directly by ENGIE in a subsidiary of this sub-group (and is therefore not included in the €549 million in equity attributable to the owners of the parent).

3.2.3 Transactions between the Group and its joint ventures

The data below set out the impact of transactions with joint ventures on the 2015 consolidated financial statements.

In millions of euros	Purchases of goods and services	Sales of goods and services	Net financial income (excluding dividends)	Trade and other receivables	Loans and receivables at amortized cost	Trade and other payables	Borrowings and debt
EcoÉlectrica	-	138	-	-	-	-	-
WSW Energie und Wasser AG	23	51	-	28	-	1	-
Energieversorgung Gera GmbH	6	36	-	9	-	-	-
Megal GmbH	65	-	-	-	-	-	-
Futures Energies Investissements Holding	-	-	2	-	80	-	-
Other	27	27	1	14	109	4	-
AT DECEMBER 31, 2015	**121**	**252**	**3**	**51**	**189**	**5**	**-**

3.3 Other information on investments accounted for using the equity method

3.3.1 Unrecognized share of losses of associates and joint ventures

Cumulative unrecognized losses of associates (corresponding to the cumulative amount of losses exceeding the carrying amount of investments in the associates concerned) including other comprehensive income/(loss), amounted to €326 million in 2015 (€298 million in 2014). Unrecognized losses relating to financial year 2015 amounted to €28 million.

These unrecognized losses mainly correspond to (i) the negative fair value of derivative instruments designated as interest rate hedges ("Other comprehensive income/(loss)") contracted by associates in the Middle East in connection with the financing of construction projects for power generation and seawater desalination plants, and (ii) cumulative losses arising on the joint venture Tirreno Power.

3.3.2 Commitments and guarantees given by the Group in respect of entities accounted for using the equity method

At December 31, 2015, the main commitments and guarantees given by the Group in respect of entities accounted for using the equity method concern the following three companies and groups of companies:

- Cameron LNG for an aggregate amount of USD 1,733 million (€1,592 million).

  Commitments and guarantees given by the Group in respect of this associate correspond to:

  - a capital contribution commitment for USD 408 million (€375 million),
  - a performance bond for USD 1,230 million (€1,130 million), designed to guarantee the lenders against any risk of non-payment in the event that the project cannot be completed or enter into operation;
  - miscellaneous guarantees for a total amount of USD 95 million (€87 million);
- Energia Sustentável do Brasil ("Jirau") for an aggregate amount of BRL. 4,520 million (€1,064 million).

  At December 31, 2015, the amount of loans granted by Banco Nacional de Desenvolvimento Econômico e Social, the Brazilian Development Bank, to Energia Sustentável do Brasil amounted to BRL. 11,300 million (€2,659 million). Each partner stands as guarantor for this debt to the extent of its ownership interest in the consortium;
- the project management entities in the Middle East and Africa, for an aggregate amount of €1,579 million.

  Commitments and guarantees given by the Group in respect of these project management entities chiefly correspond to:

  - an equity contribution commitment (capital/subordinated debt) for €552 million.

    These commitments only concern entities acting as holding companies for projects in the construction phase,
  - letters of credit to guarantee debt service reserve accounts for an aggregate amount of €213 million. The project financing set up in certain entities can require those entities to maintain a certain level of cash within the company (usually enough to service its debt for six months). This is particularly the case when the financing is without recourse. This level of cash may be replaced by letters of credit,
  - collateral given to lenders in the form of pledged shares in the project management entities, for an aggregate amount of €378 million,
  - performance bonds and other guarantees for an amount of €436 million.

NOTE 4 Main changes in Group structure

4.1 Assets held for sale

Total "Assets classified as held for sale" and total "Liabilities directly associated with assets classified as held for sale" amounted to €4,607 million and €699 million, respectively, at December 31, 2015.

The main categories of assets and liabilities reclassified on these two lines of the statement of financial position are detailed below:

In millions of euros	**Dec. 31, 2015**
Property, plant and equipment and intangible assets, net	4,139
Other assets	468
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	**4,607**
Borrowings and debt	244
Other liabilities	455
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**699**

At December 31, 2015, assets held for sale only included the portfolio of merchant power generation assets in the United States (Energy International).

Portfolio of merchant power generation assets in the United States

At December 31, 2015, the Group considered that the sale of its portfolio of merchant power generation assets in the United States was highly probable in view of progress made in the divestiture process and, as a result, classified the portfolio as "Assets held for sale".

The portfolio includes 31 power plants with a total net capacity of 9.9 GW and two gas transmission assets operating in Ercot, PJM and New England. As the carrying amount of these assets held for sale was €1,111 million greater than the expected sale price, the Group recognized an impairment loss, of which €911 million against the entire goodwill allocated to the portfolio of assets held for sale, and €200 million against property, plant and equipment and intangible assets of the same portfolio.

Their classification as "Assets held for sale" decreased net debt by €193 million at December 31, 2015.

At December 31, 2015, the aggregate amount of recyclable items of comprehensive income relating to this portfolio of assets totaled €559 million and mainly corresponded to positive foreign currency translation reserves.

4.2 Acquisition of Solairedirect

On September 3, 2015, the Group finalized its acquisition of a 96.55% stake in Solairedirect, which develops, builds and operates photovoltaic facilities under service contracts. Solairedirect operates production facilities generating some 490 MW, of which 60 MW is generated at directly-operated sites and 430 MW under operations and maintenance contracts.

The Group invested a total of €334 million in the following transactions carried out on September 3, 2015:

- the acquisition of 94.16% of Solairedirect's shares as well as all the share subscription warrants held by the company's executive management for a total of €177 million;
- a simultaneous subscription to a reserved share capital increase for €130 million, increasing the Group's interest in Solairedirect to 96.55%;
- the transaction also includes price adjustment clauses subject to the achievement of operating targets during the two years following the acquisition. At the acquisition date, the fair value of these clauses, estimated at €28 million, was included in Solairedirect's purchase price.

Solairedirect has been fully consolidated since its acquisition date of September 3. Provisional goodwill of €123 million was recorded in respect of this acquisition at December 31, 2015 and the purchase price allocation will be finalized in 2016.

This transaction had a negative net impact of €139 million on the Group's statement of cash flows at the acquisition date and corresponds to €177 million in consideration paid less €38 million in cash and cash equivalents acquired.

Solairedirect's impact on ENGIE's 2015 consolidated financial statements is not material.

4.3 Other transactions and changes in consolidation methods in 2015

4.3.1 Change in the consolidation method applied to Solféa

On December 21, 2015, the Group and BNP Paribas approved an addendum to the shareholders' agreement for Solféa, in which they respectively hold a 55% and 45% stake, resulting in the Group's loss of control. As of this date, the Group's interest in Solféa is consolidated using the equity method.

This change in the consolidation method reduced the Group's consolidated net debt by €539 million. This joint venture's carrying amount was €7 million at December 31, 2015.

The revaluation gain resulting from the change in consolidation method was not material.

4.3.2 Other transactions in 2015

Various other acquisitions, equity transactions and disposals took place in 2015, notably the acquisition in the Energy Services business line of Desa Australia and TSC Group Services in Australia, IMA in Chile, Nexilis in France and Vandewalle in Belgium as well as the sale in the Energy Europe business line of GDF SUEZ Energia Magyarország Zrt. in Hungary. Their individual and cumulative impact on the Group's financial statements is not material.

4.4 Main changes in Group structure in 2014

4.4.1 Acquisition of control over GTT following its initial public offering (IPO)

The shareholders of Gaztransport & Technigaz (GTT), a French engineering company specialized in cryogenic membrane confinement technology for the transportation of LNG, listed the shares of the company on the stock market on February 27, 2014 at a price of €46 per share. Prior to this transaction, the company's share capital was held by ENGIE (40%), Total (30%) and the Hellman & Friedman investment fund (30%). ENGIE recognized its 40% interest in GTT as an associate accounted for using the equity method.

Following the IPO, ENGIE held nearly 40.4% of GTT. In light of the dispersion of the shareholding structure and ENGIE's ability to control GTT's key decisions, the Group considered that it now exercised de facto control over this company. GTT has therefore been fully consolidated in the Group's financial statements since March 3, 2014, the date of the settlement and delivery of the shares.

The 40% interest previously held in GTT was revalued at €688 million based on the closing price at March 3, 2014, i.e. €46.50 per share. This revaluation resulted in a revaluation gain of €359 million.

4.4.2 Transactions and changes in consolidation methods relating to the electricity and natural gas distribution and commercialization sectors in Belgium

4.4.2.1 Sale of interest in mixed inter-municipal companies in Flanders and repurchase of non-controlling interests in Electrabel Customer Solutions

On December 29, 2014, via its subsidiary Electrabel, the Group finalized the two following transactions with the Flemish public authorities:

- Electrabel sold its entire residual 30% interest in seven mixed inter-municipal electricity and gas distribution network operators in Flanders to the public sector for a total of €911 million. The capital gains generated on the sale of these available-for-sale securities, which amounted to €323 million, were presented under "Other non-recurring items" within "Income/(loss) from operating activities" in the 2014 consolidated income statement;
- at the same time, Electrabel acquired the non-controlling interests held by the Flemish public authorities in Electrabel Customer Solutions (ECS), the Group subsidiary in charge of the sale of gas and electricity to residential and non-residential customers in Belgium, for a total of €101 million. As the transaction was carried out between owners, the €108 million difference between the purchase price and the carrying amount of the interest acquired was recognized as a deduction from shareholders' equity.

4.4.2.2 Investments in the Walloon distribution network operator

As a result of governance measures carried out, since June 26, 2014 the Group no longer has significant influence over Ores Assets, Wallonia's sole distribution network operator formed in late 2013, and recognizes its 25% interest in the operator under "Available-for-sale securities". In accordance with the applicable standards, the residual interest was recognized at fair value on June 26, 2014, which led the Group to record a revaluation gain of €174 million under "Changes in scope of consolidation" within "Income/(loss) from operating activities" in the 2014 consolidated income statement.

4.4.3 Disposals carried out in 2014

Disposals carried out in 2014 resulted in the recognition of a cumulative gain amounting to €593 million at December 31, 2014 (of which €233 million is presented under "Changes in scope of consolidation" and €360 million under "Other non-recurring items" in the consolidated income statement) and in a reduction of net debt by €3,231 million compared to December 31, 2013.

In millions of euros	Decrease in net debt
Transactions finalized in 2014 relating to "Assets held for sale" at December 31, 2013	**(385)**
Disposal of a 20% interest in Energia Sustentável Do Brasil – "Jirau" (Brazil)	(318)
Disposal of a 50% interest in Futures Energies Investissements Holding (France)	(67)
Transactions carried out in 2014	**(2,196)**
Disposal of investments in mixed inter-municipal companies in Flanders (Belgium)	(911)
Disposal of the portfolio of power generation assets in Panama and Costa Rica	(771)
Disposal of the 49% interest in ISAB Energy (Italy)	(153)
Disposal of exploration-production assets	(239)
Disposal of a 20% interest in NGT B.V. (Netherlands)	
Disposal of Enerci (Ivory Coast)	
Disposal of an exploration-production asset in Germany	
Cash received on the remaining disposal price of the 24.5% interest in SPP (Slovakia) - transaction finalized in 2013	(122)
Other disposals that are not material taken individually	**(650)**
TOTAL	**(3,231)**

NOTE 5 Segment information

5.1 Operating segments

The operating segments presented below reflect the segments used by the Group's Management Committee to allocate resources to the segments and assess their performance. No operating segments have been aggregated. The Group's Management Committee is the Group's "chief operating decision maker" within the meaning of IFRS 8.

Until December 31, 2015, the Group is organized around the following five operating segments: Energy International, Energy Europe, Global Gas & LNG, Infrastructures and Energy Services.

Energy International business line (BEI): subsidiaries in this segment produce and market power in North America, Latin America, Asia-Pacific, the United Kingdom, Turkey and the Middle East. They also distribute and market gas in North America, Latin America, Asia and Turkey. The business line is also active in LNG import and regasification in North America and Chile and seawater desalination in the Arabian peninsula.

Energy Europe business line (BEE) carries out activities involving electricity production and energy sales in continental Europe. It operates the Group's assets in continental Europe in the fields of gas (excluding infrastructures managed by the Infrastructures business line) and electricity.

Global Gas & LNG business line carries out upstream activities of the natural gas value chain. In the area of exploration and production, the business line engages in the exploration, development and operation of oil and gas fields. On the LNG chain, the business line manages a long-term gas supply contract portfolio and interests in liquefaction facilities, operates an LNG fleet, and owns regasification capacities in LNG terminals. Global Gas & LNG is selling a portion of its LNG supply contracts to other Group entities and, in particular, the "Gas Supply" activity of the Energy Europe business line.

Infrastructures business line: subsidiaries in this segment operate natural gas transportation, storage and distribution networks and installations, and LNG terminals, essentially in France and Germany. They also sell access rights to these infrastructures to third parties.

Energy Services business line: these subsidiaries design and implement environmental and energy efficiency solutions through multi-technical services in the fields of engineering, installations, and energy services.

The "Other" line presented in the table below includes contributions from corporate holding companies and entities centralizing the Group's financing requirements, contributions in Solairedirect activities and in the Group's activities in China, as well as the contribution of SUEZ Environnement as an associate.

The methods used by the Group's Management Committee to recognize and measure these segments for internal reporting purposes are the same as those used to prepare the consolidated financial statements. EBITDA, industrial capital employed and capital expenditure (CAPEX) are reconciled with the consolidated financial statements.

The main relationships between operating segments, other than the Global Gas & LNG supply contracts to Energy Europe, concern the Infrastructures and Energy Europe business lines.

Services relating to the use by the Energy Europe business line of the Group's gas infrastructures in France are billed based on regulated fees applicable to all network users, except for storage infrastructures. The prices for reservations and use of storage facilities are established by storage operators and notably based on auctions of available capacity.

Due to the variety of its business lines and their geographical location, the Group serves a very diverse range of customer types and situations (industry, local authorities and individual customers). Accordingly, no external customer represents individually 10% or more of the Group's consolidated revenues.

In April 2015, ENGIE unveiled its new organization structured into 24 business units, which mainly correspond to geographic areas. This new organization is effective at January 1, 2016. 2016 segment information will be redefined accordingly.

5.2 Key indicators by operating segment

REVENUES

In millions of euros	Dec. 31, 2015 External revenues	Dec. 31, 2015 Intra-Group Revenues	Dec. 31, 2015 Total	Dec. 31, 2014 External revenues	Dec. 31, 2014 Intra-Group Revenues	Dec. 31, 2014 Total
Energy International	14,534	202	14,737	13,977	1,268	15,245
Energy Europe	32,011	667	32,678	35,158	1,262	36,420
Global Gaz & LNG	4,246	1,747	5,993	6,883	2,668	9,551
Infrastructures	3,055	3,553	6,608	2,994	3,818	6,812
Energy Services	16,001	190	16,190	15,673	201	15,874
Other	36	-	36	-	-	-
Elimination of internal transactions	-	(6,360)	(6,360)	-	(9,216)	(9,216)
TOTAL REVENUES	**69,883**	**-**	**69,883**	**74,686**	**-**	**74,686**

EBITDA

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy International	3,589	3,716
Energy Europe	1,612	2,015
Global Gas & LNG	1,625	2,225
Infrastructures	3,402	3,274
Energy Services	1,227	1,127
Other	(194)	(225)
TOTAL EBITDA	**11,262**	**12,133**

DEPRECIATION AND AMORTIZATION

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy International	(989)	(970)
Energy Europe	(1,019)	(1,111)
Global Gas & LNG	(944)	(926)
Infrastructures	(1,328)	(1,280)
Energy Services	(369)	(338)
Other	(90)	(95)
TOTAL DEPRECIATION AND AMORTIZATION	**(4,740)**	**(4,720)**

SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy International	310	204
Energy Europe	(43)	76
Global Gas & LNG	18	31
Infrastructures	7	12
Energy Services	24	1
Other	157	118
Of which share in net income of SUEZ Environnement as an associate	*134*	*118*
TOTAL SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**473**	**441**

CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy International	2,596	2,745
Energy Europe	587	908
Global Gas & LNG	535	1,064
Infrastructures	2,072	1,994
Energy Services	854	791
Other	(319)	(346)
TOTAL CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**6,326**	**7,156**

INDUSTRIAL CAPITAL EMPLOYED

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy International	16,287	22,041
Energy Europe	12,432	13,993
Global Gas & LNG	3,674	6,052
Infrastructures	19,026	19,148
Energy Services	4,698	4,102
Other	3,782	3,428
Of which SUEZ Environnement equity value	*1,974*	*1,994*
TOTAL INDUSTRIAL CAPITAL EMPLOYED	**59,899**	**68,764**

CAPITAL EXPENDITURE (CAPEX)

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy International	1,693	1,718
Energy Europe	1,461	1,169
Global Gas & LNG	1,059	1,208
Infrastructures	1,534	1,729
Energy Services	838	1,105
Other	655	151
TOTAL CAPITAL EXPENDITURE (CAPEX)	**7,240**	**7,080**

5.3 Key indicators by geographic area

The amounts set out below are analyzed by:

- destination of products and services sold for revenues;
- geographic location of consolidated companies for industrial capital employed.

	Revenues		Industrial capital employed	
In millions of euros	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
France	25,066	27,834	29,305	30,963
Belgium	9,067	8,525	2,203	2,907
Other EU countries	18,507	20,516	10,908	10,880
Other European countries	2,103	1,832	735	1,080
North America (1)	4,592	3,829	1,831	6,198
Asia, Middle East & Oceania	6,165	7,404	7,131	8,854
South America	4,076	4,302	7,213	7,268
Africa	306	444	573	613
TOTAL	**69,883**	**74,686**	**59,899**	**68,764**

(1) The change in industrial capital employed for North America is due to the classification of the portfolio of merchant power generation assets in the United States as assets held for sale (see Note 4.1 "Assets classified as held for sale").

5.4 Reconciliation of indicators with consolidated financial statements

5.4.1 Reconciliation of EBITDA

The bridge between EBITDA and current operating income after share in net income of entities accounted for using the equity method is explained as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**6,326**	**7,156**
Net amortization and other	4,885	4,956
Share-based payments (IFRS 2)	50	21
EBITDA	**11,262**	**12,133**

5.4.2 Reconciliation of industrial capital employed with items in the statement of financial position

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
(+) Property, plant and equipment and intangible assets, net	64,001	71,601
(+) Goodwill	19,024	21,222
(-) Goodwill arising on the Gaz de France - SUEZ merger [(1)]	*(6,647)*	*(8,216)*
(-) Goodwill arising on the International Power combination [(1)]	*(2,036)*	*(2,502)*
(+) IFRIC 4 and IFRIC 12 receivables	1,042	1,779
(+) Investments in entities accounted for using the equity method	6,977	7,055
(-) Goodwill arising on the International Power combination [(1)]	*(168)*	*(152)*
(+) Trade and other receivables, net	19,349	21,558
(-) Margin calls [(1, 2)]	*(1,054)*	*(1,257)*
(+) Inventories	4,207	4,891
(+) Other current and non-current assets	9,851	10,606
(+) Deferred tax	(6,851)	(8,071)
(+) Cancellation of deferred tax on other recyclable items [(1)]	*(100)*	*(188)*
(-) Provisions	(18,835)	(18,539)
(+) Actuarial gains and losses in shareholders' equity (net of deferred tax) [(1)]	*1,894*	*2,168*
(-) Trade and other payables	(17,101)	(18,799)
(+) Margin calls [(1, 2)]	*1,476*	*1,309*
(-) Other liabilities	(15,128)	(15,701)
INDUSTRIAL CAPITAL EMPLOYED	**59,899**	**68,764**

(1) For the purpose of calculating industrial capital employed, the amounts recorded in respect of these items have been adjusted from those appearing in the statement of financial position.

(2) Margin calls included in "Trade and other receivables" and "Trade and other payables" correspond to advances received or paid as part of collateralization agreements set up by the Group to reduce its exposure to counterparty risk on commodities transactions.

5.4.3 Reconciliation of capital expenditure (CAPEX) with items in the statement of cash flows

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Acquisitions of property, plant and equipment and intangible assets	6,459	5,790
Acquisitions of controlling interests in entities, net of cash and cash equivalents acquired	259	340
(+) Cash and cash equivalents acquired	*246*	*208*
Acquisitions of investments in entities accounted for using the equity method and joint operations	241	398
Acquisitions of available-for-sale securities	252	246
Change in loans and receivables originated by the Group and other	(245)	(8)
(+) Other	*(1)*	*(2)*
Change in ownership interests in controlled entities	42	126
(+) Payments received in respect of the disposal of non-controlling interests	*(12)*	*(18)*
TOTAL CAPITAL EXPENDITURE (CAPEX)	**7,240**	**7,080**

NOTE 6 Current operating income

6.1 Revenues

Group revenues break down as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy sales	49,455	55,605
Rendering of services	19,712	18,308
Lease and construction contracts	716	773
REVENUES	**69,883**	**74,686**

"Lease and construction contracts" mainly include operating lease revenues for €632 million (€692 million in 2014).

6.2 Personnel costs

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Short-term benefits	(9,669)	(9,303)
Share-based payments (*see Note 23*)	(50)	(22)
Costs related to defined benefit plans (*see Note 19.3.4*)	(314)	(315)
Costs related to defined contribution plans (*see Note 19.4*)	(134)	(139)
PERSONNEL COSTS	**(10,168)**	**(9,779)**

6.3 Depreciation, amortization and provisions

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Depreciation and amortization (*see Notes 13 and 14*)	(4,740)	(4,720)
Net change in write-downs of inventories, trade receivables and other assets	(208)	(249)
Net change in provisions (*see Note 18*)	(59)	172
DEPRECIATION, AMORTIZATION AND PROVISIONS	**(5,007)**	**(4,797)**

At December 31, 2015, depreciation and amortization mainly break down as €737 million for intangible assets and €4,011 million for property, plant and equipment. A breakdown by type of asset is provided in Note 13 "Intangible assets" and Note 14 "Property, plant and equipment", respectively.

NOTE 7 Income/(loss) from operating activities

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**6,326**	**7,156**
Mark-to-market on commodity contracts other than trading instruments	(261)	(298)
Impairment losses	(8,748)	(1,037)
Restructuring costs	(265)	(167)
Changes in scope of consolidation	(46)	562
Other non-recurring items	(248)	353
INCOME/(LOSS) FROM OPERATING ACTIVITIES	**(3,242)**	**6,569**

7.1 Mark-to-market on commodity contracts other than trading instruments

In 2015, this item represents a net loss of €261 million, compared with a net loss of €298 million in 2014, and is mainly attributable to changes in the fair value of (i) electricity and natural gas sale and purchase contracts falling within the scope of IAS 39 and (ii) financial instruments used as hedges but not eligible for hedge accounting.

This loss is mainly due to (i) a negative price effect related to changes in the forward prices of the underlying commodities during the period, partly offset by (ii) a positive net impact of the settlement of positions over the period with a negative fair value at December 31, 2014.

7.2 Impairment losses

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Impairment losses:		
Goodwill	(2,628)	(82)
Property, plant and equipment and other intangible assets	(5,731)	(924)
Investments in entities accounted for using the equity method and related provisions	(188)	-
Financial assets and other	(214)	(87)
TOTAL IMPAIRMENT LOSSES	**(8,761)**	**(1,094)**
Reversal of impairment losses:		
Property, plant and equipment and other intangible assets	7	57
Financial assets	6	-
TOTAL REVERSALS OF IMPAIRMENT LOSSES	**13**	**57**
TOTAL	**(8,748)**	**(1,037)**

Net impairment losses of €8,748 million primarily relate to the Global Gas and LNG (€4,160 million), Energy International (€3,457 million) and Energy Europe (€883 million) business lines. After taking into account the deferred tax effects and the share of impairment losses attributable to non-controlling interests, the impact of these impairment losses on net income Group share for 2015 amounts to €6,761 million.

Impairment losses recognized against goodwill, property, plant and equipment, intangible assets and investments in entities accounted for using the equity method at December 31, 2015 can be analyzed as follows:

In millions of euros	Location	Impairment losses on goodwill	Impairment losses on property, plant and equipment and intangible assets	Impairment losses on entities accounted for using the equity method and related provisions	Total impairment losses	Valuation method	Discount rate
Global Gas & LNG goodwill CGU		**(1,619)**	**(2,541)**		**(4,160)**	**Value-in-use - DCF**	**6.5% - 13.5%**
Exploration-production assets			(2,454)				
	North Sea (Norway/ Netherlands/ United Kingdom)		*(1,019)*			*Value-in-use - DCF*	
	Germany		*(634)*			*Value-in-use - DCF*	
	Algeria		*(268)*			*Value-in-use - DCF*	
	Australia		*(257)*			*Multiple of reserves*	
	Indonesia		*(223)*			*Value-in-use - DCF*	
	Egypt		*(53)*			*Value-in-use - DCF*	
Exploration and production licenses	Qatar		(87)			Fair value	
Energy International - North America goodwill CGU		**(927)**	**(405)**		**(1,331)**		
Portfolio of merchant power generation assets	United States	(911)	(200)			Fair value less costs to sell	
Regasification terminal	United States		(195)			Value-in-use - DCF	6.95%
Other		(16)	(9)				
Energy International - Latin America goodwill CGU		**-**	**(54)**	**(188)**	**(242)**		
Share in a regasification terminal	Uruguay			(188)		Fair value	
Other property, plant and equipment and intangible assets			(54)				
Energy International - Asia-Pacific goodwill CGU		**-**	**(1,009)**		**(1,009)**		
Power plant			(1,009)			Value-in-use - DCF	7.8%
Energy International - South Asia, Middle-East and Africa goodwill CGU		**(83)**	**(630)**		**(713)**		
Thermal power plant	India	(83)	(630)				11.85%
Energy United Kingdom - Turkey goodwill CGU			**(151)**		**(151)**		
Thermal power plant	United Kingdom		(151)			Value-in-use - DCF	6.4%
Energy – Central Western Europe goodwill CGU			**(550)**		**(550)**		
GDF Gaz de France brand	France		(455)			Value-in-use - DCF	8.6%
Customer relations intangible asset	France		(95)			Value-in-use - DCF	8.6%
Other impairment losses in Europe			**(194)**		**(194)**		
Thermal power plant	Poland		(103)			Value-in-use - DCF	8.6%
Thermal power plant	Spain		(91)			Value-in-use - DCF	7.7%
Other impairment losses		**-**	**(197)**	**-**	**(197)**		
TOTAL AT DECEMBER 31, 2015		**(2,628)**	**(5,731)**	**(188)**	**(8,547)**		

7.2.1 Information on cash flow projections used in impairment tests

In most cases, the recoverable value of CGUs is determined by reference to a value-in-use that is calculated based on cash flow projections drawn from the 2016 budget and from the 2017-2021 medium-term business plan, as approved by the Group Management Committee and the Board of Directors, and on extrapolated cash flows beyond that time frame.

Cash flow projections are drawn up on the basis of macroeconomic assumptions (inflation, exchange rates and growth rates) and price forecasts resulting from the Group's reference scenario for 2016-2040. The forecasts that feature in the reference scenario were approved by the Group Management Committee in January 2016. The forecasts and projections included in the reference scenario were determined on the basis of the following inputs:

- forward market prices over the liquidity period for fuel (coal, oil and gas), CO_2 and electricity on different markets;
- beyond this period, medium- and long-term energy prices were determined by the Group based on macroeconomic assumptions and fundamental supply and demand equilibrium models, the results of which are regularly compared against forecasts prepared by external energy sector specialists. More specifically, medium- and long-term electricity prices were determined by the Group using electricity demand forecasting models, medium- and long-term forecasts of fuel and CO_2 prices, and expected trends in installed capacity and in the technology mix of the production assets within each power generation system.

7.2.2 Global Gas & LNG CGU

The Global Gas & LNG CGU brings together the upstream activities of the natural gas value chain, including:

- the exploration, development and operation of oil and gas fields. The Group's main projects and fields are located in Germany, the UK, Norway, the Netherlands, Algeria and Indonesia;
- activities relating to LNG, i.e. the management and sale of a diversified portfolio of long-term supply contracts, interests in liquefaction facilities, operation of an LNG tanker fleet, regasification capacities in LNG terminals and the development and sale of cryogenic membrane confinement systems to transport LNG, carried out by GTT, the Group's subsidiary specialized in marine engineering.

The total amount of goodwill allocated to this CGU was €1,997 million before the impairment test.

Economic conditions and results of the impairment test in 2015

The Group's oil and gas production activities, like other energy players, are facing particularly difficult market conditions marked by the sharp decrease in oil and natural gas prices. Compared to end-2014, spot Brent crude oil and natural gas prices at December 31, 2015 were 36% and 8% lower, respectively, and forward market prices for 2016 and 2017 were on average 38% lower for Brent crude oil and 28% lower for natural gas. In addition, in light of these market conditions as well as the analysis of market fundamentals, the Group significantly lowered its reference scenario for long- and medium-term commodity price projections. The majority of the €2,541 impairment loss recognized against production assets, gas fields under development and exploration-production licenses for the year ended December 31, 2015 is attributable to these significant price effects.

LNG activities were also severely impacted by the considerable deterioration of the LNG market, mainly (i) the decline in spot market prices in Asia to USD 8/MMbtu in 2015 compared to USD 15/MMbtu in 2014, (ii) the negative effect of the drop in crude oil prices on the Brent indexed price portion of long-term LNG sales contracts, and (iii) weaker demand for LNG in Asia and the increase in flexible LNG volumes available on the market which had a negative effect on volumes and cargo diversion opportunities. These difficult economic conditions are expected to persist in the medium term, mainly due to increased LNG volumes on the market resulting from the commissioning of new liquefaction capacities in Australia and in the United States during the 2015-2017 period and weak demand for LNG in Asia. In addition, the Yemen LNG facility, which provides the Group with nearly 38 LNG cargoes per year, stopped shipping LNG since April 2015 due to the deteriorating security situation near the facility.

In view of the corresponding decrease in the enterprise value, the Group recorded an impairment loss of €1,619 million against the Global Gas & LNG CGU goodwill. As a result, the CGU's residual goodwill came to €378 million.

In all, impairment losses recognized against the Global Gas & LNG goodwill CGU totaled €4,160 million. After taking into account the deferred tax effects and the share of write-downs attributable to non-controlling interests, the impact of these impairment losses on net income Group share amounts to €3,058 million.

Key assumptions used for impairment tests

The recoverable amount of the CGU was determined based on (i) the market price for the listed subsidiary GTT, and (ii) the value-in-use for all other activities included in the CGU. The value-in-use was calculated using the cash flow projections drawn up on the basis of the 2016 budget and 2017-2021 medium-term business plan, as approved by the Group Management Committee. A terminal value was calculated by extrapolating the cash flows beyond that period.

Beyond that period, cash flows from exploration-production assets in the development or production phase are forecasted over the residual life of the underlying proven and probable reserves.

For LNG activities outside GTT, the terminal value in 2021 was determined by considering extending or renewing the supply contracts in place at that date until 2060 and by applying a normative margin to these volumes.

The main assumptions and key estimates primarily include the discount rates, hydrocarbon price trends, changes in the euro/US dollar exchange rate, estimates of proven and probable reserves, changes in LNG supply and demand, the date on which the Yemen LNG facility resumes its activities, as well as market forecasts. The values assigned reflect our best estimates of market prices and expected future trends on these markets.

The projections used for oil and natural gas prices beyond the liquidity period are in line with the consensus drawn up on the basis of several external studies. The test is based on the assumption that the Yemen LNG facility will resume its activities.

The discount rates applied range between 6.5% and 13.5%, and differ primarily in accordance with the risk premiums assigned to the countries in which the Group operates.

Sensitivity analyses

An increase of 50 basis points in the discount rate used would generate additional impairment losses of €70 million against exploration-production assets and €60 million against Global Gas & LNG CGU goodwill.

A decrease of 50 basis points in the discount rate used would reduce the impairment losses recognized against exploration-production assets in an amount of €70 million and against Global Gas & LNG CGU goodwill in an amount of €60 million.

A decrease of 10% in the hydrocarbon prices used in exploration-production activities would generate additional impairment losses of €530 million against exploration-production assets and €270 million against Global Gas & LNG CGU goodwill.

An increase of 10% in the hydrocarbon prices used in exploration-production activities would reduce the impairment losses recognized against exploration-production assets in an amount of €590 million and against Global Gas & LNG CGU goodwill in an amount of €240 million.

A one-year postponement in the restart of the Yemen LNG liquefaction facility would generate additional impairment losses of €120 million against Global Gas & LNG CGU goodwill.

7.2.3 Energy International's assets

North America

The impairment loss recognized against the North America goodwill CGU totaled €1,331 million and mainly included an impairment loss of €1,111 million against a group of assets held for sale and an impairment loss of €195 million against the Everett regasification terminal. These losses reflect poor market conditions for both electricity and LNG.

At December 31, 2015, the Group classified its portfolio of merchant power generation assets in the United States as assets held for sale (see Note 4.1 "*Assets held for sale*"). As the carrying amount of these assets held for sale was €1,111 million greater than the expected sale price, the Group recognized an impairment loss, of which €911 million against the entire goodwill allocated to the portfolio of assets held for sale, and €200 million against property, plant and equipment and intangible assets of the same portfolio.

The CGU, which comprises liquefied natural gas-related activities, covers the import and regasification of liquefied natural gas and its gas commercialization activities in the North-East of the United States and Puerto Rico. It also comprises the optimization of the flexible volumes of supply contract by selling cargoes to markets offering the highest profit margins. Due to the significant decrease in liquefied natural gas selling prices in the Asian markets, the amendments made to the supply contracts and the continuing low gas prices on the North American domestic market, the Group recorded an impairment loss of €195 million against the property, plant and equipment (Everett LNG terminal) of this CGU in 2015. The residual carrying amount of the property, plant and equipment of the Everett terminal is not material.

The value-in-use of this project was calculated based on cash flow projections drawn up by management, to which a 6.95% discount rate was applied.

Latin America

In Uruguay, GNL Sur, the 50-50 joint venture between ENGIE and Marubeni commissioned to build an offshore storage and regasification LNG terminal within the framework of the Build, Own, Operate and Transfer (BOOT) contract entered into with Uruguay's state-owned company Gas Sayago, acknowledged that it would be impossible to continue performing the contract, which was terminated by mutual agreement in September 2015. Pursuant to this agreement, the joint venture transferred all its assets under construction to Gas Sayago and paid the penalty provided for in the performance guarantees.

As a result, the Group recorded an expense of €188 million relating to the write-down of its net investment in the project and the costs relating to the penalty due under the performance guarantees.

Asia-Pacific

Due to the deterioration of its technical performances (unplanned forced outages, poor heat rate) and worsened commodity prices, the Group decided to recognize an impairment loss of €1,009 million against an asset. The amount of this impairment loss is not sensitive to a change in a key assumption on which was based the determination of the recoverable amount.

South Asia, Middle East & Africa

The 700 MW coal-fired power plant under construction within Meenakshi Energy Private Limited, in which the Group holds an 89% interest, is facing a number of technical difficulties, delays and cost overruns. In that context, the Group performed an impairment test on its interest in Meenakshi which resulted in the recognition of a €713 million impairment loss, of which €83 million was recognized against the goodwill recorded on the acquisition of Meenakshi and the remaining €630 million against the entity's property, plant and equipment.

United Kingdom & Turkey

In the United Kingdom in 2015, worsening forecasts for clean spark spreads as well as low capacity income led the Group to record an impairment loss of €151 million against a thermal power plant.

The value-in-use of this asset was calculated using the cash flow projections drawn up based on the 2016 budget and 2017-2021 medium-term business plan approved by the Group Management Committee. Cash flows beyond this period were extrapolated until the end of the operating life of the thermal power plant. Key assumptions used in the impairment test related to expected trends in electricity demand, electricity and fuel prices, the carbon floor tax and capacity income from 2021. A 50-basis-point increase in the discount rate used would lead to an additional impairment loss totaling €3 million against this thermal power generation asset. A 500-basis-point decrease in the margins captured by the thermal power plant would lead to an additional impairment loss totaling €34 million.

7.2.4 Energy Europe's assets

GDF Gaz de France brand and intangible assets relating to the "B2C France customer portfolio"

As a result of the merger with Gaz de France in 2008, the Group recognized an intangible asset with an indefinite useful life of €526 million relating to the GDF Gaz de France brand, as well as an amortizable intangible asset relating to the value of the B2C France customer portfolio acquired at the date of the merger. At December 31, 2015, the carrying amount of the portfolio was €424 million.

In 2015, the value of these assets was impacted by heightened competition, resulting in a decrease in operating margins on energy sales in France. More specifically, this situation impacted the B2B customer segment, in respect of which the Group continued to lose market share in 2015 due to the removal of regulated sales tariffs for business customers at the end of 2015.

To revitalize and streamline its energy sales offer in France, in October 2015 the Group decided to restructure its commercial brands: the ENGIE brand now includes all the gas, electricity and service market offers while "*Tarif réglementé gaz GDF SUEZ*" is now the brand offering gas at regulated sales tariff prices in the B2C segment. As a result, the corporate brand GDF Gaz de France no longer has an indefinite useful life. However, the Group considers that the advantages and influence associated with the historic brand will continue to benefit all B2C sales activities for around five years. As a result, the Group performed an impairment test using the "royalty" method on revenues from B2C France sales activities over a five-year period and applied an 8.6% discount rate. As a result, the Group recognized an impairment loss of €455 million against the brand. The brand's residual carrying amount was €71 million at December 31, 2015.

The present value of profit forecasts attributable to the B2C customer portfolio acquired at the date of the merger amounted to €329 million. A €95 million impairment loss was therefore recorded against this intangible asset (customer relations in France) at December 31, 2015. The discount rate applied to these forecasts was 8.6%.

Other impairment losses in Europe

The value-in-use of each asset was calculated using the cash flow projections drawn up based on the 2016 budget and the 2017-2021 medium-term business plan approved by the Group Management Committee. Beyond this period cash flows were extrapolated until the end of the operating life of each power plant. Key assumptions used in the impairment test relate to capacity rates and methods, expected trends in electricity demand and electricity and fuel prices.

In Spain, an impairment loss of €91 million was recognized against a thermal power plant following the decrease in spark spread forecasts and capacity fees. The discount rate applied was 7.65%.

In Poland, the Group forecasted a decrease in the margin captured by thermal power plants over the long term and accordingly, recorded an impairment loss of €103 million in 2015. The discount rate applied was 8.59%.

7.2.5 Impairment losses booked in 2014

Impairment losses recognized against goodwill, property, plant and equipment and intangible assets at December 31, 2014 amounted to €1,006 million and can be analyzed as follows:

In millions of euros	Location	Impairment losses on goodwill	Impairment losses on property, plant and equipment and intangible assets	Total impairment losses	Valuation method	Discount rate
Global Gas & LNG goodwill CGU		**-**	**(362)**	**(362)**	**Value-in-use - DCF**	**8%-15%**
Exploration-production assets in the North Sea	North Sea	-	(261)	-	Value-in-use - DCF	9.0%
Other exploration-production assets/licenses		-	(44)	-		
Other property, plant and equipment and intangible assets		-	(57)	-		
Energy UK – Europe goodwill CGU		**-**	**(226)**	**(226)**		
Thermal power plants	United Kingdom	-	(181)	-	Value-in-use - DCF	7.2%-8.7%
Wind farm and other property, plant and equipment and intangible assets	United Kingdom	-	(45)	-	Fair value	
Energy – Eastern Europe goodwill CGU		**(82)**	**(30)**	**(112)**	**Value-in-use - DCF**	**8.3-12.3%**
Property, plant and equipment		-	(30)	-	Value-in-use - DCF	
Energy – Central Western Europe goodwill CGU		**-**	**(109)**	**(109)**	**Value-in-use - DCF**	**6.5-9.0%**
Thermal power plants	Netherlands/ Belgium	-	(48)	-	Value-in-use - DCF	7.4%-8.1%
Other property, plant and equipment and intangible assets		-	(61)	-		
Other impairment losses		**-**	**(197)**	**(197)**		
TOTAL AT DECEMBER 31, 2014		**(82)**	**(924)**	**(1,006)**		

Including writedowns of financial assets, total impairment losses (net of reversals) for 2014 amounted to €1,037 million. After taking into account the deferred tax effects and the share of impairment losses attributable to non-controlling interests, the impact of these impairment losses on 2014 net income Group share amounted to €655 million.

7.3 Restructuring costs

Restructuring costs totaling €265 million at December 31, 2015 include €47 million of external costs related to the corporate Group brand change, as well as costs incurred to adapt to economic conditions, of which €110 million for the Energy Services business line and €70 million for the Energy Europe business line.

In 2014, this item amounted to €167 million, and included costs incurred to adapt to economic conditions, of which €70 million for the Energy Services business line and €58 million for the Energy Europe business line.

7.4 Changes in scope of consolidation

In 2015, this item amounted to a negative €46 million, and mainly comprised the €47 million loss on the sale of GDF SUEZ Energia Magiarország Zrt.'s activities in Hungary, of which €40 million in respect of translation adjustments recognized under "Other comprehensive income" recycled to the income statement (*see Note 4.3.2*).

In 2014, this item amounted to a positive €562 million, and mainly comprised:

- the €359 million revaluation gain relating to the 40% interest previously held by the Group in Gaztransport & Technigaz following the acquisition of control over the company further to its initial public offering;
- the €174 million revaluation gain relating to the Group's interest in the Walloon distribution network operator following the loss of significant influence, and the recognition of these shares under "Available-for-sale" securities.

7.5 Other non-recurring items

In 2015, this item comprises a loss of €340 million which corresponds to additional dismantling costs on a power plant, which was partly offset by the €42 million gain on the disposal of Portgas available-for-sale securities, of which €17 million in respect of changes in fair value recognized in "Other comprehensive income" recycled to the income statement.

In 2014, this caption mainly included the gain on the disposal of the Group's interest in the mixed inter-municipal companies in Flanders, for an amount of €323 million.

NOTE 8 Net financial income/(loss)

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	Expense	Income	Total	Expense	Income	Total
Cost of net debt	(981)	143	(839)	(1,071)	132	(939)
Income from debt restructuring transactions and from early unwinding of derivative financial instruments	(276)	154	(122)	(460)	239	(221)
Other financial income and expenses	(1,156)	570	(586)	(1,142)	426	(716)
NET FINANCIAL INCOME/(LOSS)	**(2,413)**	**866**	**(1,547)**	**(2,673)**	**797**	**(1,876)**

8.1 Cost of net debt

The main items of the cost of net debt break down as follows:

			Total	
In millions of euros	Expense	Income	Dec. 31, 2015	Dec. 31, 2014
Interest expense on gross debt and hedges	(1,151)	-	(1,151)	(1,204)
Foreign exchange gains/losses on borrowings and hedges	-	8	8	21
Ineffective portion of derivatives qualified as fair value hedges	(8)	-	(8)	(21)
Gains and losses on cash and cash equivalents and financial assets at fair value through income	-	135	135	111
Capitalized borrowing costs	178	-	178	154
COST OF NET DEBT	**(981)**	**143**	**(839)**	**(939)**

The decrease in the cost of net debt is mainly due to the positive impacts of debt financing and restructuring transactions carried out by the Group despite a slight increase in the volume of average debt since 2014 *(see Note 15.3.2 "Financial instruments - Main events of the period")*.

8.2 Income from debt restructuring transactions and from early unwinding of derivative financial instruments

The main effects of debt restructuring break down as follows:

In millions of euros	Expense	Income	Total Dec. 31, 2015	Dec. 31, 2014
Impact of early unwinding of derivative financial instruments on income statement	**(157)**	**154**	**(3)**	**(11)**
of which cash payments made on the unwinding of swaps	*(157)*	*-*	*(157)*	*(249)*
of which reversal of the negative fair value of these derivatives that were settled early	*-*	*154*	*154*	*239*
Impact of debt restructuring transactions on the income statement	**(119)**	**-**	**(119)**	**(211)**
of which early refinancing transactions expenses	*(119)*	*-*	*(119)*	*(211)*
GAINS AND LOSSES ON DEBT RESTRUCTURING TRANSACTIONS AND ON THE EARLY UNWINDING OF DERIVATIVE FINANCIAL INSTRUMENTS	**(276)**	**154**	**(122)**	**(221)**

The Group carried out a number of early refinancing transactions *(see Note 15.3.2 "Financial instruments - Main events of the period")*, including several buybacks of bonds with an aggregate par value of €635 million. The net impact of these buybacks, and unwinding of related hedges, resulted in the recognition of an expense of €113 million in 2015.

8.3 Other financial income and expenses

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Other financial expenses		
Change in fair value of derivatives not qualified as hedges	(102)	(206)
Gains and losses on the dequalification and inefficiency of economic hedges on other financial items	(2)	(1)
Unwinding of discounting adjustments to other long-term provisions	(555)	(518)
Net interest expense on post-employment benefits and other long-term benefits	(127)	(153)
Interest on trade and other payables	(46)	(48)
Other financial expenses	(323)	(217)
TOTAL	**(1,156)**	**(1,142)**
Other financial income		
Income from available-for-sale securities	101	103
Interest income on trade and other receivables	26	21
Interest income on loans and receivables at amortized cost	79	85
Other financial income	364	217
TOTAL	**570**	**426**
OTHER FINANCIAL INCOME AND EXPENSES, NET	**(586)**	**(716)**

NOTE 9 Income tax expense

9.1 Actual income tax expense recognized in the income statement

9.1.1 Breakdown of actual income tax expense recognized in the income statement

The income tax expense recognized in the income statement for 2015 amounts to €324 million (€1,586 million in 2014), breaking down as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Current income taxes	(1,348)	(1,918)
Deferred taxes	1,024	332
TOTAL INCOME TAX EXPENSE RECOGNIZED IN INCOME	**(324)**	**(1,586)**

9.1.2 Reconciliation of theoretical income tax expense with actual income tax expense

A reconciliation of theoretical income tax expense with the Group's actual income tax expense is presented below:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Net income/(loss)	**(5,113)**	**3,106**
• Share in net income of entities accounted for using the equity method	473	441
• Income tax expenses	(324)	(1,586)
Income/(loss) before income tax expense and share in net income of associates (A)	**(5,261)**	**4,251**
Of which French companies	*(1,439)*	*186*
Of which companies outside France	*(3,822)*	*4,065*
Statutory income tax rate of the parent company (B)	38.0%	38.0%
THEORETICAL INCOME TAX EXPENSE (C) = (A) × (B)	**1,999**	**(1,615)**
Reconciling items between theoretical and actual income tax expense		
Difference between statutory tax rate applicable to the parent and statutory tax rate in force in jurisdictions in France and abroad	(195)	25
Permanent differences (1)	(1,295)	(93)
Income taxed at a reduced rate or tax-exempt (2)	136	801
Additional tax expense (3)	(411)	(571)
Effect of unrecognized deferred tax assets on tax loss carry-forwards and other tax-deductible temporary differences (4)	(1,651)	(750)
Recognition or utilization of tax income on previously unrecognized tax loss carry-forwards and other tax-deductible temporary differences (5)	431	191
Impact of changes in tax rates	(73)	(42)
Tax credits and other tax reductions (6)	739	292
Other	(5)	176
ACTUAL INCOME TAX EXPENSE	**(324)**	**(1,586)**

(1) Includes mainly the disallowable impairment losses on goodwill, non-deductible expenses recorded by the project companies in the exploration-production business, disallowable operating expenses and effects relating to the cap on allowable interest on borrowings in France.

(2) Reflects notably capital gains on disposals of securities exempt from tax or taxed at a reduced rate in France, Belgium and in other countries, the impact of the specific tax regimes used by some entities in Luxembourg, Belgium, India, Thailand and in other countries, the disallowable impairment losses and capital losses on securities, and the impact of the untaxed income from remeasuring previously-held (or retained) equity interests in connection with acquisitions and changes in consolidation methods.

(3) Includes mainly tax on dividends resulting from the parent company tax regime and the withholding tax on dividends and interest levied in several tax jurisdictions, the 3% tax on the dividends paid in cash by the French companies, the contribution on nuclear activities payable by nuclear-sourced electricity utilities in Belgium (€166 million in 2015 and €407 million in 2014), allocations to provisions for income tax, and regional corporate taxes.

(4) Includes the cancellation of the net deferred tax asset position for some tax entities in the absence of sufficient perspectives in terms of future profits for the latter. In 2015, this section includes the impact of the tax disallowable impairment losses accounted for.

(5) Includes the impact of the recognition of net deferred tax asset positions for some tax entities, mainly in Luxembourg in 2015 for an amount of €338 million arising from a new law entering into force in 2016.

(6) Includes mainly the provision reversals for tax litigation, the impact of deductible notional interest in Belgium, of tax credits in Norway, the United Kingdom, the Netherlands and France.

In 2011, the income tax rate payable by tax entities in France with revenues over €250 million was increased to 36.10% (34.43% in 2010). This tax rate resulted from the introduction of an exceptional 5% contribution payable in respect of 2011 and 2012. The exceptional contribution has been increased to 10.70% for 2013, 2014 and 2015, leading to a 38.00% tax rate for the financial years 2013, 2014 and 2015. This exceptional contribution has been eliminated in the 2016 French Finance Law; the rate will therefore be reduced to 34.43% as of 2016. Consequently, for French companies, the timing differences are measured at the rate of 34.43% at December 31, 2015.

9.1.3 Analysis of the deferred tax income/(expense) recognized in the income statement, by type of temporary difference

In millions of euros	Impact in the income statement Dec. 31, 2015	Dec. 31, 2014
Deferred tax assets:		
Tax loss carry-forwards and tax credits	176	439
Pension obligations	4	(12)
Non-deductible provisions	157	60
Difference between the carrying amount of PP&E and intangible assets and their tax bases	103	(261)
Measurement of financial instruments at fair value (IAS 32/39)	267	229
Other	(138)	(64)
TOTAL	**569**	**391**
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	1,035	178
Measurement of financial instruments at fair value (IAS 32/39)	(524)	(264)
Other	(56)	27
TOTAL	**455**	**(59)**
DEFERRED TAX INCOME/(EXPENSE)	**1,024**	**332**

The increase in deferred tax income results mainly from the tax impacts of some impairment losses on property, plant and equipment recorded in 2015.

9.2 Deferred tax income/(expense) recognized in “Other comprehensive income”

Net deferred tax income/(expense) recognized in “Other comprehensive income” is broken down by component as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Available-for-sale financial assets	(7)	(13)
Actuarial gains and losses	(139)	516
Net investment hedges	70	94
Cash flow hedges on other items	(142)	90
Cash flow hedges on net debt	14	11
TOTAL EXCLUDING SHARE OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**(204)**	**698**
Share of entities accounted for using the equity method	(18)	21
TOTAL	**(222)**	**719**

9.3 Deferred taxes presented in the statement of financial position

9.3.1 Change in deferred taxes

Changes in deferred taxes recognized in the statement of financial position, after netting deferred tax assets and liabilities by tax entity, break down as follows:

In millions of euros	Assets	Liabilities	Net position
At December 31, 2014	**978**	**(9,049)**	**(8,071)**
Impact on net income of the year	569	455	1,024
Impact on other comprehensive income items	(71)	(110)	(180)
Impact of change in scope of consolidation	23	(8)	16
Impact of translation adjustments	126	(112)	14
Transfers to assets and liabilities classified as held for sale	(571)	914	343
Other	(3)	7	5
Impact of netting by tax entity	228	(228)	-
AT DECEMBER 31, 2015	**1,280**	**(8,131)**	**(6,851)**

9.3.2 Analysis of the net deferred tax position recognized in the statement of financial position (before netting deferred tax assets and liabilities by tax entity), by type of temporary difference

	Statement of financial position at	
In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Deferred tax assets:		
Tax loss carry-forwards and tax credits	2,532	2,655
Pension obligations	1,438	1,633
Non-deductible provisions	642	512
Difference between the carrying amount of PP&E and intangible assets and their tax bases	1,115	1,129
Measurement of financial instruments at fair value (IAS 32/39)	1,795	1,416
Other	564	667
TOTAL	**8,086**	**8,012**
Deferred tax liabilities:		
Difference between the carrying amount of PP&E and intangible assets and their tax bases	(12,181)	(14,062)
Measurement of financial instruments at fair value (IAS 32/39)	(1,827)	(1,198)
Other	(929)	(823)
TOTAL	**(14,937)**	**(16,083)**
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(6,851)**	**(8,071)**

The deferred tax assets recognized in respect of tax loss carry-forwards are justified by the existence of adequate taxable timing differences and/or by expectations that these loss carry-forwards will be used over the period covered by the medium-term plan (2016-2021), as approved by management, except when the specific context justifies it.

9.4 Unrecognized deferred taxes

At December 31, 2015, the tax effect of tax losses and tax credits eligible for carry-forward but not utilized and not recognized in the statement of financial position amounted to €3,308 million (€2,328 million at December 31, 2014). Most of these unrecognized tax losses relate to companies based in countries which allow losses to be carried forward indefinitely (mainly Belgium, Luxembourg, France, Australia and the United Kingdom) or up to nine years in the Netherlands. These tax loss carry-forwards did not give rise to the recognition of deferred tax due to the absence of sufficient profit forecasts in the medium term.

The tax effect of other tax-deductible temporary differences not recorded in the statement of financial position was €1,472 million at end-December 2015 versus €1,150 million at end-December 2014.

NOTE 10 Net recurring income Group share

Net recurring income Group share is a financial indicator used by the Group in its financial reporting to present net income Group share adjusted for unusual or non-recurring items.

This financial indicator therefore excludes:

- all items presented between the lines “Current operating income after share in net income of entities accounted for using the equity method” and “Income/(loss) from operating activities”, i.e. “Mark-to-market on commodity contracts other than trading instruments”, “Impairment losses”, “Restructuring costs”, “Changes in scope of consolidation” and “Other non-recurring items”. These items are defined in Note 1.4.17 “Current operating income”;
- the following components of net financial income/(loss): the impact of debt restructuring, compensation payments on the early unwinding of derivative instruments net of the reversal of the fair value of these derivatives that were settled early, changes in the fair value of derivative instruments which do not qualify as hedges under IAS 39 – *Financial Instruments: Recognition and Measurement,* as well as the ineffective portion of derivative instruments that qualify as hedges;
- the income tax impact of the items described above, determined using the statutory income tax rate applicable to the relevant tax entity;
- the deferred tax income of €338 million recorded in 2015 in respect of the recognition of deferred tax assets in Luxembourg *(see Note 9.1.2);*
- net non-recurring items included in “Share in net income of entities accounted for using the equity method”. The excluded items correspond to the non-recurring items as defined above.

The reconciliation of net income/(loss) with net recurring income/(loss) Group share is as follows:

In millions of euros	Notes	Dec. 31, 2015	Dec. 31, 2014 [1]
NET INCOME/(LOSS) GROUP SHARE		**(4,617)**	**2,437**
Non-controlling interests		(496)	669
NET INCOME/(LOSS)		**(5,113)**	**3,106**
Reconciliation items between "CURRENT OPERATING INCOME AFTER SHARE IN NET INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD" and "INCOME/(LOSS) FROM OPERATING ACTIVITIES"		**9,568**	**587**
Mark-to-market on commodity contracts other than trading instruments	*7.1*	*261*	*298*
Impairment losses	*7.2*	*8,748*	*1,037*
Restructuring costs	*7.3*	*265*	*167*
Changes in scope of consolidation	*7.4*	*46*	*(562)*
Other non-recurring items	*7.5*	*248*	*(353)*
Other adjusted items		**(1,204)**	**(210)**
Ineffective portion of derivatives qualified as fair value hedges	*8.1*	*8*	*21*
Gains/(losses) on debt restructuring and early unwinding of derivative financial instruments	*8.2*	*122*	*221*
Change in fair value of derivatives not qualified as hedges	*8.3*	*102*	*206*
Taxes on non-recurring items		*(1,110)*	*(659)*
Deferred income tax in Luxembourg		*(338)*	*-*
Non-recurring income included in share in net income of entities accounted for using the equity method	*3*	*12*	*2*
NET RECURRING INCOME		**3,251**	**3,484**
Non-controlling interests net recurring income		663	760
NET RECURRING INCOME GROUP SHARE		**2,588**	**2,725**

(1) Further to an agreement entered into on November 30, 2015 between the Belgian State, ENGIE and Electrabel, the expense relating to the nuclear contribution is now classified in recurring expenses. To ensure the comparability of financial information between the two reporting periods, the net expense of €397 million relating to the 2014 contribution (i.e. €407 million of Belgian nuclear contribution less €10 million of refacturations to E.On and others), which was not included within the Group's reported net recurring income for 2014, is presented under 2014 recurring income. Following this adjustment, net recurring income Group share for 2014 now amounts to €2,725 million (versus €3,125 million as reported in 2014) (see Note 27.1.10 "Objection to Belgian nuclear contributions").

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NOTE 11 Earnings per share

	Dec. 31, 2015	Dec. 31, 2014
Numerator *(in millions of euros)*		
Net income/(loss) Group share	**(4,617)**	**2,437**
Interests from deeply-subordinated perpetual notes	(145)	(67)
Net income/(loss) Group share used to calculate earnings per share	**(4,762)**	**2,370**
Impact of dilutive instruments	-	-
Diluted net income/(loss) Group share	**(4,762)**	**2,370**
Denominator *(in millions of shares)*		
Average number of outstanding shares	**2,392**	**2,367**
Impact of dilutive instruments:		
• Bonus share plans reserved for employees	11	15
Diluted average number of outstanding shares	**2,403**	**2,382**
Earnings per share *(in euros)*		
Basic earnings/(loss) per share	**(1.99)**	**1.00**
Diluted earnings/(loss) per share	**(1.99)**	**0.99**

In compliance with IAS 33 – *Earnings per Share*, earnings per share and diluted earnings per share are based on net income/(loss) Group share after deduction of payments to bearers of deeply-subordinated perpetual notes *(see Note 17.2.1)*.

The Group's dilutive instruments included in the calculation of diluted earnings per share include the bonus shares and performance shares granted in the form of ENGIE securities.

Due to their accretive effect, all stock option plans were excluded from the 2014 and 2015 diluted earnings per share calculation.

Instruments that were accretive at December 31, 2015 may become dilutive in subsequent periods due to changes in the average annual share price. These plans are described in Note 23 "Share-based payments".

NOTE 12 Goodwill

12.1 Movements in the carrying amount of goodwill

In millions of euros	Net amount
At January 1, 2014	**20,420**
Impairment losses	(82)
Changes in scope of consolidation and Other	531
Translation adjustments	353
At December 31, 2014	**21,222**
Impairment losses	(2,628)
Changes in scope of consolidation and Other	201
Translation adjustments	230
AT DECEMBER 31, 2015	**19,024**

The impact of changes in the scope of consolidation relates primarily to the recognition of €123 million in provisional goodwill following the acquisition of Solairedirect (*see Note 4.2*).

Translation adjustments totaling a positive €230 million are primarily related to the US dollar (a positive €218 million), the pound sterling (a positive €50 million) and the Brazilian real (a negative €95 million).

As a result of the annual impairment tests performed in 2015 on the goodwill CGUs, the Group recognized impairment losses on goodwill totaling €2,628 million (€1,619 million recognized against the Global Gas & LNG CGU, €911 million against the portfolio of assets held for sale in the United States and €83 million against the South Asia, Middle East & Africa CGU). The impairment tests performed on the CGUs in 2015 are described in Note 7.2 "Impairment losses".

The increase in this caption recorded in 2014 related chiefly to the recognition of €375 million in goodwill arising on the acquisition of a controlling interest in Gaztransport & Technigaz (GTT) and of €213 million in provisional goodwill arising on the Ecova acquisition, as well as the derecognition of €134 million in goodwill following the change in the consolidation method applied to investments in the Walloon distribution network operator (*see Note 4.4*).

12.2 Main goodwill CGUs

At December 31, 2015, the breakdown of goodwill by CGU is as follows:

In millions of euros	Operating segment	Dec. 31, 2015
MATERIAL CGUS		
Energy - Central Western Europe	Energy Europe	8,400
Distribution	Infrastructures	4,009
Global Gas & LNG(1)	Global Gas & LNG	378
Energy Services - International	Energy Services	1,156
OTHER SIGNIFICANT CGUS		
Energy - United Kingdom - Turkey	Energy International	657
Transmission France	Infrastructures	614
Energy - North America	Energy International	612
Storage	Infrastructures	543
OTHER CGUS (GOODWILL INDIVIDUALLY LESS THAN €500 MILLION)		**2,656**
TOTAL		**19,024**

(1) The goodwill allocated to the Global Gas & LNG CGU before impairment testing amounted to €1,997 million (see Note 7).

12.3 Impairment testing of goodwill CGUs

All goodwill Cash Generating Units (goodwill CGUs) are tested for impairment based on data as of end-June, completed by a review of events arisen in the second half of the year. In most cases, the recoverable value of the goodwill CGUs is determined by reference to a value-in-use that is calculated based on cash flow projections drawn from the 2016 budget and from the 2017-2021 medium-term business plan, as approved by the Group Management Committee and the Board of Directors, and on extrapolated cash flows beyond that time frame.

Cash flow projections are drawn up in accordance with the conditions described in Note 7.2 “Impairment losses”.

The discount rates used correspond to the weighted average cost of capital, which is adjusted in order to reflect the business, market, country and currency risk relating to each goodwill CGU reviewed. The discount rates used are consistent with available external information sources. The post-tax rates used in 2015 to measure the value-in-use of the goodwill CGUs for discounting future cash flows ranged between 4.7% and 14.5%, compared with a range of between 4.9% and 15.0% in 2014. The discount rates used for the main goodwill CGUs are shown in Notes 12.3.1 “Material CGUs” and 12.3.2 “Other significant CGUs” below.

12.3.1 Material CGUs

This section presents the method for determining value-in-use, the key assumptions underlying the valuation, and the sensitivity analyses for the impairment tests on CGUs where the amount of goodwill represents more than 5% of the Group’s total goodwill at December 31, 2015.

The impairment test related to the goodwill allocated to the Global Gas & LNG CGU is described in Note 7.2.2.

12.3.1.1 Goodwill allocated to the CWE CGU

The Energy-Central Western Europe (CWE) CGU groups together natural gas supply, trading, marketing and sales activities, along with power generation and the sale of energy in France, Belgium, the Netherlands, Luxembourg and Germany. The power stations represent 22,869 MW and include mainly nuclear power plants in Belgium (5,028 MW), drawing rights on nuclear facilities in France (1,218 MW), hydropower plants in France (2,295 MW), and thermal power plants (9,966 MW). The total amount of goodwill allocated to the CWE CGU was €8,400 million.

The value-in-use of the CWE CGU was calculated using the cash flow forecasts drawn up on the basis of the 2016 budget and the 2017-2021 medium-term business plan approved by the Group Management Committee and Board of Directors. Cash flow forecasts beyond this six-year period were based on the reference scenario adopted by the Group.

Cash flow forecasts relating to the main contributing businesses for the period beyond the medium-term business plan were determined as described below:

Activities	Assumptions applied beyond the term of the business plan
Thermal (gas- and coal-fired power plants) and wind power generation	Cash flow projection over the useful life of generation assets and underlying contracts.
Nuclear power generation in Belgium	For Doel 1, Doel 2 and Tihange 1, cash flow projection over a useful life of 50 years. For the second generation reactors (Doel 3, Doel 4, Tihange 2 and Tihange 3), cash flow projection over 40 years, then extension of the operating life of half of this power plant portfolio for a period of 20 years.
Drawing rights on Chooz B et Tricastin power plants	Cash flow projection over the remaining term of existing contract plus assumption that drawing rights will be extended for a further ten years.
Hydropower generation in France	Cash flow projection over the life time of concessions plus assumption that concessions will be renewed.
Natural gas supply, trading and marketing and sales France activities	Cash flow projection over a time period allowing for the convergence towards expected long-term equilibrium price level and margin levels, plus application of a terminal value based on a normative cash flow using a long-term growth rate of 1.9%.

The discount rates applied to these cash flow forecasts range from 5.2% to 9.2%, depending on the risk profile of each business activity.

Key assumptions used for impairment tests

Key assumptions used for impairment tests for the Central Western Europe goodwill CGU concern discount rates and expected changes in the regulatory environment, in the demand for electricity and gas, and in the price of fuel, CO_2 and electricity beyond the liquidity period.

On November 17, 2015, the Belgian Federal Agency for Nuclear Control (AFCN) authorized the restart of the Doel 3 and Tihange 2 nuclear reactors. They had been inoperative since March 25, 2014, the date to which the Group decided to bring forward the planned outages of the two reactors based on the findings of tests carried out on samples of substances in the vessels. Following several tests, inspections and test campaigns, the findings were documented in a supporting report submitted to the AFCN in October 2015 and the AFCN decided that the two reactors could be safely restarted. The 2015 impairment test takes into account the restart of the reactors as of January 1, 2016.

The most important assumptions concerning the regulatory environment in Belgium relate to the operating life of existing nuclear reactors.

In order to ensure the security of supply in Belgium, on June 18, 2015 the parliament approved the extension of the operating life of the Doel 1 and Doel 2 reactors for a period of 10 years. The law of January 31, 2003 on the phase-out of nuclear energy in Belgium was therefore amended, extending the operating life of the Doel 1 and Doel 2 reactors to February 15, 2025 and December 1, 2025, respectively. The restart of the two reactors was authorized by the AFCN in December 2015. In addition, the agreement entered into with the Belgian government on November 30, 2015 provides for annual royalties totaling €20 million for the extension of the Doel 1 and Doel 2 reactors, as well as new conditions for determining the nuclear contribution applicable to second-generation reactors (Doel 3 and 4 and Tihange 2 and 3) through their 40th year of operation. This agreement will take effect subject to the adoption of two specific laws by July 31, 2016. The impairment test carried out in 2015 took into account the impacts of this agreement, i.e. the 10-year extension of the two reactors, the payment of annual royalties totaling €20 million in respect of said extension, as well as the new conditions for determining the Belgian nuclear contribution.

In December 2013, concerning second-generation reactors, the previous government confirmed the principle for the gradual phase-out of nuclear power, with the shutdown of Doel 3 in 2022, Tihange 2 in 2023, and Tihange 3 and Doel 4 in 2025, after 40 years of operation. The principle and schedule were reaffirmed in the law of June 18, 2015.

However, in view of (i) the extension of the operating life of Tihange 1, Doel 1 and Doel 2 beyond 40 years, (ii) the importance of nuclear power generation in the Belgian energy mix, (iii) the lack of a sufficiently detailed and attractive industrial plan enticing energy utilities to invest in replacement thermal capacity, and (iv) CO_2 emissions reduction targets, the Group considers that nuclear power will still be needed to guarantee the energy equilibrium in Belgium after 2025. Accordingly, in calculating value in use, the Group assumes a 20-year extension of the operating life of half of its second-generation reactors, while taking into account a mechanism of nuclear contribution to be paid to the Belgian government.

In France, the Group includes an assumption that its drawing rights on the Tricastin and Chooz B nuclear plants expiring in 2021 and 2037, respectively, will be extended by ten years. Although no such decision has been taken by the government and the nuclear safety authority, the Group considers that extending the reactors' operating life is the most credible and likely scenario at this point in time. This is also consistent with the expected French energy mix featured in its reference scenario.

The Group also assumed that its hydropower concession agreements would be renewed, particularly the Compagnie Nationale du Rhône concession expiring in 2023.

Results of the impairment test

At December 31, 2015, the recoverable amount of the CWE goodwill CGU is higher than its carrying amount.

Goodwill CGU sensitivity analyses

A decrease of €1/MWh in electricity prices for nuclear power and hydropower generation would have a negative 82% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. Conversely, an increase of €1/MWh in electricity prices would have a positive 82% impact on the calculation.

A decrease of 5% in the margin captured by thermal power plants would have a negative 73% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. Conversely, an increase of 5% in the margin captured by thermal power plants would have a positive 73% impact on the calculation.

A decrease of 5% in the margin on gas and electricity sales activities would have a negative 70% impact on the excess of the recoverable amount over the carrying amount. However, the recoverable amount would remain above the carrying amount. Conversely, an increase of 5% in the margin on gas and electricity sales activities would have a positive 70% impact on the calculation.

In the event of an increase of 50 basis points in the discount rates the recoverable amount would fall below the carrying amount and result in an impairment loss of around €1,100 million.

For Belgian nuclear facilities and French hydropower plants under concession, the cash flows for the periods covered by the renewal of the hydropower concessions and the 20-year extension of the operating lives of half of the second-generation nuclear reactors are based on a number of assumptions relating to the economic and regulatory conditions for operating these assets (royalty rates, required level of investment, etc.) during this period.

Various transformational scenarios were considered concerning nuclear power generation in Belgium:

- the disappearance of the entire nuclear component from the portfolio in 2025 after 50 years of operation in the case of Tihange 1, Doel 1 and Doel 2, and 40 years of operation for the second-generation reactors would have a strongly adverse impact on the results of the test, with the recoverable amount falling significantly below the carrying amount. In this scenario, the impairment risk would represent around €2,700 million;
- if the life of half of the second-generation reactors were to be extended by ten years and the entire nuclear component were to subsequently disappear, the recoverable amount would fall below the carrying amount and the impairment risk would represent €1,000 million.

In France, if the drawing rights on the Chooz B and Tricastin reactors were not extended for a further ten years, this would have a negative impact on the results of the test, with the goodwill CGU's recoverable amount falling below the carrying amount, resulting in an impairment loss risk of approximately €100 million.

12.3.1.2 Goodwill allocated to the Distribution CGU

The total amount of goodwill allocated to the Distribution CGU was €4,009 million at December 31, 2015. The Distribution CGU groups together the Group's regulated natural gas distribution activities in France.

The value-in-use of the Distribution CGU was calculated using cash flow projections drawn up on the basis of the 2016 budget and the medium-term 2017-2021 business plan, as approved by the Group Management Committee and the Board of Directors. The terminal value calculated at the end of the medium-term business plan corresponds to the expected Regulated Asset Base (RAB) with no premium at the end of 2021. The RAB is the value assigned by the regulator (CRE) to the assets operated by the distributor. It is the sum of the future pre-tax cash flows, discounted at a rate that equals the pre-tax rate of return guaranteed by the regulator.

The cash flow projections are drawn up based on the tariff for public natural gas distribution networks, known as the "ATRD 4 tariff", which entered into effect for a period of four years on July 1, 2012, and on the overall level of investments agreed by the French Energy Regulatory Commission (CRE) as part of its decision on the ATRD 4 tariff.

Given the regulated nature of the businesses grouped within the Distribution CGU, a reasonable change in any of the valuation parameters would not result in the recoverable value falling below the carrying amount.

12.3.1.3 Goodwill allocated to the Energy Services International CGU

The total amount of goodwill allocated to the Energy Services International CGU was €1,156 million at December 31, 2015. The Energy Services International CGU groups together activities covering the entire energy services value chain (with the exception of engineering services) which are located outside of the France & Benelux region. These include energy services activities related to energy efficiency and the management/maintenance of industrial and tertiary sites, as well as the generation, operation and distribution of renewable energy sources, and the operation of collective heating and cooling systems in urban areas. These activities are primarily carried out in Continental Europe (Austria, the Czech Republic, Germany, Italy, Poland, Portugal, Spain, Switzerland, the United Kingdom), the United States, Latin America (Brazil, Chile), Southeast Asia (Thailand, Malaysia, Singapore) and Australia.

Value-in-use was calculated using the cash flow projections drawn up on the basis of the 2016 budget and of the 2017-2021 medium-term business plan, as approved by the Group Management Committee and the Board of Directors. A terminal value was calculated by extrapolating the cash flows beyond that period using a long-term growth rate of 1.8%.

The main assumptions and key estimates primarily include the discount rates, changes in gross margin and the overall level of renewal and maintenance investments, as well as the growth perspectives of each activity in its respective market. The discount rates applied range between 5.4% and 10.9%, and differ primarily in accordance with the risk premiums assigned to the countries in which the Group operates.

An increase of 50 basis points in the discount rate used would have a negative 26% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. However, the recoverable value would remain above the carrying amount. A reduction of 50 basis points in the discount rate used would have a positive 31% impact on this calculation.

An increase of 25 basis points in the long-term growth rate used would have a positive 11% impact on the excess of the recoverable amount over the carrying amount of the goodwill CGU. A decrease of 25 basis points in the long-term growth rate used would have a negative 10% impact on this calculation. However, the recoverable amount would remain above the carrying amount.

12.3.2 Other significant CGUs

The table below sets out the assumptions used to determine the recoverable amount of the other main CGUs.

CGU	Operating segment	Measurement	Discount rate
Energy - United Kingdom - Turkey	Energy International	DCF + DDM	6.4% - 12.2%
Energy - North America	Energy International	DCF + DDM	5.1% - 10.4%
Storage	Infrastructures	DCF	4.7% - 8%

DDM refers to the discounted dividend model.

12.4 Goodwill segment information

The carrying amount of goodwill can be analyzed as follows by operating segment:

In millions of euros	Dec. 31, 2015
Energy International	2,618
Energy Europe	8,400
Global Gas & LNG	378
Infrastructures	5,324
Energy Services	2,182
Other (1)	123
TOTAL	**19,024**

(1) *Goodwill in the amount of €123 million included in the Other business line corresponds to provisional goodwill recognized in respect of the acquisition of Solairedirect (see Note 4.2).*

NOTE 13 Intangible assets

13.1 Movements in intangible assets

In millions of euros	Intangible rights arising on concession contracts	Capacity entitlements	Other	Total
GROSS AMOUNT				
At January 1, 2014	**2,702**	**2,445**	**9,250**	**14,397**
Acquisitions	225	-	510	735
Disposals	(40)	-	(47)	(87)
Translation adjustments	32	-	209	241
Changes in scope of consolidation	(91)	-	791	700
Other	(2)	48	(191)	(145)
At December 31, 2014	**2,825**	**2,493**	**10,523**	**15,841**
Acquisitions	241	-	644	886
Disposals	(4)	-	(246)	(251)
Translation adjustments	(2)	-	163	162
Changes in scope of consolidation	27	-	(175)	(149)
Transfers to "Assets classified as held for sale"	-	-	(16)	(16)
Other	21	52	19	92
AT DECEMBER 31, 2015	**3,108**	**2,545**	**10,912**	**16,565**
ACCUMULATED AMORTIZATION AND IMPAIRMENT				
At January 1, 2014	**(1,063)**	**(1,586)**	**(4,705)**	**(7,355)**
Amortization	(97)	(60)	(569)	(726)
Impairment	-	-	(221)	(222)
Disposals	37	-	35	72
Translation adjustments	(8)	-	(76)	(84)
Changes in scope of consolidation	65	-	11	77
Other	4	-	(38)	(35)
At December 31, 2014	**(1,062)**	**(1,646)**	**(5,564)**	**(8,272)**
Amortization	(101)	(71)	(565)	(737)
Impairment	(7)	-	(940)	(947)
Disposals	4	-	207	211
Translation adjustments	1	-	(74)	(73)
Changes in scope of consolidation	(2)	-	211	209
Transfers to "Assets classified as held for sale"	-	-	3	3
Other	(3)	-	56	53
AT DECEMBER 31, 2015	**(1,171)**	**(1,716)**	**(6,666)**	**(9,553)**
CARRYING AMOUNT				
At December 31, 2014	**1,763**	**847**	**4,959**	**7,569**
AT DECEMBER 31, 2015	**1,938**	**828**	**4,247**	**7,013**

In 2015, impairment losses on intangible assets amounted to €947 million, and primarily related to the corporate brand GDF Gaz de France (€455 million) and to the France customer relations portfolio (€95 million) as well as exploration licenses in Australia (€257 million) and in Qatar (€87 million) *(see Note 7.2 "Impairment losses")*.

Changes in the scope of consolidation in 2014 were mainly due to the acquisition of control over Gaztransport & Technigaz (GTT) following its initial public offering.

13.1.1 Intangible rights arising on concession contracts

This item primarily includes the right to bill users of public services recognized in accordance with the intangible asset model as set out in IFRIC 12. Acquisitions are mainly carried out by the Energy Services business line.

13.1.2 Capacity entitlements

The Group has acquired capacity entitlements from power stations operated by third parties. These power station capacity rights were acquired in connection with transactions or within the scope of the Group's involvement in financing the construction of certain power stations. In consideration, the Group received the right to purchase a share of the production over the useful life of the underlying assets. These rights are amortized over the useful life of the underlying assets, not to exceed 40 years. The Group currently holds entitlements in the Chooz B and Tricastin power plants in France and in the virtual power plant (VPP) in Italy.

13.1.3 Other

At December 31, 2015, this caption notably relates to licenses and intangible assets acquired as a result of the merger with Gaz de France. In light of market conditions and changes that took place in 2015, as described in Note 7.2 "Impairment losses" an impairment loss of €455 million was recognized against the GDF Gaz de France brand. The brand's residual carrying amount of €71 million will be amortized over a period of five years. The carrying amount of intangible assets that are not amortized (due to their indefinite useful life) therefore amounts to €116 million at December 31, 2015 (compared to €674 million at December 31, 2014).

The exploration and production licenses presented under "Other" in the table above are detailed in Note 20 "Exploration-production activities".

13.2 Information regarding research and development costs

Research and development activities primarily relate to various studies regarding technological innovation, improvements in plant efficiency, safety, environmental protection, service quality, and the use of energy resources.

Research and development costs, excluding technical assistance costs, totaled €190 million in 2015, of which €22 million in expenses related to in-house projects in the development phase that meet the criteria for recognition as an intangible asset as defined in IAS 38.

NOTE 14 Property, plant and equipment

14.1 Movements in property, plant and equipment

In millions of euros	Land	Buildings	Plant and equipment	Vehicles	Dismantling costs	Assets in progress	Other	Total
GROSS AMOUNT								
At January 1, 2014	**1,202**	**3,988**	**90,110**	**373**	**1,926**	**8,619**	**991**	**107,209**
Acquisitions	13	48	669	38	-	4,214	45	5,028
Disposals	(295)	(33)	(2,983)	(38)	(11)	(13)	(63)	(3,435)
Translation adjustments	22	69	1,800	7	(3)	261	8	2,163
Changes in scope of consolidation	(15)	(15)	(1,510)	3	(13)	(19)	18	(1,552)
Other	18	403	4,745	6	243	(5,436)	55	33
At December 31, 2014	**944**	**4,460**	**92,831**	**390**	**2,141**	**7,626**	**1,053**	**109,446**
Acquisitions	4	31	541	70	-	4,874	68	5,589
Disposals	(147)	(117)	(320)	(17)	(2)	(199)	(61)	(862)
Translation adjustments	(5)	76	409	6	5	202	2	695
Changes in scope of consolidation	(3)	-	(28)	6	(4)	(19)	(3)	(51)
Transfers to "Assets classified as held for sale"	(82)	1	(5,588)	(20)	(18)	(138)	(5)	(5,850)
Other	44	542	5,356	1	196	(5,917)	60	282
AT DECEMBER 31, 2015	**755**	**4,993**	**93,201**	**437**	**2,318**	**6,428**	**1,115**	**109,248**
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At January 1, 2014	**(387)**	**(1,830)**	**(37,527)**	**(246)**	**(786)**	**(2,596)**	**(725)**	**(44,098)**
Depreciation	(8)	(137)	(3,516)	(42)	(219)	-	(83)	(4,004)
Impairment	(11)	(32)	(402)	-	(42)	(213)	(2)	(702)
Disposals	280	(8)	2,810	34	8	32	59	3,214
Translation adjustments	-	(6)	(613)	(3)	2	(26)	(4)	(650)
Changes in scope of consolidation	1	32	769	-	5	(14)	(7)	786
Other	(21)	(170)	(1,147)	(2)	(7)	1,395	(7)	41
At December 31, 2014	**(147)**	**(2,151)**	**(39,627)**	**(258)**	**(1,039)**	**(1,422)**	**(770)**	**(45,414)**
Depreciation	(17)	(136)	(3,528)	(47)	(190)	-	(93)	(4,011)
Impairment	(14)	(12)	(3,066)	-	(35)	(1,653)	(3)	(4,784)
Disposals	52	64	240	14	2	1	53	427
Translation adjustments	7	(10)	(126)	(3)	2	(36)	(1)	(166)
Changes in scope of consolidation	3	3	(2)	(4)	2	-	-	3
Transfers to "Assets classified as held for sale"	-	-	1,709	8	-	1	-	1,719
Other	2	10	(977)	(23)	-	977	(22)	(33)
AT DECEMBER 31, 2015	**(113)**	**(2,231)**	**(45,377)**	**(314)**	**(1,259)**	**(2,132)**	**(834)**	**(52,259)**
CARRYING AMOUNT								
At December 31, 2014	**798**	**2,309**	**53,205**	**132**	**1,102**	**6,204**	**283**	**64,032**
AT DECEMBER 31, 2015	**642**	**2,762**	**47,824**	**123**	**1,059**	**4,296**	**281**	**56,988**

Impairment losses on “Property, plant and equipment” recognized in 2015, as described in Note 7.2 “Impairment losses”, primarily relate to exploration-production assets (€2,197 million), energy generation assets of the Energy International and Energy Europe business lines (€1,980 million), as well as a regasification terminal in North America (€195 million).

Net disposals of "Property, plant and equipment" of €435 million comprised in particular the disposal of interests in exploration-production licenses in Indonesia for €197 million, as well as the disposal of real estate for €148 million.

Further to the classification of the portfolio of merchant power generation assets in the United States as assets held for sale (*see Note 4.1 "Assets classified as held for sale")*, the carrying amount of the corresponding property, plant and equipment has been transferred to "Assets classified as held for sale" in the statement of financial position for the year ended December 31,2015.

Positive net translation adjustments of €529 million mainly relate to the US dollar (positive impact of €1,158 million), the pound sterling (positive impact of €145 million), the Brazilian real (negative impact of €706 million), and the Norwegian krone (negative impact of €98 million).

Assets relating to exploration-production included in the table above are detailed by nature in Note 20 "Exploration-production activities". Fields under development are shown under "Assets in progress", while fields in production are included in "Plant and equipment".

In 2014, the net increase in "Property, plant and equipment" mainly resulted from:

- positive exchange rate fluctuations for €1,513 million, mainly resulting from the US dollar (positive impact of €1,261 million), the pound sterling (positive impact of €186 million), the Thai baht (positive impact of €151 million), the Australian dollar (positive impact of €92 million), and the Norwegian krone (negative impact of €199 million);
- changes in scope of consolidation for a negative €766 million, mainly due to the disposal of the portfolio of power generation assets in Panama and Costa Rica, as well as the disposal of 50% of the portfolio of wind farm assets in the United Kingdom;
- impairment losses amounting to €702 million, mainly related to exploration-production assets in the North Sea (€252 million), as well as thermal power plants in Europe (€228 million), mainly in the United Kingdom.

14.2 Pledged and mortgaged assets

Items of property, plant and equipment pledged by the Group to guarantee borrowings and debt amounted to €5,267 million at December 31, 2015 versus €5,068 million at December 31, 2014.

14.3 Contractual commitments to purchase property, plant and equipment

In the ordinary course of their operations, some Group companies have entered into commitments to purchase, and the related third parties to deliver, property, plant and equipment. These commitments relate mainly to orders for equipment, and material required for the construction of energy production units (power plants and fields under development of the exploration-production activities), and for service agreements.

Investment commitments made by the Group to purchase property, plant and equipment totaled €3,181 million at December 31, 2015 versus €3,849 million at December 31, 2014.

14.4 Other information

Borrowing costs for 2015 included in the cost of property, plant and equipment amounted to €178 million at December 31, 2015 versus €154 million at December 31, 2014.

NOTE 15 Financial instruments

15.1 Financial assets

The following table presents the Group's different categories of financial assets, broken down into current and non-current items:

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Available-for-sale securities	3,016	-	3,016	2,893	-	2,893
Loans and receivables at amortized cost	2,377	20,080	22,457	2,960	22,483	25,443
Loans and receivables at amortized cost (excluding trade and other receivables)	*2,377*	*731*	*3,108*	*2,960*	*925*	*3,885*
Trade and other receivables	-	*19,349*	*19,349*	-	*21,558*	*21,558*
Other financial assets at fair value	4,026	12,029	16,055	2,733	9,337	12,069
Derivative instruments	*4,026*	*10,857*	*14,883*	*2,733*	*7,886*	*10,619*
Financial assets at fair value through income	-	*1,172*	*1,172*	-	*1,450*	*1,450*
Cash and cash equivalents	-	9,183	9,183	-	8,546	8,546
TOTAL	**9,419**	**41,292**	**50,711**	**8,585**	**40,366**	**48,951**

15.1.1 Available-for-sale securities

In millions of euros	
At January 1, 2014	**3,015**
Acquisitions	279
Disposals - carrying amount excluding changes in fair value recorded in “Other comprehensive income”	(669)
Disposals - “Other comprehensive income” derecognized	(37)
Other changes in fair value recorded in equity	84
Changes in fair value recorded in income	(43)
Changes in scope of consolidation, foreign currency translation and other changes	265
At December 31, 2014	**2,893**
Acquisitions	272
Disposals - carrying amount excluding changes in fair value recorded in “Other comprehensive income”	(23)
Disposals - “Other comprehensive income” derecognized	(17)
Other changes in fair value recorded in equity	(2)
Changes in fair value recorded in income	(147)
Changes in scope of consolidation, foreign currency translation and other changes	39
AT DECEMBER 31, 2015	**3,016**

The Group’s available-for-sale securities amounted to €3,016 million at December 31, 2015 breaking down as €1,593 million of listed securities and €1,423 million of unlisted securities (respectively, €1,406 million and €1,487 million at December 31, 2014).

The main changes over the period correspond to the acquisition by Synatom of money market funds and bonds as part of its investing objectives designed to cover nuclear provisions *(see Note 15.1.5)*.

In 2014, the main changes over the period corresponded to the disposal of the Group’s interest in the Flemish mixed inter-municipal companies and the accounting for the Group’s interest in the Walloon inter-municipal companies as available-for-sale securities *(see Note 4.4.2.2)*.

15.1.1.1 Gains and losses on available-for-sale securities recognized in equity or income

The table below shows gains and losses on available-for-sale securities recognized in equity or income:

		Post-acquisition measurement				
In millions of euros	Dividends	Change in fair value	Foreign currency translation	Impairment	Reclassified to income	Net gain on disposals
Equity (1)	-	(2)	16	-	(17)	-
Income	101	-	-	(147)	17	64
TOTAL AT DECEMBER 31, 2015	**101**	**(2)**	**16**	**(147)**	**-**	**64**
Equity (1)	-	84	2	-	(37)	-
Income	103	-	-	(43)	37	365
TOTAL AT DECEMBER 31, 2014	**103**	**84**	**2**	**(43)**	**-**	**365**

(1) Excluding tax impact.

In 2015, net disposal gains/(losses) on available-for-sale securities were not material. In 2014, net disposal gains/(losses) on available-for-sale securities mainly comprised the disposal gain recorded on the sale of the Group’s interest in the Flemish mixed inter-municipal companies *(see Note 4.4.2.1)*.

15.1.1.2 Analysis of available-for-sale securities in connection with impairment tests

The Group reviewed the value of its available-for-sale securities on a case-by-case basis in order to determine whether any impairment losses should be recognized in light of the current market environment.

Among factors taken into account, an impairment indicator for listed securities is when the value of any such security falls below 50% of its historical cost or remains below its historical cost for more than 12 months.

The Group recognized impairment losses for an amount of €147 million at December 31, 2015.

Based on its analyses, the Group has not identified any evidence of material unrealized capital losses at December 31, 2015 on other securities.

15.1.2 Loans and receivables at amortized cost

In millions of euros	Dec. 31, 2015 Non-current	Dec. 31, 2015 Current	Dec. 31, 2015 Total	Dec. 31, 2014 Non-current	Dec. 31, 2014 Current	Dec. 31, 2014 Total
Loans and receivables at amortized cost (excluding trade and other receivables)	2,377	731	3,108	2,960	925	3,885
Loans granted to affiliated companies	*735*	*467*	*1,202*	*664*	*573*	*1,237*
Other receivables at amortized cost	*707*	*157*	*864*	*762*	*107*	*869*
Amounts receivable under concession contracts	*14*	*6*	*20*	*620*	*132*	*752*
Amounts receivable under finance leases	*921*	*101*	*1,021*	*913*	*113*	*1,026*
Trade and other receivables	-	19,349	19,349	-	21,558	21,558
TOTAL	**2,377**	**20,080**	**22,457**	**2,960**	**22,483**	**25,443**

The table below shows impairment losses on loans and receivables at amortized cost:

In millions of euros	Dec. 31, 2015 Gross	Dec. 31, 2015 Allowances and impairment	Dec. 31, 2015 Net	Dec. 31, 2014 Gross	Dec. 31, 2014 Allowances and impairment	Dec. 31, 2014 Net
Loans and receivables at amortized cost (excluding trade and other receivables)	3,369	(261)	3,108	4,186	(301)	3,885
Trade and other receivables	20,412	(1,063)	19,349	22,479	(921)	21,558
TOTAL	**23,781**	**(1,324)**	**22,457**	**26,664**	**(1,222)**	**25,443**

Information on the age of receivables past due but not impaired and on counterparty risk associated with loans and receivables at amortized cost (including trade and other receivables) are provided in Note 16.2 “Counterparty risk”.

Net gains and losses recognized in the consolidated income statement with regard to loans and receivables at amortized cost (including trade and other receivables) break down as follows:

In millions of euros	Interest income	Post-acquisition measurement: Foreign currency translation	Post-acquisition measurement: Impairment
At December 31, 2015	110	(4)	(195)
At December 31, 2014	111	(5)	(63)

Loans and receivables at amortized cost (excluding trade and other receivables)

At December 31, 2015, the Group recognized an impairment loss against receivables granted to a joint venture commissioned to build an offshore storage and regasification LNG terminal *(see Note 7.2.3)*.

At December 31, 2014, no material impairment losses had been recognized against loans and receivables at amortized cost (excluding trade and other receivables).

Trade and other receivables

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. The carrying amount of trade and other receivables in the consolidated statement of financial position represents a reasonable estimate of the fair value.

Impairment losses recognized against trade and other receivables are stable, at €1,063 million at December 31, 2015 (€921 million at December 31, 2014).

15.1.3 Other financial assets at fair value through income

In millions of euros	Dec. 31, 2015 Non-current	Dec. 31, 2015 Current	Dec. 31, 2015 Total	Dec. 31, 2014 Non-current	Dec. 31, 2014 Current	Dec. 31, 2014 Total
Derivative instruments	**4,026**	**10,857**	**14,883**	**2,733**	**7,886**	**10,619**
Derivatives hedging borrowings	*1,174*	*240*	*1,413*	*978*	*165*	*1,143*
Derivatives hedging commodities	*1,962*	*10,510*	*12,472*	*716*	*7,653*	*8,369*
Derivatives hedging other items (1)	*890*	*107*	*998*	*1,038*	*68*	*1,107*
Financial assets at fair value through income (excluding margin calls)	**-**	**797**	**797**	**-**	**808**	**808**
Financial assets qualifying as at fair value through income	*-*	*779*	*779*	*-*	*795*	*795*
Financial assets designated as at fair value through income	*-*	*17*	*17*	*-*	*13*	*13*
Margin calls on derivatives hedging borrowings - assets	**-**	**375**	**375**	**-**	**643**	**643**
TOTAL	**4,026**	**12,029**	**16,055**	**2,733**	**9,337**	**12,069**

(1) Derivatives hedging other items mainly include the interest rate component of interest rate derivatives (not qualifying as hedges or qualifying as cash flow hedges) that are excluded from net debt, as well as net investment hedge derivatives.

Financial assets qualifying as at fair value through income (excluding margin calls) are mainly money market funds held for trading purposes and held to be sold in the near term. They are included in the calculation of the Group's net debt *(see Note 15.3 "Net debt")*.

Gains on financial assets qualifying as at fair value through income (excluding derivatives) held for trading purposes totaled €9 million in 2015 versus €10 million in 2014.

Gains and losses on financial assets designated as at fair value through income in 2015 and 2014 were not material.

15.1.4 Cash and cash equivalents

Cash and cash equivalents totaled €9,183 million at December 31, 2015 (€8,546 million at December 31, 2014).

This amount included funds raised in 2014 relating to the green bond issue, that remain unallocated to the funding of eligible projects for an amount of €786 million at December 31, 2015 (see the Registration Document).

This amount also included €258 million in cash and cash equivalents subject to restrictions (€236 million at December 31, 2014). Cash and cash equivalents subject to restrictions include notably €134 million of cash equivalents set aside to cover the repayment of borrowings and debt as part of project financing arrangements in certain subsidiaries.

Gains recognized in respect of "Cash and cash equivalents" amounted to €121 million at December 31, 2015 compared to €96 million at December 31, 2014.

15.1.5 Financial assets set aside to cover the future costs of dismantling nuclear facilities and managing radioactive fissile material

As indicated in Note 18.2 "Nuclear dismantling liabilities", the Belgian law of April 11, 2003, amended by the law of April 25, 2007, granted the Group's wholly-owned subsidiary Synatom responsibility for managing and investing funds received from operators of nuclear power plants in Belgium and designed to cover the costs of dismantling nuclear power plants and managing radioactive fissile material.

Pursuant to the law, Synatom may lend up to 75% of these funds to operators of nuclear plants provided that they meet certain financial criteria – particularly in terms of credit quality. The funds that cannot be lent to operators are either lent to entities meeting the credit quality criteria set by the law or invested in financial assets such as bonds and money market funds.

Loans to entities outside the Group and other cash investments are shown in the table below:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Loans to third parties	**594**	**602**
Loan to Eso/Elia	454	454
Loan to Ores	82	82
Loan to Sibelga	58	66
Other cash investments	**1,193**	**1,086**
Bond portfolio	-	145
Money market funds	1,193	941
TOTAL	**1,787**	**1,688**

Loans to entities outside the Group are shown in the statement of financial position as “Loans and receivables at amortized cost”. Bonds and money market funds held by Synatom are shown as “Available-for-sale securities”.

15.1.6 Transfer of financial assets

At December 31, 2015, the outstanding amount of transferred financial assets (as well as the risks to which the Group remains exposed following the transfer of those financial assets) as part of transactions leading to either (i) all or part of those assets being retained in the statement of financial position, or (ii) their full deconsolidation while retaining a continuing involvement in these financial assets, was not material in terms of the Group’s aggregates.

At December 2015, the Group carried out disposals without recourse of financial assets as part of transactions leading to full deconsolidation, for an outstanding amount of €856 million.

15.1.7 Financial assets and equity instruments pledged as collateral for borrowings and debt

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Financial assets and equity instruments pledged as collateral	4,348	3,647

This item mainly includes the carrying amount of equity instruments pledged as collateral for borrowings and debt.

15.2 Financial liabilities

Financial liabilities are recognized either:

- as “Liabilities at amortized cost” for borrowings and debt, trade and other payables, and other financial liabilities;
- as “Financial liabilities at fair value through income” for derivative instruments or financial liabilities designated as derivatives.

The following table presents the Group’s different financial liabilities at December 31, 2015, broken down into current and non-current items:

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt	28,123	11,032	39,155	28,024	10,297	38,321
Derivative instruments	4,216	8,642	12,858	3,020	5,895	8,915
Trade and other payables	-	17,101	17,101	-	18,799	18,799
Other financial liabilities	237	-	237	286	-	286
TOTAL	**32,577**	**36,775**	**69,352**	**31,329**	**34,991**	**66,320**

15.2.1 Borrowings and debt

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Bond issues	21,912	2,057	23,969	21,155	1,705	22,860
Bank borrowings	4,694	1,765	6,459	4,977	1,116	6,093
Commercial paper	-	5,378	5,378	-	5,219	5,219
Drawdowns on credit facilities	95	10	105	640	48	688
Liabilities under finance leases	517	95	611	423	92	515
Other borrowings	319	80	399	552	458	1,010
TOTAL BORROWINGS	**27,537**	**9,385**	**36,922**	**27,748**	**8,639**	**36,387**
Bank overdrafts and current accounts	-	603	603	-	469	469
OUTSTANDING BORROWINGS AND DEBT	**27,537**	**9,988**	**37,525**	**27,748**	**9,108**	**36,855**
Impact of measurement at amortized cost	276	107	383	(80)	510	430
Impact of fair value hedges	310	23	333	356	47	403
Margin calls on derivatives hedging borrowings - liabilities	-	914	914	-	633	633
BORROWINGS AND DEBT	**28,123**	**11,032**	**39,155**	**28,024**	**10,297**	**38,321**

The fair value of gross borrowings and debt amounted to €40,920 million at December 31, 2015, compared with a carrying amount of €39,155 million.

Financial income and expenses relating to borrowings and debt are detailed in Note 8 “Net financial income/(loss)”.

Borrowings and debt are analyzed in Note 15.3 “Net debt”.

15.2.2 Derivative instruments

Derivative instruments recorded in liabilities are evaluated at fair value and broken down as follows:

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Derivatives hedging borrowings	278	100	377	226	175	401
Derivatives hedging commodities	2,528	8,493	11,022	945	5,619	6,564
Derivatives hedging other items [(1)]	1,410	49	1,459	1,849	101	1,950
TOTAL	**4,216**	**8,642**	**12,858**	**3,020**	**5,895**	**8,915**

(1) Derivatives hedging other items mainly include the interest rate component of interest rate derivatives (not qualifying as hedges or qualifying as cash flow hedges), that are excluded from net debt, as well as net investment hedge derivatives.

15.2.3 Trade and other payables

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Trade payables	16,280	17,957
Payable on fixed assets	821	842
TOTAL	**17,101**	**18,799**

The carrying amount of these financial liabilities represents a reasonable estimate of their fair value.

15.2.4 Other financial liabilities

At December 31, 2015, other financial liabilities amounted to €237 million (compared to €286 million at December 31, 2014) mainly corresponding to debt resulting from:

- purchase obligations (put options on non-controlling interests) granted by the Group notably for:
  - 41.01% of the shares of La Compagnie du Vent, which is fully consolidated;
  - 3.45% of the shares of Solairedirect, which is fully consolidated.

  These commitments to purchase equity instruments have been recognized under financial liabilities *(see Note 1.4.11.2 "Financial liabilities")*;
- uncalled share capital of entities accounted for using the equity method, notably Cameron LNG.

15.3 Net debt

15.3.1 Net debt by type

	Dec. 31, 2015			Dec. 31, 2014		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Borrowings and debt outstanding	27,537	9,988	37,525	27,748	9,108	36,855
Impact of measurement at amortized cost	276	107	383	(80)	510	430
Impact of fair value hedge (1)	310	23	333	356	47	403
Margin calls on derivatives hedging borrowings - liabilities	-	914	914	-	633	633
BORROWINGS AND DEBT	**28,123**	**11,032**	**39,155**	**28,024**	**10,297**	**38,321**
Derivatives hedging borrowings - carried in liabilities (2)	278	100	377	226	175	401
GROSS DEBT	**28,401**	**11,132**	**39,533**	**28,249**	**10,472**	**38,722**
Assets related to financing	(37)	-	(37)	(55)	(16)	(71)
ASSETS RELATED TO FINANCING	**(37)**	**-**	**(37)**	**(55)**	**(16)**	**(71)**
Financial assets at fair value through income (excluding margin calls)	-	(797)	(797)	-	(808)	(808)
Margin calls on derivatives hedging borrowings - carried in assets	-	(375)	(375)	-	(643)	(643)
Cash and cash equivalents	-	(9,183)	(9,183)	-	(8,546)	(8,546)
Derivatives hedging borrowings - carried in assets (2)	(1,174)	(240)	(1,413)	(978)	(165)	(1,143)
NET CASH	**(1,174)**	**(10,595)**	**(11,768)**	**(978)**	**(10,162)**	**(11,140)**
NET DEBT	**27,190**	**537**	**27,727**	**27,216**	**295**	**27,511**
Borrowings and debt outstanding	27,537	9,988	37,525	27,748	9,108	36,855
Assets related to financing	(37)	-	(37)	(55)	(16)	(71)
Financial assets at fair value through income (excluding margin calls)	-	(797)	(797)	-	(808)	(808)
Cash and cash equivalents	-	(9,183)	(9,183)	-	(8,546)	(8,546)
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, CASH COLLATERAL AND AMORTIZED COST	**27,500**	**8**	**27,508**	**27,693**	**(262)**	**27,430**

(1) This item corresponds to the revaluation of the interest rate component of debt in a qualified fair value hedging relationship.
(2) This item represents the fair value of debt-related derivatives irrespective of whether or not they are qualified as hedges.

15.3.2 Main events of the period

15.3.2.1 Impact of changes in the scope of consolidation and in exchange rates on net debt

In 2015, changes in exchange rates resulted in a €512 million increase in net debt (including €483 million in relation to the US dollar, €83 million in relation to the pound sterling and an €85 million decrease in relation to the Brazilian real).

Changes in the scope of consolidation led to a €434 million decrease in net debt, reflecting:

- the change of consolidation method of Solféa, which reduced net debt by €539 million;
- the reclassification of the Group's portfolio of US merchant power generation assets to "Assets held for sale", which resulted in a €193 million decrease in net debt;
- the acquisition of Solairedirect, which increased net debt by €206 million;
- acquisitions carried out by the Energy Services business line (mainly Desa Australia, TSC Group, IMA, Nexilis and Vandewalle), which increased net debt by €101 million.

15.3.2.2 Financing and refinancing transactions

The Group carried out the following transactions in 2015:

On March 4, 2015, ENGIE SA issued bonds for a total amount of €2.5 billion, including:

- a €500 million tranche maturing in 2017 with a 0.0% coupon;
- a €750 million tranche maturing in 2022 with a 0.5% coupon;
- a €750 million tranche maturing in 2026 with a 1.0% coupon;
- a €500 million tranche maturing in 2035 with a 1.5% coupon.

From September to December 2015, ENGIE SA carried out private placements in euros (€600 million), Australian dollars (AUD 115 million), US dollars (USD 50 million) and yen (JPY 20 billion) that will mature within 2 to 30 years.

ENGIE SA also took out a loan for USD 300 million (€273 million) that will mature on December 18, 2020.

In addition, on September 4, 2015, Glow Energy Plc. issued THB 4 billion (€105 million) worth of bonds maturing in 2025 with a 3.95% coupon.

Swaps were set up on some of these borrowings in line with the interest rate management policy defined in Note 16 "Risks arising from financial instruments".

On November 18, 2015, the Group drew down €267 million from European Investment Bank credit lines.

On June 5, 2015, the Group launched an offer to buy back bonds for an aggregate nominal amount of €635 million, including:

- €91 million in bonds maturing in February 2023 with a 3% coupon;
- €44 million in bonds maturing in October 2022 with a 3.5% coupon;
- €203 million in bonds maturing in July 2022 with a 2.625% coupon;
- GBP 216 million (€297 million) in bonds maturing in February 2021 with a 6.125% coupon.

Finally, the Group redeemed the following amounts maturing in 2015:

- €750 million worth of ENGIE SA bonds with a coupon of 5% which matured on February 23, 2015;
- €454 million worth of Electrabel bonds with a coupon of 4.75% which matured on April 10, 2015;
- €451 million worth of Belgelec Finance bonds with a coupon of 5.125% which matured on June 24, 2015;
- GBP 400 million (€568 million) worth of debt which matured on August 20, 2015.

15.4 Fair value of financial assets by level in the fair value hierarchy

15.4.1 Financial assets

The table below shows the allocation of financial instruments carried in assets to the different levels in the fair value hierarchy:

	Dec. 31, 2015				Dec. 31, 2014			
In millions of euros	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Available-for-sale securities	3,016	1,593	-	1,423	2,893	1,406	-	1,487
Loans and receivables at amortized cost (excluding trade and other receivables) used in designated fair value hedges	-	-	-	-	780	-	780	-
Derivative instruments	14,883	67	14,753	63	10,619	106	10,449	63
Derivatives hedging borrowings	*1,413*	-	*1,413*	-	*1,143*	-	*1,143*	-
Derivatives hedging commodities - relating to portfolio management activities	*3,485*	*67*	*3,354*	*63*	*2,728*	*105*	*2,561*	*62*
Derivatives hedging commodities - relating to trading activities	*8,987*	-	*8,987*	-	*5,641*	*1*	*5,639*	*1*
Derivatives hedging other items	*998*	-	*998*	-	*1,107*	-	*1,107*	-
Financial assets at fair value through income (excluding margin calls)	797	1	796	-	808	15	792	-
Financial assets qualifying as at fair value through income	*779*	*1*	*779*	-	*795*	*15*	*779*	-
Financial assets designated as at fair value through income	*17*	-	*17*	-	*13*	-	*13*	-
TOTAL	**18,696**	**1,661**	**15,549**	**1,486**	**15,099**	**1,528**	**12,022**	**1,550**

A definition of these three levels is presented in Note 1.4.11.3 “Derivatives and hedge accounting”.

Available-for-sale securities

Listed securities – measured at their market price at the end of the reporting date – are included in level 1.

Unlisted securities – measured using valuation models based primarily on recent market transactions, the present value of future dividends/cash flows or net asset value – are included in level 3.

At December 31, 2015, changes in level 3 available-for-sale securities can be analyzed as follows:

In millions of euros	Available-for-sale securities
At December 31, 2014	**1,487**
Acquisitions	120
Disposals - carrying amount excluding changes in fair value recorded in “Other comprehensive income”	(23)
Disposals - “Other comprehensive income” derecognized	(17)
Other changes in fair value recorded in equity	(37)
Changes in fair value recorded in income	(147)
Changes in scope of consolidation, foreign currency translation and other changes	39
At December 31, 2015	**1,423**
Gains/(losses) recorded in income relating to instruments held at the end of the period	(52)

A 10% gain or loss in the market price of unlisted shares would generate a gain or loss (before tax) of around €142 million on the Group’s comprehensive income.

Loans and receivables at amortized cost (excluding trade and other receivables)

Loans and receivables at amortized cost (excluding trade and other receivables) in a designated fair value hedging relationship are presented in level 2 in the above table. Only the interest rate component of these items is remeasured, with fair value determined by reference to observable data.

Derivative instruments

Derivative instruments included in level 1 are mainly futures traded on organized markets with clearing houses. They are measured at fair value based on their quoted price.

The measurement at fair value of derivative instruments included in level 3 is based on non-observable inputs and internal assumptions, usually because the maturity of the instruments exceeds the observable period of the underlying forward price, or because certain inputs such as the volatility of the underlying were not observable at the measurement date.

The measurement at fair value of other derivative instruments is based on commonly-used models in the trading environment, and includes directly or indirectly observable inputs. These instruments are included in level 2 of the fair value hierarchy.

Financial assets qualifying or designated as at fair value through income

Financial assets qualifying as at fair value through income for which the Group has regular net asset value data are included in level 1. If net asset values are not available on a regular basis, these instruments are included in level 2.

Financial assets designated as at fair value through income are included in level 2.

15.4.2 Financial liabilities

The table below shows the allocation of financial instruments carried in liabilities to the different levels in the fair value hierarchy:

	Dec. 31, 2015				Dec. 31, 2014			
In millions of euros	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**
Borrowings used in designated fair value hedges	7,294	-	7,294	-	5,634	-	5,634	-
Borrowings not used in designated fair value hedges	33,626	18,803	14,823	-	35,240	20,190	15,050	-
Derivative instruments	12,858	139	12,667	52	8,915	161	8,724	30
Derivatives hedging borrowings	*377*	*-*	*377*	*-*	*401*	*-*	*401*	*-*
Derivatives hedging commodities - relating to portfolio management activities	*3,897*	*135*	*3,714*	*48*	*3,163*	*159*	*2,980*	*24*
Derivatives hedging commodities - relating to trading activities	*7,125*	*4*	*7,117*	*4*	*3,401*	*2*	*3,393*	*6*
Derivatives hedging other items	*1,459*	*-*	*1,459*	*-*	*1,950*	*-*	*1,950*	*-*
TOTAL	**53,778**	**18,942**	**34,785**	**52**	**49,789**	**20,351**	**29,408**	**30**

Borrowings used in designated fair value hedges

This caption includes bonds in a designated fair value hedging relationship which are presented in level 2 in the above table. Only the interest rate component of the bonds is remeasured, with fair value determined by reference to observable data.

Borrowings not used in designated fair value hedges

Listed bond issues are included in level 1.

Other borrowings not used in a designated hedging relationship are presented in level 2 in the above table. The fair value of these borrowings is determined on the basis of future discounted cash flows and relies on directly or indirectly observable data.

Derivative instruments

The classification of derivative financial instruments in the fair value hierarchy is detailed in Note 15.4.1 "Financial assets".

15.5 Offsetting of financial derivative instrument assets and liabilities

The net amount of financial derivative instruments after taking into account enforceable master netting arrangements or similar agreements, whether or not they are set off in accordance with section 42 of IAS 32, are presented in the table below:

AT DECEMBER 31, 2015

In millions of euros		Gross amount	Net amount recognized in the statement of financial position (1)	Other offsetting agreements (2)	Total net amount
Assets	Derivatives hedging commodities	12,836	12,472	(8,939)	3,533
	Derivatives hedging borrowings and other items	2,411	2,411	(717)	1,694
Liabilities	Derivatives hedging commodities	(11,386)	(11,022)	10,268	(754)
	Derivatives hedging borrowings and other items	(1,837)	(1,837)	127	(1,710)

(1) Net amount recognized in the statement of financial position after taking into account offsetting agreements that meet the criteria set out in Section 42 of IAS 32.
(2) Other offsetting agreements include collateral and other guarantee instruments, as well as offsetting agreements that do not meet the criteria set out in Section 42 of IAS 32.

AT DECEMBER 31, 2014

In millions of euros		Gross amount	Net amount recognized in the statement of financial position (1)	Other offsetting agreements (2)	Total net amount
Assets	Derivatives hedging commodities	8,626	8,369	(6,140)	2,229
	Derivatives hedging borrowings and other items	2,250	2,250	(616)	1,634
Liabilities	Derivatives hedging commodities	(6,821)	(6,564)	6,526	(38)
	Derivatives hedging borrowings and other items	(2,351)	(2,351)	579	(1,772)

(1) Net amount recognized in the statement of financial position after taking into account offsetting agreements that meet the criteria set out in Section 42 of IAS 32.
(2) Other offsetting agreements include collateral and other guarantee instruments, as well as offsetting agreements that do not meet the criteria set out in Section 42 of IAS 32.

NOTE 16 Risks arising from financial instruments

The Group mainly uses derivative instruments to manage its exposure to market risks. Financial risk management procedures are set out in chapter 2 “Risk factors” of the Registration Document.

16.1 Market risks

16.1.1 Commodity risk

Commodity risk arises primarily from the following activities:

- portfolio management; and
- trading.

The Group has identified two types of commodity risks: price risk resulting from fluctuations in market prices, and volume risk inherent to the business.

In the ordinary course of its operations, the Group is exposed to commodity risks on natural gas, electricity, coal, oil and oil products, other fuels, CO_2 and other “green” products. The Group is active on these energy markets either for supply purposes or to optimize and secure its energy production chain and its energy sales. The Group also uses derivatives to offer hedging instruments to its clients and to hedge its own positions.

16.1.1.1 Portfolio management activities

Portfolio management seeks to optimize the market value of assets (power plants, gas and coal supply contracts, energy sales and gas storage and transmission) over various time frames (short-, medium- and long-term). Market value is optimized by:

- guaranteeing supply and ensuring the balance between needs and physical resources;
- managing market risks (price, volume) to unlock optimum value from portfolios within a specific risk framework.

The risk framework aims to safeguard the Group’s financial resources over the budget period and smooth out medium-term earnings (over three or five years, depending on the maturity of each market). It encourages portfolio managers to take out economic hedges on their portfolio.

Sensitivities of the commodity-related financial derivatives portfolio used as part of the portfolio management activities as at December 31, 2015 are detailed in the table below. They are not representative of future changes in consolidated earnings and equity, insofar as they do not include the sensitivities relating to the purchase and sale contracts for the underlying commodities.

SENSITIVITY ANALYSIS [(1)]

		Dec. 31, 2015		Dec. 31, 2014	
In millions of euros	Changes in price	Pre-tax impact on income	Pre-tax impact on equity	Pre-tax impact on income	Pre-tax impact on equity
Oil-based products	+USD 10/bbl	329	96	252	10
Natural gas	+€3/MWh	(70)	(98)	117	(241)
Electricity	+€5/MWh	17	(9)	(114)	(37)
Coal	+USD 10/ton	97	1	115	14
Greenhouse gas emission rights	+€2/ton	96	-	101	2
EUR/USD	+10%	(206)	(9)	(244)	(27)
EUR/GBP	+10%	(7)	1	28	2
GBP/USD	+10%	1	-	2	-

(1) The sensitivities shown above apply solely to financial commodity derivatives used for hedging purposes as part of the portfolio management activities.

16.1.1.2 Trading activities

The Group’s trading activities are primarily conducted within GDF SUEZ Trading and GDF SUEZ Energy Management Trading. The purpose of these wholly-owned companies is to (i) assist Group entities in optimizing their asset portfolios; (ii) create and implement energy price risk management solutions for internal and external customers.

Revenues from trading activities total €389 million for the year ended December 31, 2015 (€360 million in 2014).

The use of Value at Risk (VaR) to quantify market risk arising from trading activities provides a transversal measure of risk taking all markets and products into account. VaR represents the maximum potential loss on a portfolio of assets over a specified holding period based on a given confidence interval. It is not an indication of expected results but is back-tested on a regular basis.

The Group uses a one-day holding period and a 99% confidence interval to calculate VaR, as well as stress tests, in accordance with banking regulatory requirements.

The VaR shown below corresponds to the global VaR of the Group's trading entities.

VALUE AT RISK

In millions of euros	Dec. 31, 2015	2015 average (1)	2015 maximum (2)	2015 minimum (2)	2014 average (1)
Trading activities	10	7	14	2	5

(1) Average daily VaR.
(2) Maximum and minimum daily VaR observed in 2015.

16.1.2 Hedges of commodity risks

The Group enters into cash flow hedges as defined by IAS 39, using derivative instruments (firm or options contracts) contracted over-the-counter or on organized markets. These instruments may be settled net or involve physical delivery of the underlying.

The fair values of commodity derivatives at December 31, 2015 and December 31, 2014 are indicated in the table below:

	Dec. 31, 2015				Dec. 31, 2014			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Derivative instruments relating to portfolio management activities	1,962	1,522	(2,528)	(1,369)	716	2,012	(945)	(2,218)
Cash flow hedges	*242*	*496*	*(217)*	*(326)*	*207*	*422*	*(125)*	*(309)*
Other derivative instruments	*1,720*	*1,026*	*(2,312)*	*(1,042)*	*509*	*1,590*	*(820)*	*(1,909)*
Derivative instruments relating to trading activities	-	8,987	-	(7,125)	-	5,641	-	(3,401)
TOTAL	**1,962**	**10,510**	**(2,528)**	**(8,493)**	**716**	**7,653**	**(945)**	**(5,619)**

See also Notes 15.1.3 "Other financial assets at fair value through income" and 15.2.2 "Derivative instruments".

The fair values shown in the table above reflect the amounts for which assets could be exchanged, or liabilities settled, at the end of the reporting period. They are not representative of expected future cash flows insofar as positions (i) are sensitive to changes in prices; (ii) can be modified by subsequent transactions; and (iii) can be offset by future cash flows arising on the underlying transactions.

16.1.2.1 Cash flow hedges

The fair values of cash flow hedges by type of commodity are as follows:

	Dec. 31, 2015				Dec. 31, 2014			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Natural gas	128	326	(40)	(105)	108	237	(29)	(100)
Electricity	26	17	(20)	(34)	17	111	(29)	(105)
Coal	-	-	(1)	(7)	-	-	(5)	(70)
Oil	9	29	(129)	(148)	-	2	(31)	(7)
Other (1)	79	124	(26)	(32)	83	72	(31)	(27)
TOTAL	**242**	**496**	**(217)**	**(326)**	**207**	**422**	**(125)**	**(309)**

(1) Includes mainly foreign currency hedges on commodities.

Notional amounts and maturities of cash flow hedges are as follows:

NOTIONAL AMOUNTS (NET) (1)

	Unit	Total at Dec. 31, 2015	2016	2017	2018	2019	2020	Beyond 5 years
Natural gas	GWh	(27,346)	(39,649)	9,577	1,841	571	190	124
Electricity	GWh	1,183	(150)	1,097	484	(133)	(115)	-
Coal	Thousands of tons	148	82	30	36	-	-	-
Oil-based products	Thousands of barrels	14,696	5,008	9,081	607	-	-	-
Greenhouse gas emission rights	Thousands of tons	2,584	693	540	513	820	18	-

(1) Long/(short) position.

At December 31, 2015, a gain of €148 million was recognized in equity in respect of cash flow hedges, versus a gain of €231 million at December 31, 2014. A gain of €143 million was reclassified from equity to income in 2015, compared to a loss of €89 million reclassified in 2014.

Gains and losses arising from the ineffective portion of hedges are taken to income. A gain of €1 million was recognized in income in 2015, compared to a gain of €3 million in 2014.

16.1.2.2 Other commodity derivatives

Other commodity derivatives include embedded derivatives, commodity purchase and sale contracts which were not entered into within the ordinary course of business at the statement of financial position date, as well as derivative financial instruments not eligible for hedge accounting in accordance with IAS 39.

16.1.3 Currency risk

The Group is exposed to currency risk, defined as the impact on its statement of financial position and income statement of fluctuations in exchange rates affecting its operating and financing activities. Currency risk comprises (i) transaction risk arising in the ordinary course of business, (ii) specific transaction risk related to investments, mergers-acquisitions or disposal projects, (iii) translation risk related to assets outside the Eurozone, and (iv) risk arising on the consolidation in euros of subsidiaries' financial statements with a functional currency other than the euro. This risk chiefly concerns subsidiaries in Brazil, Thailand, Norway, the United Kingdom, Australia, the United States and assets considered to be dollar based.

16.1.3.1 Analysis of financial instruments by currency

The following tables present a breakdown by currency of outstanding gross debt and net debt, before and after hedging:

OUTSTANDING GROSS DEBT

	Dec. 31, 2015		Dec. 31, 2014	
	Before hedging	After hedging	Before hedging	After hedging
EUR	65%	69%	64%	71%
USD	15%	14%	15%	11%
GBP	8%	5%	10%	5%
Other currencies	12%	12%	11%	13%
TOTAL	**100%**	**100%**	**100%**	**100%**

NET DEBT

	Dec. 31, 2015		Dec. 31, 2014	
	Before hedging	After hedging	Before hedging	After hedging
EUR	61%	67%	60%	69%
USD	18%	17%	18%	13%
GBP	10%	7%	13%	6%
Other currencies	11%	9%	9%	12%
TOTAL	**100%**	**100%**	**100%**	**100%**

16.1.3.2 Currency risk sensitivity analysis

Sensitivity was analyzed based on the Group's net debt position (including the impact of interest rate and foreign currency derivatives) and financial instruments qualified as net investment hedges at the reporting date.

For currency risk, sensitivity corresponds to a 10% rise or fall in exchange rates of foreign currencies against the euro compared to closing rates.

Impact on income after currency hedges

Changes in exchange rates against the euro only affect income via gains and losses on liabilities denominated in a currency other than the functional currency of companies carrying the liabilities on their statements of financial position, and when the liabilities in question do not qualify as net investment hedges. The impact of a uniform appreciation (or depreciation) of 10% in foreign currencies against the euro would ultimately be a gain (or loss) of €39 million.

Impact on equity

For financial instruments (debt and derivatives) designated as net investment hedges, a depreciation of 10% in foreign currencies against the euro would have a positive impact of €423 million on equity. An appreciation of 10% in foreign currencies against the euro would have a negative impact of €424 million on equity. These impacts are countered by the offsetting change in the net investment hedged.

16.1.4 Interest rate risk

The Group seeks to manage its borrowing costs by limiting the impact of interest rate fluctuations on its income statement. It does this by ensuring a balanced interest rate structure in the medium-term (five years). The Group's aim is therefore to use a mix of fixed rates, floating rates and capped floating rates for its net debt. The interest rate mix may shift around this balance in line with market trends.

In order to manage the interest rate structure for its net debt, the Group uses hedging instruments, particularly interest rate swaps and options. At December 31, 2015, the Group had a portfolio of interest rate options (caps) protecting it from a rise in short-term interest rates for the euro.

Between 2013 and 2014, the Group contracted 2016, 2018 and 2019 forward interest rate pre-hedges with 10, 20 and 18 year maturities in order to protect the refinancing interest rate on a portion of its debt.

16.1.4.1 Analysis of financial instruments by type of interest rate

The following tables present a breakdown by type of interest rate of outstanding gross debt and net debt before and after hedging.

OUTSTANDING GROSS DEBT

	Dec. 31, 2015		Dec. 31, 2014	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	34%	38%	36%	40%
Fixed rate	66%	62%	64%	60%
TOTAL	**100%**	**100%**	**100%**	**100%**

NET DEBT

	Dec. 31, 2015		Dec. 31, 2014	
	Before hedging	After hedging	Before hedging	After hedging
Floating rate	12%	17%	15%	20%
Fixed rate	88%	83%	85%	80%
TOTAL	**100%**	**100%**	**100%**	**100%**

16.1.4.2 Interest rate risk sensitivity analysis

Sensitivity was analyzed based on the Group's net debt position (including the impact of interest rate and foreign currency derivatives relating to net debt) at the reporting date.

For interest rate risk, sensitivity corresponds to a 100-basis-point rise or fall in the yield curve compared with year-end interest rates.

Impact on income after hedging

A uniform rise of 100 basis points in short-term interest rates (across all currencies) on the nominal amount of floating-rate net debt and the floating-rate leg of derivatives, would increase net interest expense by €40 million. A fall of 100 basis points in short-term interest rates would reduce net interest expense by €41 million.

In the income statement, a uniform rise of 100 basis points in interest rates (across all currencies) on derivative instruments not qualifying for hedge accounting would result in a gain of €67 million attributable to changes in the fair value of derivatives. However, a fall of 100 basis points in interest rates would generate a loss of €63 million. The asymmetrical impacts are attributable to the interest rate options portfolio.

Impact on equity

A uniform rise of 100 basis points in interest rates (across all currencies) would generate a gain of €514 million on equity, attributable to changes in the interest rate impact of the fair value of derivative instruments designated as cash flow and net investment hedges recognized in the statement of financial position. However, a fall of 100 basis points in interest rates would have a negative impact of €628 million.

16.1.4.3 Currency and interest rate hedges

The fair values of derivatives (excluding commodity instruments) at December 31, 2015 and December 31, 2014 are indicated in the table below:

	Dec. 31, 2015				Dec. 31, 2014			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Derivatives hedging borrowings	1,174	240	(278)	(100)	978	165	(226)	(175)
Fair value hedges	*575*	*115*	*(34)*	*-*	*465*	*38*	*(51)*	*-*
Cash flow hedges	*509*	*-*	*(33)*	*(1)*	*286*	*35*	*(20)*	*-*
Derivative instruments not qualifying for hedge accounting	*90*	*125*	*(211)*	*(99)*	*228*	*93*	*(155)*	*(175)*
Derivatives hedging other items	890	107	(1,410)	(49)	1,038	68	(1,849)	(101)
Fair value hedges	*-*	*-*	*-*	*-*	*-*	*30*	*-*	*(30)*
Cash flow hedges	*56*	*72*	*(742)*	*(9)*	*11*	*4*	*(938)*	*(35)*
Net investment hedges	*22*	*-*	*(87)*	*-*	*28*	*-*	*(88)*	*-*
Derivative instruments not qualifying for hedge accounting	*813*	*35*	*(580)*	*(41)*	*999*	*35*	*(823)*	*(36)*
TOTAL	**2,064**	**347**	**(1,688)**	**(149)**	**2,017**	**233**	**(2,075)**	**(276)**

See also Notes 15.1.3 “Other financial assets at fair value through income” and 15.2.2 “Derivative instruments”.

The fair values shown in the table above reflect the amounts for which assets could be exchanged, or liabilities settled, at the end of the reporting period. They are not representative of expected future cash flows insofar as positions (i) are sensitive to changes in prices, (ii) can be modified by subsequent transactions, and (iii) can be offset by future cash flows arising on the underlying transactions.

The table below shows the fair values and notional amounts of financial instruments designated as currency or interest rate hedges:

CURRENCY DERIVATIVES

	Dec. 31, 2015		Dec. 31, 2014	
In millions of euros	Fair value	Nominal amount	Fair value	Nominal amount
Fair value hedges	115	124	20	312
Cash flow hedges	370	4,628	(23)	5,678
Net investment hedges	(65)	4,919	(60)	7,210
Derivative instruments not qualifying for hedge accounting	(234)	10,659	(212)	12,003
TOTAL	**185**	**20,329**	**(276)**	**25,202**

INTEREST RATE DERIVATIVES

	Dec. 31, 2015		Dec. 31, 2014	
In millions of euros	Fair value	Nominal amount	Fair value	Nominal amount
Fair value hedges	541	9,413	432	4,088
Cash flow hedges	(518)	4,532	(635)	3,578
Derivative instruments not qualifying for hedge accounting	366	21,408	378	26,849
TOTAL	**389**	**35,353**	**175**	**34,515**

The fair values shown in the table above are positive for an asset and negative for a liability.

The Group qualifies foreign currency derivatives hedging firm foreign currency commitments and interest rate swaps transforming fixed-rate debt into floating-rate debt as fair value hedges.

Cash flow hedges are mainly used to hedge future foreign currency cash flows as well as floating-rate debt.

Net investment hedging instruments are mainly cross currency swaps.

Derivative instruments not qualifying for hedge accounting correspond to instruments that do not meet the definition of hedges from an accounting perspective, even though they are used as economic hedges of borrowings and foreign currency commitments.

Fair value hedges

At December 31, 2015, the net impact of fair value hedges recognized in the income statement is a loss of €8 million.

Cash flow hedges

Foreign currency and interest rate derivatives designated as cash flow hedges can be analyzed as follows by maturity:

AT DECEMBER 31, 2015

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Fair value of derivatives by maturity date	(149)	36	98	(20)	(43)	(49)	(170)

At December 31, 2015, a loss of €263 million was recognized in equity.

The amount reclassified from equity to income in the period was a gain of €13 million.

The ineffective portion of cash flow hedges recognized in income was not significant at December 31, 2015.

AT DECEMBER 31, 2014

In millions of euros	Total	2015	2016	2017	2018	2019	Beyond 5 years
Fair value of derivatives by maturity date	(658)	(10)	(34)	(12)	(18)	(52)	(533)

Net investment hedges

The ineffective portion of net investment hedges recognized in income was not significant at December 31, 2015.

16.2 Counterparty risk

The Group is exposed to counterparty risk from customers, suppliers, partners, intermediaries and banks on its operating and financing activities, when such parties are unable to honor their contractual obligations. Counterparty risk results from a combination of payment risk (failure to pay for services or deliveries carried out), delivery risk (failure to deliver services or products paid for) and the risk of replacing contracts in default (known as mark-to-market exposure – i.e. the cost of replacing the contract in conditions other than those initially agreed).

16.2.1 Operating activities

Counterparty risk arising on operating activities is managed via standard mechanisms such as third-party guarantees, netting agreements and margin calls, using dedicated hedging instruments or special prepayment and debt recovery procedures, particularly for retail customers.

Under the Group's policy, each business line is responsible for managing counterparty risk, although the Group continues to manage the biggest counterparty exposures.

The credit quality of large- and mid-sized counterparties with which the Group has exposures above a certain threshold is measured based on a specific rating process, while a simplified credit scoring process is used for commercial customers with which the Group has fairly low exposures. These processes are based on formally documented, consistent methods across the Group. Consolidated exposures are monitored by counterparty and by segment (credit quality, sector, etc.) using current exposure (payment risk, mark-to-market exposure).

The Group's Energy Market Risk Committee consolidates and monitors the Group's exposure to its main energy counterparties on a quarterly basis and ensures that the exposure limits set for these counterparties are respected.

TRADE AND OTHER RECEIVABLES

Past-due trade and other receivables are analyzed below:

	Past due assets not impaired at the reporting date				Impaired assets	Assets neither impaired nor past due	
In millions of euros	0-6 months	6-12 months	Beyond 1 year	Total	Total	Total	Total
At December 31, 2015	877	225	315	1,418	1,218	17,776	20,412
At December 31, 2014	857	241	507	1,605	1,249	19,624	22,478

The age of receivables that are past due but not impaired may vary significantly depending on the type of customer with which the Group does business (private corporations, individuals or public authorities). The Group decides whether or not to recognize impairment on a case-by-case basis according to the characteristics of the customer categories concerned. The Group does not consider that it is exposed to any material concentration of risk in respect of receivables.

Commodity derivatives

In the case of commodity derivatives, counterparty risk arises from positive fair value. Counterparty risk is taken into account when calculating the fair value of these derivative instruments.

	Dec. 31, 2015		Dec. 31, 2014	
In millions of euros	Investment Grade [(3)]	Total	Investment Grade [(3)]	Total
Gross exposure [(1)]	11,191	12,472	7,514	8,369
Net exposure [(2)]	3,216	3,548	2,011	2,259
% of credit exposure to "Investment Grade" counterparties	90.6%		89.0%	

(1) Corresponds to the maximum exposure, i.e. the value of the derivatives shown under assets (positive fair value).
(2) After taking into account the liability positions with the same counterparties (negative fair value), collateral, netting agreements and other credit enhancement techniques.
(3) Investment Grade corresponds to transactions with counterparties that are rated at least BBB- by Standard & Poor's, Baa3 by Moody's, or equivalent by Dun & Bradstreet. "Investment Grade" is also determined based on an internal rating tool that is rolled out within the Group, and covers its main counterparties.

16.2.2 Financing activities

For its financing activities, the Group has put in place procedures for managing and monitoring risk based on (i) the accreditation of counterparties according to external credit ratings, objective market data (credit default swaps, market capitalization) and financial structure, and (ii) counterparty risk exposure limits.

To reduce its counterparty risk exposure, the Group drew increasingly on a structured legal framework based on master agreements (including netting clauses) and collateralization contracts (margin calls).

The oversight procedure for managing counterparty risk arising from financing activities is managed by a middle office that operates independently of the Group's Treasury department and reports to the Finance division.

16.2.2.1 Counterparty risk arising from loans and receivables at amortized cost (excluding trade and other receivables)

LOANS AND RECEIVABLES AT AMORTIZED COST (EXCLUDING TRADE AND OTHER RECEIVABLES)

The balance of outstanding past due loans and receivables at amortized cost (excluding trade and other receivables) is analyzed below:

	Past due assets not impaired at the reporting date				Impaired assets	Assets neither impaired nor past due	
In millions of euros	0-6 months	6-12 months	Beyond 1 year	Total	Total	Total	Total
At December 31, 2015	-	-	24	24	397	2,921	3,343
At December 31, 2014	17	9	102	129	360	3,595	4,084

The balance of outstanding loans and receivables carried at amortized cost (excluding trade and other receivables) presented in the above table does not include the impact of impairment losses or changes in fair value and the application of amortized cost, which totaled a negative €235 million, at December 31, 2015 (compared to a negative €199 million, at December 31, 2014). Changes in these items are presented in Note 15.1.2, “Loans and receivables at amortized cost”.

16.2.2.2 Counterparty risk arising from investing activities and the use of derivative financial instruments

The Group is exposed to counterparty risk arising from investments of surplus cash and from the use of derivative financial instruments. In the case of financial instruments at fair value through income, counterparty risk arises on instruments with a positive fair value. Counterparty risk is taken into account when calculating the fair value of these derivative instruments.

At December 31, 2015, total outstandings exposed to credit risk amounted to €10,167 million.

	Dec. 31, 2015				Dec. 31, 2014			
In millions of euros	Total	Investment Grade (1)	Unrated (2)	Non Investment Grade (2)	Total	Investment Grade (1)	Unrated (2)	Non Investment Grade (2)
Exposure	10,167	90.0%	3.0%	7.0%	9,354	96.0%	3.0%	1.0%

(1) Counterparties that are rated at least BBB- by Standard & Poor’s and Baa3 by Moody’s.
(2) Most of these two exposures is carried by consolidated companies that include non-controlling interests, or by Group companies that operate in emerging countries, where cash cannot be pooled and is therefore invested locally.

At December 31, 2015, no single counterparty represented more than 25% of cash investments.

16.3 Liquidity risk

In the context of its operating activities, the Group is exposed to a risk of having insufficient liquidity to meet its contractual obligations. As well as the risks inherent in managing working capital, margin calls are required in certain market activities.

The Group has set up a quarterly committee tasked with managing and monitoring liquidity risk throughout the Group, based on maintaining a broad range of investments and sources of financing, preparing forecasts of cash investments and divestments, and performing stress tests on the margin calls put in place when commodity, interest rate and currency derivatives are negotiated.

The Group centralizes virtually all financing needs and cash flow surpluses of the companies it controls, as well as most of their medium- and long-term external financing requirements. Centralization is provided by financing vehicles (long-term and short-term) and by dedicated Group cash pooling vehicles based in France, Belgium and in Luxembourg.

Surpluses held by these structures are managed in accordance with a uniform policy. Unpooled cash surpluses are invested in instruments selected on a case-by-case basis in light of local financial market imperatives and the financial strength of the counterparties concerned.

The onslaught of successive financial crises since 2008 and the ensuing rise in counterparty risk prompted the Group to tighten its investment policy with the aim of keeping an extremely high level of liquidity and protecting invested capital (99% of cash pooled at December 31, 2015 was invested in overnight bank deposits and standard money market funds with daily liquidity). Performance and counterparty risks are monitored on a daily basis for both investment types, allowing the Group to take immediate action where required in response to market developments.

The Group’s financing policy is based on:

- centralizing external financing;
- diversifying sources of financing between credit institutions and capital markets;
- achieving a balanced debt repayment profile.

The Group seeks to diversify its sources of financing by carrying out public or private bond issues within the scope of its Euro Medium Term Notes program. It also issues commercial paper in France and in the United States.

At December 31, 2015, bank loans accounted for 21% of gross debt (excluding overdrafts and the impact of derivatives and amortized cost), while the remaining debt was raised on capital markets (including €23,969 million in bonds, or 65% of gross debt).

Outstanding short-term commercial paper issues represented 15% of gross debt, or €5,378 million at December 31, 2015. As commercial paper is relatively inexpensive and highly liquid, it is used by the Group in a cyclical or structural fashion to finance its short-term cash requirements. However, all outstanding commercial paper is backed by confirmed bank lines of credit so that the Group could continue to finance its activities if access to this financing source were to dry up.

Available cash, comprising cash and cash equivalents and financial assets measured at fair value through income (excluding margin calls), totaled €9,980 million at December 31, 2015, of which 79% was invested in the Eurozone.

The Group also has access to confirmed credit lines. These facilities are appropriate for the scale of its operations and for the timing of contractual debt repayments. Confirmed credit facilities had been granted for a total of €14,103 million at December 31, 2015, of which €13,998 million was available. 91% of available credit facilities are centralized. None of these centralized facilities contains a default clause linked to covenants or minimum credit ratings.

At December 31, 2015, all the entities of the Group whose debt is consolidated comply with the covenants and declarations included in their financial disclosures, except for a subsidiary of the Energy International division for non-compliance with certain commitments; adequate waivers are currently under discussion.

16.3.1 Undiscounted contractual payments relating to financial activities

At December 31, 2015, undiscounted contractual payments on net debt (excluding the impact of derivatives, margin calls and amortized cost) break down as follows by maturity:

AT DECEMBER 31, 2015

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Bond issues	23,969	2,057	3,334	1,689	919	2,489	13,481
Bank borrowings	6,459	1,765	952	606	299	738	2,098
Commercial paper	5,378	5,378	-	-	-	-	-
Drawdowns on credit facilities	105	10	81	4	1	1	8
Liabilities under finance leases	611	95	86	83	71	7	270
Other borrowings	399	80	195	25	38	13	48
Bank overdrafts and current accounts	603	603	-	-	-	-	-
OUTSTANDING BORROWINGS AND DEBT	**37,525**	**9,988**	**4,649**	**2,407**	**1,328**	**3,249**	**15,904**
Assets related to financing	(37)	(3)	-	-	-	(1)	(33)
Financial assets at fair value through income (excluding margin calls)	(797)	(797)	-	-	-	-	-
Cash and cash equivalents	(9,183)	(9,183)	-	-	-	-	-
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, MARGIN CALLS AND AMORTIZED COST	**27,508**	**5**	**4,649**	**2,407**	**1,328**	**3,248**	**15,872**

AT DECEMBER 31, 2014

In millions of euros	Total	2015	2016	2017	2018	2019	Beyond 5 years
OUTSTANDING BORROWINGS AND DEBT	**36,855**	**9,108**	**3,747**	**3,668**	**2,432**	**1,380**	**16,521**
Assets related to financing, financial assets at fair value through income (excluding margin calls) and cash and cash equivalents	(9,425)	(9,370)	(2)	-	-	-	(53)
NET DEBT EXCLUDING THE IMPACT OF DERIVATIVE INSTRUMENTS, MARGIN CALLS AND AMORTIZED COST	**27,430**	**(262)**	**3,745**	**3,668**	**2,432**	**1,380**	**16,468**

At December 31, 2015, undiscounted contractual interest payments on outstanding borrowings and debt break down as follows by maturity:

AT DECEMBER 31, 2015

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Undiscounted contractual interest flows on outstanding borrowings and debt	10,874	1,044	935	824	756	681	6,634

AT DECEMBER 31, 2014

In millions of euros	Total	2015	2016	2017	2018	2019	Beyond 5 years
Undiscounted contractual interest flows on outstanding borrowings and debt	11,879	1,163	1,021	938	818	732	7,206

At December 31, 2015, undiscounted contractual payments on outstanding derivatives (excluding commodity instruments) recognized in assets and liabilities break down as follows by maturity (net amounts):

AT DECEMBER 31, 2015

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Derivatives (excluding commodity instruments)	(1,645)	(416)	(191)	(18)	(38)	(78)	(904)

AT DECEMBER 31, 2014

In millions of euros	Total	2015	2016	2017	2018	2019	Beyond 5 years
Derivatives (excluding commodity instruments)	(579)	98	(128)	(80)	(19)	(11)	(440)

To better reflect the economic substance of these transactions, the cash flows linked to the derivatives recognized in assets and liabilities shown in the table above relate to net positions.

The maturities of the Group's undrawn credit facility programs are analyzed in the table below:

AT DECEMBER 31, 2015

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Confirmed undrawn credit facility programs	13,998	972	1,317	429	205	10,972	102

Of these undrawn programs, an amount of €5,378 million is allocated to covering commercial paper issues.

At December 31, 2015, no single counterparty represented more than 6% of the Group's confirmed undrawn credit lines.

AT DECEMBER 31, 2014

In millions of euros	Total	2015	2016	2017	2018	2019	Beyond 5 years
Confirmed undrawn credit facility programs	13,288	1,049	1,283	1,094	4,572	5,021	269

16.3.2 Undiscounted contractual payments relating to operating activities

The table below provides an analysis of undiscounted fair values due and receivable in respect of commodity derivatives recorded in assets and liabilities at the statement of financial position date.

LIQUIDITY RISK

The Group provides an analysis of residual contractual maturities for commodity derivative instruments included in its portfolio management activities. Derivative instruments relating to trading activities are considered to be liquid in less than one year, and are presented under current items in the statement of financial position.

AT DECEMBER 31, 2015

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Derivative instruments carried in liabilities							
relating to portfolio management activities	*(3,923)*	*(1,381)*	*(1,524)*	*(722)*	*(206)*	*(67)*	*(24)*
relating to trading activities	*(7,125)*	*(7,125)*	-	-	-	-	-
Derivative instruments carried in assets							
relating to portfolio management activities	*3,491*	*1,527*	*1,493*	*376*	*60*	*16*	*19*
relating to trading activities	*8,988*	*8,988*	-	-	-	-	-
TOTAL AT DECEMBER 31, 2015	**1,431**	**2,010**	**(31)**	**(345)**	**(146)**	**(51)**	**(5)**

AT DECEMBER 31, 2014

In millions of euros	Total	2015	2016	2017	2018	2019	Beyond 5 years
Derivative instruments carried in liabilities							
relating to portfolio management activities	*(3,159)*	*(2,259)*	*(655)*	*(190)*	*(42)*	*(8)*	*(6)*
relating to trading activities	*(3,401)*	*(3,401)*	-	-	-	-	-
Derivative instruments carried in assets							
relating to portfolio management activities	*2,750*	*2,053*	*586*	*71*	*1*	*21*	*18*
relating to trading activities	*5,641*	*5,641*	-	-	-	-	-
TOTAL AT DECEMBER 31, 2014	**1,832**	**2,035**	**(69)**	**(119)**	**(40)**	**13**	**12**

16.3.3 Commitments relating to commodity purchase and sale contracts entered into within the ordinary course of business

In the ordinary course of their business, some Group operating companies entered into long-term contracts, some of which include "take-or-pay" clauses. These consist of firm commitments to purchase (sell) specified quantities of gas, electricity and steam and related services, in exchange for a firm commitment from the other party to deliver (purchase) said quantities and services. These contracts were documented as falling outside the scope of IAS 39. The table below shows the main future commitments arising from contracts entered into by the Global Gas & LNG, Energy Europe and Energy International business lines (expressed in TWh):

In TWh	Total at Dec. 31, 2015	2016	2017-2020	Beyond 5 years	Total at Dec. 31, 2014
Firm purchases	(6,950)	(885)	(2,659)	(3,405)	(7,738)
Firm sales	1,784	443	661	680	1,694

16.3.4 Equity risk

At December 31, 2015, available-for-sale securities held by the Group amounted to €3,016 million *(see Note 15.1.1 "Available-for-sale securities")*.

A fall of 10% in the market price of listed shares would have a negative impact (before tax) of around €159 million on the Group's comprehensive income.

The Group's main unlisted security corresponds to its 9% interest in the Nordstream pipeline, which is measured by reference to the Discounted Dividend Method (DDM).

The Group's portfolio of listed and unlisted securities is managed within the context of a specific investment procedure and its performance is reported on a regular basis to Executive Management.

NOTE 17 Equity

17.1 Share capital

	Number of shares			Value *(in millions of euros)*		
	Total	Treasury stock	Outstanding	Share capital	Additional paid-in capital	Treasury stock
AT DECEMBER 31, 2013	**2,412,824,089**	**(52,543,021)**	**2,360,281,068**	**2,413**	**32,207**	**(1,109)**
Capital increase	22,460,922	-	22,460,922	22	301	-
Other movements	-	-	-	-	(3)	-
Purchase/disposal of treasury stock	-	7,713,224	7,713,224	-	-	152
AT DECEMBER 31, 2014	**2,435,285,011**	**(44,829,797)**	**2,390,455,214**	**2,435**	**32,506**	**(957)**
Purchase/disposal of treasury stock	-	5,422,256	5,422,256	-	-	135
AT DECEMBER 31, 2015	**2,435,285,011**	**(39,407,541)**	**2,395,877,470**	**2,435**	**32,506**	**(822)**

Changes in the number of shares during 2015 reflect mainly the delivery of treasury stock for 5 million shares as part of bonus share plans.

Changes in the number of shares during 2014 resulted from:

- employee share issuances as part of the "LINK 2014" worldwide employee share plan. In the end, 22.2 million shares were subscribed and 0.3 million bonus shares were awarded under employee contribution schemes, representing a total of 22.5 million shares, bringing the total value of the December 11, 2014 capital increase to €324 million;
- net disposals of shares carried out in connection with the liquidity agreement amounting to 7 million treasury shares;
- and the delivery of treasury stock for 1 million shares as part of stock purchase option or bonus share plans.

17.1.1 Potential share capital and instruments providing a right to subscribe for new ENGIE SA shares

At December 31, 2015 only two stock subscription option plans remain in force as described in Note 23.1 "Stock option plans".

Shares to be allocated under bonus share plans, performance share award plans as well as the stock purchase option plans, described in Note 23 "Share-based payments", will be covered by existing ENGIE SA shares.

17.1.2 Treasury stock

The Group has a stock repurchase program as a result of the authorization granted to the Board of Directors by the Ordinary and Extraordinary Shareholders' Meeting of April 28, 2015. This program provides for the repurchase of up to 10% of the shares comprising the share capital of ENGIE SA at the date of said Shareholders' Meeting. The aggregate amount of acquisitions net of expenses under the program may not exceed the sum of €9.7 billion, and the purchase price must be less than €40 per share excluding acquisition costs.

At December 31, 2015, the Group held 39.4 million treasury shares, allocated in full to cover the Group's share commitments to employees and corporate officers.

The liquidity agreement signed with an investment service provider assigns to the latter the role of operating on the market on a daily basis, to buy or sell ENGIE SA shares, in order to ensure liquidity and an active market for the shares on the Paris and Brussels stock exchanges. The resources allocated to the implementation of this agreement amounted to €150.0 million.

17.2 Other disclosures concerning additional paid-in capital, consolidated reserves and issuance of deeply-subordinated perpetual notes (Group share)

Total additional paid-in capital, consolidated reserves and issuance of deeply-subordinated perpetual notes (including net income for the financial year), amounted to €41,403 million at December 31, 2015, including €32,506 million of additional paid-in capital.

Consolidated reserves include the cumulated income of the Group, the legal and statutory reserves of the company ENGIE SA and the cumulative actuarial differences net of tax.

Under French law, 5% of the net income of French companies must be allocated to the legal reserve until the latter reaches 10% of share capital. This reserve can only be distributed to shareholders in the event of liquidation. The ENGIE SA legal reserve amounts to €244 million.

The cumulative actuarial differences Group share represent losses of €2,538 million at December 31, 2015 (losses of €2,933 million at December 31, 2014); deferred taxes on these actuarial differences amount to €778 million at December 31, 2015 (€909 million at December 31, 2014).

17.2.1 Issuance of deeply-subordinated perpetual notes

ENGIE SA carried out two issues of deeply-subordinated perpetual notes, the first on July 3, 2013 and the second on May 22, 2014. These transactions were divided into several tranches, offering an average coupon of 3.4% (2014) and 4.4% (2013).

In accordance with the provisions of IAS 32 – *Financial Instruments – Presentation*, and given their characteristics, these instruments were accounted for in equity in the Group's consolidated financial statements for a total amount of €1,907 million in 2014 and €1,657 million in 2013.

The coupons ascribed to the owners of these notes, for which €145 million was paid in 2015, are accounted for as a deduction from equity in the Group's consolidated financial statements; the relating tax saving is accounted for in the income statement.

17.2.2 Distributable capacity of ENGIE SA

ENGIE SA's distributable capacity totaled €36,690 million at December 31, 2015 (compared with €38,690 million at December 31, 2014), including €32,506 million of additional paid-in capital.

17.2.3 Dividend

The table below shows the dividends and interim dividends paid by ENGIE SA in respect of 2014 and 2015.

	Amount distributed *(in millions of euros)*	Net dividend per share *(in euros)*
In respect of 2014		
Interim dividend (paid on October 15, 2014)	1,184	0.50
Remaining dividend in respect of 2014 (paid on May 5, 2015)	1,196	0.50
In respect of 2015		
Interim dividend (paid on October 15, 2015)	1,196	0.50

The additional 3% contribution, set up by the 2012 Finance Act, payable in respect of the dividend and interim dividend distributed in May and October 2015, amounts to €72 million (€86 million for the payments carried out in 2014) and is accounted for in the income statement.

The Shareholders' Meeting of April 28, 2015 approved the distribution of a total dividend of €1 per share in respect of 2014. As an interim dividend of €0.50 per share was paid on October 15, 2014, for an amount of €1,184 million, ENGIE SA settled in cash the remaining dividend balance of €0.50 per share on May 5, 2015, for an amount of €1,196 million. In addition, the Board of Directors' Meeting of July 29, 2015 approved the payment of an interim dividend of €0.50 per share payable on October 15, 2015 for a total amount of €1,196 million.

Proposed dividend in respect of 2015

Shareholders at the Shareholders' Meeting convened to approve the ENGIE financial statements for the year ended December 31, 2015, will be asked to approve a dividend of €1 per share, representing a total payout of €2,394 million based on the number of shares outstanding at December 31, 2015. An interim dividend of €0.50 per share was paid on October 15, 2015, representing a total amount of €1,196 million.

Subject to approval by the Shareholders' Meeting, this dividend, net of the interim dividend paid, will be detached on May 5, 2016 and paid on May 9, 2016. It is not recognized as a liability in the financial statements at December 31, 2015, since the financial statements at the end of 2015 are presented before the appropriation of earnings.

17.3 Total gains and losses recognized in equity (Group share)

All the items shown in the table below correspond to cumulative gains and losses (Group share) at December 31, 2015 and December 31, 2014, which are recyclable to income in subsequent periods.

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Available-for-sale securities	443	462
Net investment hedges	(561)	(197)
Cash flow hedges (excl. commodity instruments)	(641)	(904)
Commodity cash flow hedges	193	195
Deferred taxes on the items above	146	163
Share of entities accounted for using the equity method in recyclable items, net of tax	(509)	(347)
Translation adjustments	990	191
TOTAL RECYCLABLE ITEMS	**62**	**(436)**

17.4 Capital management

ENGIE SA looks to optimize its financial structure at all times by pursuing an optimal balance between its net debt and its EBITDA. The Group's key objective in managing its financial structure is to maximize value for shareholders, reduce the cost of capital, while at the same time ensuring that the Group has the financial flexibility required to continue its expansion. The Group manages its financial structure and makes any necessary adjustments in light of prevailing economic conditions. In this context, it may choose to adjust the amount of dividends paid to shareholders, reimburse a portion of capital, carry out share buybacks *(see Note 17.1.2 "Treasury stock")*, issue new shares, launch share-based payment plans, recalibrate its investment budget, or sell assets in order to scale back its net debt.

The Group's policy is to maintain an "A" rating by the rating agencies. To achieve this, it manages its financial structure in line with the indicators usually monitored by these agencies, namely the Group's operating profile, financial policy and a series of financial ratios. One of the most commonly used ratios is the ratio where the numerator includes operating cash flows less net financial expense and taxes paid, and the denominator includes adjusted net financial debt. Net debt is mainly adjusted for nuclear provisions, provisions for unfunded pension plans and operating lease commitments.

The Group's objectives, policies and processes for managing capital have remained unchanged over the past few years.

ENGIE SA is not obliged to comply with any minimum capital requirements except those provided for by law.

NOTE 18 Provisions

In millions of euros	Dec. 31, 2014	Additions	Reversals (utilizations)	Reversals (surplus provisions)	Changes in scope of consolidation	Impact of unwinding discount adjustments	Translation adjustments	Other	Dec. 31, 2015
Post-employment and other long-term benefits	6,233	252	(366)	(8)	5	140	(12)	(458)	5,785
Back-end of the nuclear fuel cycle	4,491	61	(22)	-	-	215	-	-	4,744
Dismantling of plant and equipment [(1)]	3,911	343	(16)	-	(2)	182	4	55	4,476
Site rehabilitation	1,345	-	(12)	(9)	-	24	(8)	133	1,474
Litigations, claims, and tax risks	891	189	(123)	(321)	1	4	17	4	663
Other contingencies	1,668	514	(456)	(116)	12	24	8	41	1,694
TOTAL PROVISIONS	**18,539**	**1,358**	**(996)**	**(454)**	**16**	**589**	**9**	**(225)**	**18,836**

(1) Of which €3,629 million in provisions for dismantling nuclear facilities at December 31, 2015, versus €3,467 million at December 31, 2014.

The impact of unwinding discounting adjustments in respect of post-employment benefit obligations and other long-term benefits relates to the interest expense on the pension obligations, net of the expected return on plan assets.

The "Other" column mainly comprises actuarial gains and losses arising on post-employment benefit obligations in 2015 which are recorded in "Other comprehensive income" as well as provisions recorded against a dismantling or site-rehabilitation asset.

Additions, reversals and the impact of unwinding discounting adjustments are presented as follows in the consolidated income statement:

In millions of euros	Dec. 31, 2015
Income/(loss) from operating activities	(237)
Other financial income and expenses	(589)
Income taxes	329
TOTAL	**(497)**

The different types of provisions and the calculation principles applied are described below.

18.1 Post-employment benefits and other long-term benefits

See Note 19 "Post-employment benefits and other long-term benefits".

18.2 Nuclear power generation activities

In the context of its nuclear power generation activities, the Group assumes obligations relating to the processing of spent nuclear fuel and the dismantling of nuclear facilities.

18.2.1 Legal framework

The Belgian law of April 11, 2003, amended by the law of April 25, 2007, granted Group subsidiary Synatom responsibility for managing provisions set aside to cover the costs of dismantling nuclear power plants and managing radioactive fissile material from such plants. The tasks of the Commission for Nuclear Provisions set up pursuant to the above-mentioned law is to oversee the process of computing and managing these provisions. The Commission also issues opinions on the maximum percentage of funds that Synatom can lend to operators of nuclear plants and on the types of assets in which Synatom may invest its outstanding funds.

To enable the Commission for Nuclear Provisions to carry out its work in accordance with the above-mentioned law, Synatom is required to submit a report every three years describing the core inputs used to measure these provisions.

Synatom submitted its triennial report to the Commission for Nuclear Provisions on September 18, 2013. The Commission issued its opinion on November 18, 2013 based on the favorable opinion given by ONDRAF, the Belgian agency for radioactive waste and enriched fissile materials.

For 2015, core inputs for measuring provisions including management scenarios, implementation program and timetable, detailed technical analyses (physical and radiological inventories), estimation methods and timing of expenditures, as well as discount rates, correspond to those which have been approved by the Commission for Nuclear Provisions and the Group has made sure that these assumptions remain reasonable. As in the previous year, changes in provisions in 2015 therefore mainly relate to recurring items linked to the passage of time (the unwinding of discounting adjustments) and provisions for fuel spent during the year.

The provisions set aside take into account all existing or planned environmental regulatory requirements on a European, national and regional level. If additional legislation were to be introduced in the future, the cost estimates used as a basis for the calculations could vary. However, the Group is not aware of additional planned legislation on this matter which could materially impact the value of the provisions.

The estimated provision amounts include margins for contingencies and other risks that may arise in connection with dismantling and fuel management procedures. These margins are estimated by the Group for each cost category. The contingency margins relating to the disposal of waste are determined by ONDRAF and built into its tariffs.

The provisions recognized by the Group at December 31, 2015 were measured taking into account the prevailing contractual and legal framework, which sets the operating life of the Tihange 1 reactor at 50 years and the other reactors at 40 years.

An extension of the operating lives of one or more nuclear reactors would give rise to the postponement of the dismantling schedule. This could result in less efficient coordination of tasks compared to dismantling all the facilities at the same time and the deferral over time of the related expenditure. The changes to these provisions – subject to certain conditions – would be recognized against the assets concerned.

18.2.2 Provisions for nuclear fuel processing and storage

When spent nuclear fuel is removed from a reactor, it remains radioactive and requires processing. Two different procedures for managing radioactive spent fuel exist, being either reprocessing or conditioning without reprocessing. The Belgian government has not yet decided which scenario will be made compulsory in Belgium.

The Commission for Nuclear Provisions has adopted a “mixed” scenario in which around one-quarter of total fuel is reprocessed, and the rest disposed of directly without reprocessing.

The Group books provisions to cover all of the costs linked to this “mixed” scenario, including on-site storage, transportation, reprocessing by an accredited facility, conditioning, storage and removal.

Provisions for nuclear fuel processing and storage are calculated based on the following principles and parameters:

- storage costs primarily comprise the costs of building and operating storage pools, along with the costs of purchasing containers. These costs are mainly incurred between 2016 and 2030;
- part of the spent fuel is transferred for reprocessing. Reprocessing operations are scheduled to take place between 2019 and 2030. It is assumed that the plutonium resulting from this process will be sold to third parties;
- spent fuel that has not been reprocessed is to be conditioned between 2035 and 2052, which requires conditioning facilities to be built according to ONDRAF’s approved criteria;
- the reprocessing residues and conditioned spent fuel will be transferred to ONDRAF until 2053;
- the fuel will be buried in a deep geological repository between 2085 and 2095. The cost of this operation is estimated by ONDRAF. The principal cash outflows will be spread over the period until 2058;
- the long-term obligation is calculated using estimated internal costs and external costs assessed based on offers received from third parties or fee proposals from independent organizations;
- the 4.8% discount rate used (actual rate of 2.8% and an inflation rate of 2.0%) is based on an analysis of average, past and prospective changes in benchmark long-term rates;
- allocations to the provision are computed based on the average unit cost of quantities used up to the end of the operating life of the plant;
- an annual allocation is also recognized with respect to unwinding the discount on the provision.

The costs effectively incurred in the future may differ from the estimates in terms of their nature and timing of payment. The provisions may be adjusted in line with future changes in the above-mentioned parameters. However, these parameters are based on information and estimates which the Group deems reasonable to date and which have been approved by the Commission for Nuclear Provisions.

Belgium’s current legal framework does not prescribe methods for managing nuclear waste. The reprocessing of spent fuel was suspended following a resolution adopted by the House of Representatives in 1993. The scenario adopted is based on the assumption that the Belgian government will allow Synatom to reprocess uranium and that an agreement will be reached between Belgium and France designating Areva as responsible for these reprocessing operations.

A scenario assuming the direct disposal of waste without reprocessing would lead to a decrease in the provision compared to the provision resulting from the “mixed” scenario approved by the Commission for Nuclear Provisions.

The Belgian government has not yet taken a decision as to whether the waste should be buried in a deep geological repository or stored over the long term. In accordance with the European Directive, in 2015 the government drew up its national program for the management of spent fuel and radioactive waste. The program remains subject to approval by a ministerial order. The scenario adopted by the Commission for Nuclear Provisions is based on the assumption that the waste will be buried in a deep geological repository as recommended in ONDRAF’s waste management program. To date, there is no accredited site in Belgium. However, ONDRAF considers that by 2020 it will be able to confirm that Boom’s clay facility can accept nuclear waste.

18.2.3 Provisions for dismantling nuclear facilities

Nuclear power plants have to be dismantled at the end of their operating life. Provisions are set aside in the Group's accounts to cover all costs relating to (i) the shutdown phase, which involves removing radioactive fuel from the site and (ii) the dismantling phase, which consists of decommissioning and cleaning up the site.

Provisions for dismantling nuclear facilities are calculated based on the following principles and parameters:

- costs payable over the long term are calculated by reference to the estimated costs for each nuclear facility, based on a study conducted by independent experts under the assumption that the facilities will be dismantled progressively;
- an inflation rate of 2.0% is applied until the dismantling obligations expire in order to determine the value of the future obligation;
- a discount rate of 4.8% (including 2.0% inflation) is applied to determine the present value (NPV) of the obligation. This rate is the same as the one used to calculate the provision for processing spent nuclear fuel;
- the operating life is 50 years for Tihange 1 and 40 years for the other facilities;
- it generally takes three to four years to shut down a reactor. The start of the technical shut-down procedures depends on the facility concerned and on the timing of operations for the nuclear reactor as a whole. The shutdown procedures are immediately followed by dismantling operations, which last from 9 to 13 years;
- the present value of the obligation when the facilities are commissioned represents the initial amount of the provision. The matching entry is an asset recognized for the same amount within the corresponding property, plant and equipment category. This asset is depreciated over the remaining operating life as from the commissioning date;
- annual allocation to the provision, reflecting the interest cost on the provision carried in the books at the end of the previous year, is calculated at the discount rate used to estimate the present value of future cash flows.

The costs effectively incurred in the future may differ from the estimates in terms of their nature and timing of payment. The provisions may be adjusted in line with future changes in the above-mentioned parameters. However, these parameters are based on information and estimates which the Group deems reasonable to date and which have been approved by the Commission for Nuclear Provisions.

The scenario adopted is based on a dismantling program and on timetables that have to be approved by nuclear safety authorities.

Provisions are also recognized for the Group's share of the expected dismantling costs for the nuclear facilities in which it has drawing rights.

18.2.4 Sensitivity to discount rates

Based on currently applied parameters for estimating costs and the timing of payments, a change of 10 basis points in the discount rate used could lead to an adjustment of around €100 million in dismantling and nuclear fuel processing and storage provisions. A fall in discount rates would lead to an increase in outstanding provisions, while a rise in discount rates would reduce the provision amount.

Changes arising as a result of the review of the dismantling provision would not have an immediate impact on income, since the matching entry under certain conditions would consist in adjusting the corresponding assets accordingly.

Sensitivity to discount rates as presented above in accordance with the applicable standards, is an automatic calculation and should therefore be interpreted with appropriate caution in view of the variety of other inputs – some of which may be interdependent – included in the evaluation. The frequency with which these provisions are reviewed by the Commission for Nuclear Provisions in accordance with applicable regulations ensures that the overall obligation is measured accurately.

18.3 Dismantling obligations arising on other plant and equipment

Certain plant and equipment, including conventional power stations, transmission and distribution pipelines, storage facilities and LNG terminals, have to be dismantled at the end of their operational lives. This obligation is the result of prevailing environmental regulations in the countries concerned, contractual agreements, or an implicit Group commitment.

Based on estimates of proven and probable reserves through 2260 using current production levels, dismantling provisions for gas infrastructures in France have a present value near zero.

18.4 Site rehabilitation

18.4.1 Exploration-production activities

The Group also sets aside a provision for its obligations in terms of rehabilitating exploration-production facilities.

The provision reflects the present value of the estimated rehabilitation costs until the operating activities are completed. This provision is computed based on the Group's internal assumptions regarding estimated rehabilitation costs and the timing of the rehabilitation work. The timing of the rehabilitation work used as the basis for the provision may vary depending on the time when production is considered no longer economically viable. This consideration is itself closely related to fluctuations in future gas and oil prices.

The provision is recognized with a matching entry to property, plant and equipment.

18.5 Contingencies and tax risks

This caption includes essentially provisions for commercial contingencies, and claims and tax disputes.

NOTE 19 Post-employment benefits and other long-term benefits

19.1 Description of the main pension plans

The Group's main pension plans are described below.

19.1.1 Companies belonging to the Electricity and Gas Industries sector in France

Since January 1, 2005, the CNIEG (*Caisse Nationale des Industries Électriques et Gazières*) has operated the pension, disability, death, occupational accident and occupational illness benefit plans for electricity and gas industry (hereinafter "EGI") companies in France. The CNIEG is a social security legal entity under private law placed under the joint responsibility of the ministries in charge of social security and budget.

Employees and retirees of EGI sector companies have been fully affiliated to the CNIEG since January 1, 2005. The main affiliated Group entities are ENGIE SA, GRDF, GRTgaz, ELENGY, STORENGY, ENGIE Thermique France, CPCU, CNR and SHEM.

Following the funding reform of the special EGI pension plan introduced by Act No. 2004-803 of August 9, 2004 and its implementing decrees, specific benefits (pension benefits on top of the standard benefits payable under ordinary law) already vested at December 31, 2004 ("past specific benefits") were allocated between the various EGI entities. Past specific benefits (benefits vested at December 31, 2004) relating to regulated transmission and distribution businesses ("regulated past specific benefits") are funded by the levy on gas and electricity transmission and distribution services (*Contribution Tarifaire d'Acheminement*) and therefore no longer represent an obligation for the ENGIE Group. Unregulated past specific benefits (benefits vested at December 31, 2004) are funded by EGI sector entities to the extent defined by decree No. 2005-322 of April 5, 2005.

The special EGI pension plan is a legal pension plan available to new entrants.

The specific benefits vested under the plan since January 1, 2005 are wholly financed by EGI sector companies in proportion to their respective weight in terms of payroll costs within the EGI sector.

As this plan represents a defined benefit plan, the Group has set aside a pension provision in respect of specific benefits payable to employees of unregulated activities and specific benefits vested by employees of regulated activities since January 1, 2005. This provision also covers the Group's early retirement obligations. The provision amount may be subject to fluctuations based on the weight of the Group's companies within the EGI sector.

Pension benefit obligations and other "mutualized" obligations are assessed by the CNIEG.

At December 31, 2015, the projected benefit obligation in respect of the special pension plan for EGI sector companies amounted to €3.2 billion (€3.3 billion at December 31, 2014). This decrease is mainly due to the increase in discount rates.

The duration of the pension benefit obligation relating to the EGI pension plan is 18 years.

19.1.2 Companies belonging to the electricity and gas sector in Belgium

In Belgium, the rights of employees in electricity and gas sector companies, principally Electrabel, Electrabel Customer Solutions (ECS), Laborelec, ENGIE CC and some GDF SUEZ Energy Management Trading employee categories, are governed by collective bargaining agreements.

These agreements, applicable to "wage-rated" employees recruited prior to June 1, 2002 and managerial staff recruited prior to May 1, 1999, specify the benefits entitling employees to a supplementary pension equivalent to 75% of their most recent annual income, for a full career and in addition to the statutory pension. These top-up pension payments provided under defined benefit plans are partly reversionary. In practice, the benefits are paid in the form of a lump sum for the majority of plan participants. Most of the obligations resulting from these pension plans are financed through pension funds set up for the electricity and gas sector and by certain insurance companies. Pre-funded pension plans are financed by employer and employee contributions. Employer contributions are calculated annually based on actuarial assessments.

The projected benefit obligation relating to these plans represented around 13% of total pension obligations and related liabilities at December 31, 2015. The average duration is 11 years.

"Wage-rated" employees recruited after June 1, 2002 and managerial staff recruited after May 1, 1999 are covered under defined contribution plans. However, for contributions paid from January 1, 2004, the law specifies a minimum average annual return (3.75% on wage contributions and 3.25% on employer's contributions) when savings are liquidated.

The law on supplementary pensions, approved on December 18, 2015 and enforced on January 1, 2016, amends the guaranteed return rates based on the actual performance of obligations. The Group has determined that these changes do not have a material impact on the amount of the obligation.

An expense of €24 million was recognized in 2015 in respect of these defined contribution plans (€21 million at December 31, 2014).

19.1.3 Multi-employer plans

Employees of some Group companies are affiliated to multi-employer pension plans.

Under multi-employer plans, risks are pooled to the extent that the plan is funded by a single contribution rate determined for all affiliated companies and applicable to all employees.

Multi-employer plans are particularly common in the Netherlands, where employees are normally required to participate in a compulsory industry-wide plan. These plans cover a significant number of employers, thereby limiting the impact of potential default by an affiliated company. In the event of default, the vested rights are maintained in a special compartment and are not transferred to the other members. Refinancing plans may be set up to ensure the funds are balanced.

The ENGIE Group accounts for multi-employer plans as defined contribution plans.

An expense of €71 million was recognized in 2015 in respect of multi-employer pension plans (€73 million at December 31, 2014).

19.1.4 Other pension plans

Most other Group companies also grant their employees retirement benefits. In terms of financing, pension plans within the Group are almost equally split between defined benefit and defined contribution plans.

The Group's main pension plans outside France, Belgium and the Netherlands concern:

- United Kingdom: the large majority of defined benefit pension plans is now closed to new entrants and future benefits no longer vest under these plans. All entities run a defined contribution scheme. The pension obligations of International Power's subsidiaries in the United Kingdom are covered by the special Electricity Supply Pension Scheme (ESPS). The assets of this defined benefit scheme are invested in separate funds. Since June 1, 2008, the scheme has been closed and a defined contribution plan was set up for new entrants;
- Germany: the Group's German subsidiaries have closed their defined benefit plans to new entrants and now offer defined contribution plans;
- Brazil: Tractebel Energia operates its own pension scheme. This scheme has been split into two parts, one for the (closed) defined benefit plan, and the other for the defined contribution plan that has been available to new entrants since the beginning of 2005.

19.2 Description of other post-employment benefit obligations and other long-term benefits

19.2.1 Other benefits granted to current and former EGI sector employees

Other benefits granted to EGI sector employees are:

Post-employment benefits:

- reduced energy prices;
- end-of-career indemnities;
- bonus leave;
- immediate bereavement benefits.

Long-term benefits:

- allowances for occupational accidents and illnesses;
- temporary and permanent disability allowances;
- long-service awards.

The Group's main obligations are described below.

19.2.1.1 Reduced energy prices

Under Article 28 of the national statute for electricity and gas industry personnel, all employees (current and former employees, provided they meet certain length-of-service conditions) are entitled to benefits in kind which take the form of reduced energy prices known as "employee rates".

This benefit entitles employees to electricity and gas supplies at a reduced price. For retired employees, this provision represents a post-employment defined benefit. Retired employees are only entitled to the reduced rate if they have completed at least 15 years' service within EGI sector companies.

In accordance with the agreements signed with EDF in 1951, ENGIE provides gas to all current and former employees of ENGIE and EDF, while EDF supplies electricity to these same beneficiaries. ENGIE pays (or benefits from) the balancing contribution payable in respect of its employees as a result of energy exchanges between the two utilities.

The obligation to provide energy at a reduced price to current and former employees is measured as the difference between the energy sale price and the preferential rates granted.

The provision set aside in respect of reduced energy prices amounts to €2.7 billion at December 31, 2015. The duration of the obligation is 20 years.

19.2.1.2 End-of-career indemnities

Retiring employees (or their dependents in the event of death during active service) are entitled to end-of-career indemnities which increase in line with the length of service within the EGI sector.

19.2.1.3 Compensation for occupational accidents and illnesses

EGI sector employees are entitled to compensation for accidents at work and occupational illnesses. These benefits cover all employees or the dependents of employees who die as a result of occupational accidents or illnesses, or injuries suffered on the way to work.

The amount of the obligation corresponds to the likely present value of the benefits to be paid to current beneficiaries, taking into account any reversionary annuities.

19.2.2 Other benefits granted to employees of the gas and electricity sector in Belgium

Electricity and gas sector companies also grant other employee benefits such as the reimbursement of medical expenses, electricity and gas price reductions, as well as length-of-service awards and early retirement schemes. These benefits are not prefunded, with the exception of the special "*allocation transitoire*" termination indemnity, considered as an end-of-career indemnity.

19.2.3 Other collective agreements

Most other Group companies also grant their staff post-employment benefits (early retirement plans, medical coverage, benefits in kind, etc.) and other long-term benefits such as jubilee and length-of-service awards.

19.3 Defined benefit plans

19.3.1 Amounts presented in the statement of financial position and statement of comprehensive income

In accordance with IAS 19, the information presented in the statement of financial position relating to post-employment benefit obligations and other long-term benefits results from the difference between the gross projected benefit obligation and the fair value of plan assets. A provision is recognized if this difference is positive (net obligation), while a prepaid benefit cost is recorded in the statement of financial position when the difference is negative, provided that the conditions for recognizing the prepaid benefit cost are met.

Changes in provisions for post-employment benefits and other long-term benefits, plan assets and reimbursement rights recognized in the statement of financial position are as follows:

In millions of euros	Provisions	Plan assets	Reimbursement rights
AT JANUARY 1, 2014	**(4,390)**	**72**	**167**
Exchange rate differences	(12)	-	-
Changes in scope of consolidation and other	34	(85)	-
Actuarial gains and losses	(1,784)	22	6
Periodic pension cost	(497)	28	6
Asset ceiling	(4)	-	-
Contributions/benefits paid	420	5	(3)
AT DECEMBER 31, 2014	**(6,232)**	**41**	**176**
Exchange rate differences	13	-	-
Changes in scope of consolidation and other	45	(48)	-
Actuarial gains and losses	448	38	(11)
Periodic pension cost	(458)	15	3
Asset ceiling	(41)	-	-
Contributions/benefits paid	441	16	-
AT DECEMBER 31, 2015	**(5,785)**	**62**	**167**

Plan assets and reimbursement rights are presented in the statement of financial position under “Other non-current assets” or “Other current assets”.

The cost recognized for the period in the income statement amounts to €442 million in 2015 (€469 million in 2014). The components of this defined benefit cost in the period are set out in Note 19.3.4 “Components of the net periodic pension cost”.

The Eurozone represents 94% of the Group’s net obligation at December 31, 2015 (compared to 94% at December 31, 2014).

Cumulative actuarial gains and losses recognized in equity amounted to €2,730 million at December 31, 2015, compared to €3,138 million at December 31, 2014.

Net actuarial differences arising in the period and presented on a separate line in the statement of comprehensive income represented a net actuarial gain totaling €446 million in 2015 and a net actuarial loss of €1,762 million in 2014.

19.3.2 Change in benefit obligations and plan assets

The table below shows the amount of the Group's projected benefit obligations and plan assets, changes in these items during the periods presented, and their reconciliation with the amounts reported in the statement of financial position:

		Dec. 31, 2015				Dec. 31, 2014			
In millions of euros		Pension benefit obligations (1)	Other post-employment benefit obligations (2)	Long-term benefit obligations (3)	Total	Pension benefit obligations (1)	Other post-employment benefit obligations (2)	Long-term benefit obligations (3)	Total
A - CHANGE IN PROJECTED BENEFIT OBLIGATION									
Projected benefit obligation at January 1		**(7,580)**	**(3,393)**	**(564)**	**(11,537)**	**(6,363)**	**(2,383)**	**(531)**	**(9,276)**
Service cost		(267)	(64)	(46)	(376)	(229)	(32)	(40)	(301)
Interest expense		(196)	(70)	(9)	(276)	(251)	(88)	(16)	(355)
Contributions paid		(13)	-	-	(13)	(13)	-	-	(13)
Amendments		8	16	-	24	10	1	3	14
Changes in scope of consolidation		2	(1)	-	1	(85)	-	-	(85)
Curtailments/settlements		19	-	-	19	16	-	-	16
Non-recurring items		(2)	(6)	-	(7)	(3)	(4)	-	(7)
Financial actuarial gains and losses		292	294	33	619	(941)	(1,036)	(36)	(2,014)
Demographic actuarial gains and losses		140	(280)	9	(131)	(36)	58	10	32
Benefits paid		373	109	48	530	361	92	47	500
Other (of which translation adjustments)		25	-	-	25	(47)	(2)	-	(48)
Projected benefit obligation at December 31	**A**	**(7,197)**	**(3,394)**	**(530)**	**(11,120)**	**(7,580)**	**(3,393)**	**(564)**	**(11,537)**
B - CHANGE IN FAIR VALUE OF PLAN ASSETS									
Fair value of plan assets at January 1		**5,349**	**3**	**-**	**5,351**	**4,955**	**5**	**-**	**4,960**
Interest income on plan assets		148	-	-	148	201	-	-	201
Financial actuarial gains and losses		40	-	-	40	195	(2)	-	193
Contributions received		271	17	-	288	270	14	-	284
Changes in scope of consolidation		(1)	-	-	(1)	36	-	-	36
Settlements		(15)	(1)	-	(17)	(12)	(1)	-	(13)
Benefits paid		(332)	(17)	-	(349)	(333)	(14)	-	(347)
Other (of which translation adjustments)		(14)	-	-	(14)	36	-	-	36
Fair value of plan assets at December 31	**B**	**5,445**	**1**	**-**	**5,446**	**5,349**	**3**	**-**	**5,351**
FUNDED STATUS	**A+B**	**(1,752)**	**(3,393)**	**(530)**	**(5,674)**	**(2,231)**	**(3,391)**	**(564)**	**(6,185)**
Asset ceiling		(48)	-	-	(48)	(6)	-	-	(6)
NET BENEFIT OBLIGATION		**(1,800)**	**(3,393)**	**(530)**	**(5,722)**	**(2,237)**	**(3,391)**	**(564)**	**(6,191)**
ACCRUED BENEFIT LIABILITY		**(1,862)**	**(3,393)**	**(530)**	**(5,785)**	**(2,278)**	**(3,391)**	**(564)**	**(6,233)**
PREPAID BENEFIT COST		**62**	**-**	**-**	**62**	**41**	**-**	**-**	**41**

(1) Pensions and retirement bonuses.
(2) Reduced energy prices, healthcare, gratuities and other post-employment benefits.
(3) Length-of-service awards and other long-term benefits.

19.3.3 Change in reimbursement rights

Changes in the fair value of reimbursement rights relating to plan assets managed by Contassur are as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Fair value at January 1	**176**	**167**
Interest income on plan assets	*3*	*7*
Financial actuarial gains and losses	*(11)*	*6*
Actual return	(9)	13
Curtailments/settlements	-	(1)
Employer contributions	16	13
Employee contributions	1	2
Benefits paid	(17)	(18)
FAIR VALUE AT DECEMBER 31	**167**	**176**

19.3.4 Components of the net periodic pension cost

The net periodic cost recognized in respect of defined benefit obligations for the years ended December 31, 2015 and 2014 breaks down as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Current service cost	376	301
Net interest expense	128	153
Actuarial gains and losses (1)	(42)	27
Plan amendments	(24)	(14)
Gains or losses on pension plan curtailments, terminations and settlements	(2)	(5)
Non-recurring items	7	7
TOTAL	**442**	**469**
o/w recorded in current operating income after share in net income of entities accounted for using the equity method	*314*	*315*
o/w recorded in net financial income/(loss)	*128*	*153*

(1) On long-term benefit obligation.

19.3.5 Funding policy and strategy

When defined benefit plans are funded, the related plan assets are invested in pension funds and/or with insurance companies, depending on the investment practices specific to the country concerned. The investment strategies underlying these defined benefit plans are aimed at striking the right balance between return on investment and acceptable levels of risk.

The objectives of these strategies are twofold: to maintain sufficient liquidity to cover pension and other benefit payments; and as part of risk management, to achieve a long-term rate of return higher than the discount rate or, where appropriate, at least equal to future required returns.

When plan assets are invested in pension funds, investment decisions and the allocation of plan assets are the responsibility of the fund management concerned. For French companies, where plan assets are invested with an insurance company, the latter manages the investment portfolio for unit-linked policies or euro-denominated policies. These diversified funds are actively managed by reference to composite indexes and adapted to the long-term profile of the liabilities, taking into account Eurozone government bonds and shares in front-ranking companies within and outside the Eurozone.

For euro-denominated funds, the insurer's sole obligation is to ensure a fixed minimum return on assets.

The funding of these obligations at December 31 for each of the periods presented can be analyzed as follows:

In millions of euros	Projected benefit obligation	Fair value of plan assets	Asset ceiling	Total net obligation
Underfunded plans	(5,777)	4,469	(48)	(1,356)
Overfunded plans	(923)	977	-	55
Unfunded plans	(4,421)	-	-	(4,421)
AT DECEMBER 31, 2015	**(11,120)**	**5,446**	**(48)**	**(5,722)**
Underfunded plans	(7,385)	4,872	(6)	(2,519)
Overfunded plans	(438)	479	-	41
Unfunded plans	(3,714)	-	-	(3,714)
AT DECEMBER 31, 2014	**(11,537)**	**5,351**	**(6)**	**(6,191)**

The allocation of plan assets by principal asset category can be analyzed as follows:

In %	Dec. 31, 2015	Dec. 31, 2014
Equity investments	31	31
Sovereign bond investments	16	20
Corporate bond investments	34	29
Money market securities	8	9
Real estate	4	4
Other assets	7	7
TOTAL	**100**	**100**

All plan assets are quoted on an active market at December 31, 2015.

The actual return on assets of EGI sector companies stood at 4% in 2015.

The actual return on plan assets of Belgian entities amounted to approximately 3% in group insurance and 2% in pension funds.

The allocation of plan assets categories by geographic area of investment can be analyzed as follows:

In %	Europe	North America	Latin America	Asia - Oceania	Rest of the World	Total
Equity investments	62	23	1	11	4	100
Sovereign bond investments	76	1	22	1	-	100
Corporate bond investments	81	12	1	4	1	100
Money market securities	87	5	4	3	1	100
Real estate	87	-	2	11	-	100
Other assets	46	14	21	15	4	100

19.3.6 Actuarial assumptions

Actuarial assumptions are determined individually by country and company in conjunction with independent actuaries. Weighted discount rates for main actuarial assumptions are presented below:

	Pension benefit obligations		Other post-employment benefit obligations		Long-term benefit obligations		Total benefit obligations	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Discount rate	2.9%	2.8%	2.5%	2.1%	2.1%	1.8%	2.7%	2.5%
Inflation rate	1.8%	2.0%	1.7%	1.7%	1.7%	1.8%	1.8%	1.9%
Average remaining working years of participating employees	14 years	15 years	16 years	16 years	16 years	16 years	15 years	15 years

19.3.6.1 Discount and inflation rate

The discount rate applied is determined based on the yield, at the date of the calculation, on top-rated corporate bonds with maturities mirroring the term of the plan.

The rates were determined for each monetary area (Eurozone and United Kingdom) based on data for AA corporate bonds yields (Bloomberg and iBoxx), extrapolated on the basis of government bond yields for long maturities.

According to the Group's estimates, a 100-basis-point increase or decrease in the discount rate would result in a change of approximately 16% in the projected benefit obligation.

The inflation rates were determined for each monetary area. A 100-basis-point increase or decrease in the inflation rate (with an unchanged discount rate) would result in a change of approximately 15% in the projected benefit obligation.

19.3.6.2 Other assumptions

The medical costs (including inflation) increase rate was estimated at 3%.

A 100-basis-point change in the assumed increase in healthcare costs would have the following impacts:

In millions of euros	**100-basis-point increase**	**100-basis-point decrease**
Impact on expenses	4	(3)
Impact on pension obligations	59	(43)

19.3.7 Estimated employer contributions payable in 2016 under defined benefit plans

The Group expects to pay around €192 million in contributions into its defined benefit plans in 2016, including €97 million for EGI sector companies. Annual contributions in respect of EGI sector companies will be made by reference to rights vested in the year, taking into account the funding level for each entity in order to even out contributions over the medium term.

19.4 Defined contribution plans

In 2015, the Group recorded a €134 million expense in respect of amounts paid into Group defined contribution plans (€139 million in 2014). These contributions are recorded under "Personnel costs" in the consolidated income statement.

NOTE 20 Exploration-production activities

20.1 Exploration-production assets

Exploration-production assets break down into the following three categories: exploration-production licenses, presented under "Intangible assets" in the statement of financial position, fields under development, shown under "Assets in development phase", and fields in production, shown under "Assets in production phase", which are included in "Property, plant and equipment" in the statement of financial position.

In millions of euros	Licenses	Assets in development phase	Assets in production phase	Total
A. GROSS AMOUNT				
At January 1, 2014	**1,043**	**1,443**	**7,841**	**10,327**
Change in scope of consolidation	-	(39)	(147)	(186)
Acquisitions	24	805	178	1,007
Disposals	-	(12)	(99)	(111)
Translation adjustments	108	94	(216)	(14)
Other	(69)	(885)	999	45
At December 31, 2014	**1,106**	**1,406**	**8,555**	**11,067**
Change in scope of consolidation	(174)	-	(10)	(185)
Acquisitions	37	951	128	1,115
Disposals	(124)	(198)	-	(322)
Translation adjustments	105	105	(155)	54
Other	60	(106)	126	81
AT DECEMBER 31, 2015	**1,009**	**2,158**	**8,643**	**11,810**
B. ACCUMULATED AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES				
At January 1, 2014	**(361)**	**(35)**	**(4,053)**	**(4,450)**
Change in scope of consolidation	-	-	96	96
Amortization, depreciation and impairment losses	(33)	-	(920)	(953)
Translation adjustments	(44)	(1)	62	17
Other	-	33	(33)	-
At December 31, 2014	**(438)**	**(4)**	**(4,847)**	**(5,289)**
Change in scope of consolidation	174	-	10	185
Amortization, depreciation	-	-	(664)	(664)
Impairment losses	(349)	(1,146)	(1,041)	(2,536)
Disposals	88	-	-	88
Translation adjustments	(48)	(26)	77	3
Other	-	-	-	-
AT DECEMBER 31, 2015	**(573)**	**(1,176)**	**(6,464)**	**(8,213)**
C. CARRYING AMOUNT				
At December 31, 2014	**668**	**1,402**	**3,708**	**5,778**
AT DECEMBER 31, 2015	**437**	**982**	**2,179**	**3,597**

Acquisitions in 2015 notably include developments carried out over the year on the Cygnus field in the United Kingdom, the Jangkrik field in Indonesia and the Touat field in Algeria. Disposals mainly include the disposal of a 11.67% interest in the Jangkrik field in Indonesia.

Acquisitions in 2014 notably included developments performed on the Cygnus field in the United Kingdom and on the Jangkrik field in Indonesia.

Impairment losses recorded at December 31, 2015 and December 31, 2014 are described in Note 7.2.

20.2 Capitalized exploration costs

The following table provides a breakdown of the net change in capitalized exploration costs:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
At January 1	**430**	**599**
Capitalized exploration costs for the year	129	162
Amounts recognized in expenses for the period	(145)	(236)
Other	(54)	(95)
AT DECEMBER 31	**359**	**430**

Capitalized exploration costs are reported in the statement of financial position within "Other assets".

20.3 Investments during the period

Investments for the exploration-production business amounted to €1,027 million and €1,094 million, respectively, in 2015 and 2014. Investments are included in "Acquisitions of property, plant and equipment and intangible assets" in the statement of cash flows.

NOTE 21 Finance leases

21.1 Finance leases for which ENGIE acts as lessee

The carrying amounts of property, plant and equipment held under finance leases are broken down into different categories depending on the type of asset concerned.

The main finance lease agreements entered into by the Group primarily concern the Energy International business line power plants (mostly Enersur – Peru) and Cofely's cogeneration plants.

The present values of future minimum lease payments break down as follows:

	Future minimum lease payments at Dec. 31, 2015		Future minimum lease payments at Dec. 31, 2014	
In millions of euros	Undiscounted value	Present value	Undiscounted value	Present value
Year 1	102	99	100	98
Years 2 to 5 included	292	259	391	367
Beyond year 5	275	253	70	50
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**669**	**611**	**561**	**515**

The following table provides a reconciliation of liabilities under finance leases as reported in the statement of financial position *(see Note 15.2.1 "Borrowings and debt")* with undiscounted future minimum lease payments by maturity:

In millions of euros	Total	Year 1	Years 2 to 5 included	Beyond year 5
Liabilities under finance leases	611	95	247	270
Impact of discounting future repayments of principal and interest	57	7	45	5
UNDISCOUNTED FUTURE MINIMUM LEASE PAYMENTS	**669**	**102**	**292**	**275**

21.2 Finance leases for which ENGIE acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They concern (i) energy purchase and sale contracts where the contract conveys an exclusive right to use a production asset; and (ii) certain contracts with industrial customers relating to assets held by the Group.

The Group has recognized finance lease receivables, notably for cogeneration plants for Wapda and NTDC (Uch - Pakistan), Bowin (Glow - Thailand) and Lanxess (Electrabel - Belgium).

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Undiscounted future minimum lease payments	1,167	1,180
Unguaranteed residual value accruing to the lessor	42	38
TOTAL GROSS INVESTMENT IN THE LEASE	**1,209**	**1,218**
Unearned financial income	**172**	**192**
NET INVESTMENT IN THE LEASE (STATEMENT OF FINANCIAL POSITION)	**1,037**	**1,026**
o/w present value of future minimum lease payments	*1,007*	*999*
o/w present value of unguaranteed residual value	*30*	*28*

Amounts recognized in the statement of financial position, in connection with finance leases, are detailed in Note 15.1.2 “Loans and receivables at amortized cost”.

Undiscounted future minimum lease payments receivable under finance leases can be analyzed as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Year 1	108	122
Years 2 to 5 included	444	401
Beyond year 5	616	657
TOTAL	**1,167**	**1,180**

NOTE 22 Operating leases

22.1 Operating leases for which ENGIE acts as lessee

The Group has entered into operating leases mainly in connection with LNG tankers, and miscellaneous buildings and fittings.

Operating lease income and expenses for 2015 and 2014 can be analyzed as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Minimum lease payments	(886)	(905)
Contingent lease payments	(18)	(18)
Sub-letting income	76	87
Sub-letting expenses	(27)	(39)
Other operating lease expenses	(238)	(206)
TOTAL	**(1,093)**	**(1,081)**

Future minimum lease payments under non-cancelable operating leases can be analyzed as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Year 1	620	642
Years 2 to 5 included	1,398	1,601
Beyond year 5	1,281	1,465
TOTAL	**3,300**	**3,708**

22.2 Operating leases for which ENGIE acts as lessor

These leases fall mainly within the scope of IFRIC 4 guidance on the interpretation of IAS 17. They primarily concern power plants operated by the Energy International business line.

Operating lease income for 2015 and 2014 can be analyzed as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Minimum lease payments	556	579
Contingent lease payments	76	113
TOTAL	**632**	**692**

Lease income is recognized in revenues.

Future minimum lease payments receivable under non-cancelable operating leases can be analyzed as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Year 1	403	550
Years 2 to 5 included	694	1,351
Beyond year 5	27	19
TOTAL	**1,125**	**1,919**

NOTE 23 Share-based payments

Expenses recognized in respect of share-based payments break down as follows:

		Expense for the year	
In millions of euros	Note	Dec. 31, 2015	Dec. 31, 2014
Employee share issues [1]	23.2	15	11
Bonus/performance share plans	23.3	34	10
Other Group plans		1	1
TOTAL		**50**	**22**

(1) Including Share Appreciation Rights set up within the scope of employee share issues in certain countries.

23.1 Stock option plans[1]

No new ENGIE stock option grants were approved by the Group's Board of Directors in either 2015 or 2014.

At December 2015, all stock option plans in force are stock purchase plans that are already vested, with no expense recognized anymore. The characteristics of these plans are the following:

Plan	Date of authorizing General Shareholders' Meeting	Vesting date	Adjusted exercise price *(in euros)*	Number of beneficiaries per plan	Number of options granted to members of the Executive Committee	Outstanding options at Dec. 31, 2014	Options cancelled or expired	Outstanding options at Dec. 31, 2015	Expiration date	Residual life
01/17/2007	04/27/2004	01/17/2007	36.6	2,173	1,218,000	5,607,859	5,607,859	-	01/16/2015	-
11/14/2007	05/04/2007	11/14/2007	41.8	2,107	804,000	4,357,575	4,357,575	-	11/13/2015	-
11/12/2008 (1)	07/16/2008	11/12/2012	32.7	3,753	2,615,000	5,999,064	30,000	5,969,064	11/11/2016	0.9
11/10/2009 (1)	05/04/2009	11/10/2013	29.4	4,036	-	4,858,725	50,710	4,808,015	11/09/2017	1.9
TOTAL					**4,637,000**	**20,823,223**	**10,046,144**	**10,777,079**		

(1) Plans exercisable at December 31, 2015.

The stock subscription plans issued in 2007 expired in 2015, and 10 million options were cancelled.

23.2 Employee share issues

23.2.1 2015 Employee share issue

In 2015, the French State made 13 million existing ENGIE shares available to the Group's employees and former employees for purchase. The share issue featured a matching employer contribution under the terms and conditions described below:

- based on their subscription, participating French employees were entitled to 449,345 bonus ENGIE shares, representing a €8.8 million expense;
- for employees in other countries, ENGIE shares were granted through a 86,437 bonus share award plan, available on February 27, 2020, subject to a condition requiring employees to be employed with the Group on December 31, 2019. The cost of this plan amounts to €1 million, will be recognized over a five-year period.

23.2.2 Link 2014

The cost of cash-settled *Share Appreciation Rights* issued as part of LINK 2014 subscription plan amounted to €5 million in 2015, resulting from the fair value of warrants hedging the liability towards employees.

(1) The terms and conditions of plans set up in the past are described in previous Registration Documents prepared by SUEZ and subsequently GDF SUEZ.

23.3 Bonus shares and performance shares

23.3.1 New awards in 2015

ENGIE Performance Share plan of December 16, 2015

On December 16, 2015, the Board of Directors approved the allocation of 3.3 million performance shares to members of the Group's executive and senior management into two tranches:

- performance shares vesting on March 14, 2019, subject to a further two-year non-transferability period; and
- performance shares vesting on March 14, 2020, without a non-transferability period.

In addition to a condition requiring employees to be employed with the Group at the vesting date, each tranche is made up of instruments subject to two different conditions:

- a market performance condition relating to ENGIE's total share return compared to that of the Eurostoxx Utilities Eurozone index, as assessed between November 2015 and January 2019;
- an internal performance condition relating to Group net recurring income Group share in 2017 and 2018.

As part of this plan, performance shares without conditions were also awarded to the winners of the Innovation and Incubation programs (21,600 allocated shares).

23.3.2 Fair value of bonus share plans with or without performance conditions

The following assumptions were used to calculate the fair value of the new plans awarded by ENGIE in 2015:

Allocation date	Vesting date	End of the lock-up period	Price at the award date	Expected dividend	Financing cost for the employee	Non-transferability cost	Market-related performance condition	Fair value per unit
December 16, 2015	March 14, 2019	March 14, 2021	€16.0	€1.0	5.9%	€1.1	yes	€9.7
December 16, 2015	March 14, 2020	March 14, 2020	€16.0	€1.0	5.9%	-	yes	€9.9
Weighted fair value of the December 16, 2015 plan								**€9.8**

23.3.3 Review of internal performance conditions applicable to the plans

In addition to the condition of continuing employment within the Group, eligibility for certain bonus share and performance share plans is subject to an internal performance condition. When this condition is not fully met, the number of bonus shares granted to employees is reduced in accordance with the plans' regulations, leading to a decrease in the total expense recognized in relation to the plans in accordance with IFRS 2.

Performance conditions are reviewed at each reporting date. Due to a failure to meet performance criteria, the volume of December 2011 performance share plans was amended, and the Group recorded income of €11 million.

23.3.4 Free share plans with or without performance conditions in force at December 31, 2015, and impact on income

The expense recorded during the year on plans in effect was as follows:

	Expense for the year	
(In millions of euros)	**Dec. 31, 2015**	**Dec. 31, 2014**
Bonus share plans	17	23
Performance share plans	17	(13)
of which expense for the period	*28*	*27*
of which reversal for performance conditions not achieved	*(11)*	*(40)*
TOTAL	**34**	**10**

NOTE 24 Related party transactions

This note describes material transactions between the Group and related parties.

Compensation payable to key management personnel is disclosed in Note 25 "Executive compensation".

Transactions with joint ventures and associates are described in Note 3 "Investments in entities accounted for using the equity method".

Only material transactions are described below.

24.1 Relations with the French State and with entities owned or partly owned by the French State

24.1.1 Relations with the French State

The French State owns 32.76% of ENGIE and appoints five representatives to the Group's 19-member Board of Directors.

The French State holds a golden share aimed at protecting France's critical interests and ensuring the continuity and safeguarding of supplies in the energy sector. The golden share is granted to the French State indefinitely and entitles it to veto decisions taken by ENGIE if it considers they could harm France's interests.

Public service engagements in the energy sector are defined by the law of January 3, 2003.

On November 6, 2015, the French State and ENGIE renewed the public service contract which sets out how such engagements are implemented, the Group's public service obligations and the conditions for rate regulation in France:

- as part of its public service obligations, the Group reaffirmed its commitments in terms of security of supply, quality of customer relations, solidarity and assistance to low-income customers, sustainable development and protection of the environment, as well as in terms of research;
- regarding the conditions for rate regulation in France, the contract confirms the overall regulatory framework for setting and changing natural gas tariffs in France, according to the Decree of December 18, 2009, which notably forecasts rate changes based on costs incurred, while also defining the transitional framework following the elimination of regulated natural gas tariffs for business customers.

Transmission rates on the GRTgaz transportation network and the gas distribution network in France, as well as rates for accessing the French LNG terminals, are all regulated.

24.1.2 Relations with EDF

Following the creation on July 1, 2004 of the French gas and electricity distribution network operator (EDF Gaz de France Distribution), Gaz de France SA and EDF entered into an agreement on April 18, 2005 setting out their relationship as regards the distribution business. The December 7, 2006 law on the energy sector reorganized the natural gas and electricity distribution networks. ERDF SA, a subsidiary of EDF SA, and GRDF SA, a subsidiary of ENGIE SA, were created on January 1, 2007 and January 1, 2008, respectively, and act in accordance with the agreement previously signed by the two incumbent operators.

24.2 Relations with the CNIEG (Caisse Nationale des Industries Électriques et Gazières)

The Group's relations with the CNIEG, which manages all old-age, death and disability benefits for active and retired employees of the Group who belong to the special EGI pension plan, employees of EDF and Non-Nationalized Companies (*Entreprises Non Nationalisées* – ENN), are described in Note 19 "Post-employment benefits and other long-term benefits".

NOTE 25 Executive compensation

Executive compensation presented below includes compensation for the Group's members of the Executive Committee and the Board of Directors.

The Executive Committee had 21 members in 2015 compared to 20 in 2014.

Their compensation breaks down as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Short-term benefits	26	25
Post-employment benefits	5	4
Shared-based payments	1	(2)
Termination benefits	-	7
TOTAL	**33**	**33**

NOTE 26 Working capital requirements, other assets and other liabilities

26.1 Composition of change in working capital requirements

In millions of euros	Change in working capital requirements at December 31, 2015	Change in working capital requirements at December 31, 2014
Inventories	903	30
Trade and other receivables, net	2,105	64
Trade and other payables, net	(1,981)	1,168
Tax and employee-related receivables/payables	169	(776)
Margin calls and derivative instruments hedging commodities relating to trading activities	498	(1,156)
Other	(530)	(546)
TOTAL	**1,163**	**(1,216)**

26.2 Inventories

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Inventories of natural gas, net	1,547	2,269
CO_2 emission rights, green certificates and certificates of energy efficiency commitment, net	413	411
Inventories of commodities other than gas and other inventories, net	2,247	2,210
TOTAL	**4,207**	**4,891**

26.3 Other assets and other liabilities

Other current assets (€9,348 million) and other non-current assets (€503 million) mainly comprise tax receivables.

Other current liabilities (€13,782 million) and other non-current liabilities (€1,345 million) mainly include tax and employee-related liabilities.

NOTE 27 Legal and anti-trust proceedings

The Group is party to a number of legal and anti-trust proceedings with third parties or with legal and/or administrative authorities (including tax authorities) in the normal course of its business.

Provisions recorded in respect of these proceedings totaled €663 million at December 31, 2015 (€891 million at December 31, 2014).

The main legal and arbitration proceedings presented hereafter are recognized as liabilities or give rise to contingent assets or liabilities.

27.1 Legal and arbitration proceedings

27.1.1 Electrabel – Hungarian State

Electrabel, an ENGIE company, filed international arbitration proceedings against the Hungarian State before the International Center for Settlement of Investment Disputes (ICSID) for breach of obligations pursuant to the Energy Charter Treaty. The dispute mainly pertains to the termination of a long-term power purchase agreement (the "DUNAMENTI PPA") entered into between the power plant operator DUNAMENTI Erőmű (former Group subsidiary disposed of on June 30, 2014) and MVM (a company controlled by the Hungarian State) on October 10, 1995. On November 25, 2015, the arbitration court definitively dismissed the claims put forward by Electrabel.

27.1.2 Squeeze-out bid for Electrabel shares

On July 10, 2007, three shareholders, Deminor and two other funds, initiated proceedings before the Brussels Court of Appeal against SUEZ (now ENGIE) and Electrabel under which they sought additional consideration following the squeeze-out bid launched by SUEZ in June 2007 on Electrabel shares that it did not already own. The Court of Appeal dismissed the application on December 1, 2008.

Following the appeal brought by Deminor and others on May 22, 2009, the Court of Cassation overturned the ruling of the Brussels Court of Appeal on June 27, 2011. In a subpoena dated December 28, 2012, Deminor and others launched proceedings against ENGIE before the Brussels Court of Appeal, sitting in a different formation, in order for the Court to rule on their claim for additional consideration. The trial stage of the proceedings ended on October 15, 2014 and the deliberations have commenced.

A similar demand for additional consideration, submitted to the Brussels Court of Appeal by Messrs. Geenen and others, but without naming Electrabel and the FSMA (*Autorité belge des services et marchés financiers*, formerly the *Commission bancaire, financière et des assurances*) as defendants, was dismissed on December 24, 2009 on procedural grounds. Mr Geenen lodged an appeal before the Court of Cassation against the ruling of December 24, 2009 on June 2, 2010. The Court of Cassation delivered a ruling overturning the ruling of the Brussels Court of Appeal on May 3, 2012.

In a ruling dated March 26, 2015, the Brussels Court of Appeal held that the claim filed by Deminor and others for additional consideration was admissible but unfounded and ordered them to pay ENGIE SA €33,000 in costs. The Court's decision is now final.

27.1.3 La Compagnie du Vent

On November 27, 2007, ENGIE acquired a 56.84% stake in La Compagnie du Vent, with the original owner SOPER retaining a 43.16% stake. At the time of the acquisition, the founder of the company (and owner of SOPER), Jean-Michel Germa, remained the Chairman and Chief Executive Officer of La Compagnie du Vent. ENGIE currently holds a 59% stake in La Compagnie du Vent.

Since 2011, ENGIE has been involved in various disputes with Jean-Michel Germa (the owner of SOPER and the company's former Chairman and Chief Executive Officer) and SOPER (now a non-controlling shareholder): (i) the legal proceedings relating to contractual responsibility and negligence launched against ENGIE by Jean-Michel Germa, at the time when the latter was dismissed as Chairman and Chief Executive Officer of La Compagnie du Vent, before the Paris Commercial Court on February 15, 2012. These legal proceedings are still pending before the Paris Court of Appeal; (ii) the legal proceedings launched against ENGIE and the current Chairman and Chief Executive Officer of La Compagnie du Vent by SOPER on May 15, 2012, claiming that the former parties acted against the interests of La Compagnie du Vent and seeking compensation. After the Montpellier Commercial Court dismissed their claims, SOPER appealed this decision and the Montpellier Appeal Court upheld the lower court's decision on November 3, 2015, finding SOPER guilty of abuse of process. SOPER lodged an appeal before the Court of Cassation on January 4, 2016; (iii) the proceedings launched by SOPER on January 18, 2013, with a view to ordering ENGIE to pay compensation of around €214 million to SOPER as a result of the alleged breach of their agreement and of the partners' agreement signed in 2007. These legal proceedings are pending before the Créteil Commercial Court; (iv) as part of the legal proceedings launched against ENGIE and La Compagnie du Vent by SOPER and Jean-Michel Germa before the Montpellier Commercial Court on March 14, 2013, the claim seeking that the decisions taken at the La Compagnie du Vent partners' meeting of May 27, 2011 be declared null and void was rejected in a ruling dated January 26, 2015. SOPER and Jean-Michel Germa lodged an appeal against the ruling before the Montpellier Appeal Court on February 13, 2015 and the decision is pending; (v) on April 26, 2013, SOPER brought another action before the Paris Commercial Court seeking the cancellation of the expert's report and the appointment of another expert to set the price of the shares purchased by ENGIE upon the exercise of share subscription warrants. The case was brought before the Créteil Commercial Court, which approved the cancellation of the expert's report, in a ruling dated December 1, 2015. ENGIE has since appealed this decision; (vi) the proceedings launched by SOPER on May 16, 2013 with the aim that ENGIE be forbidden from exercising the share subscription warrants under the terms and conditions set out in the partners' agreement. The case has been brought before the Créteil Commercial Court.

27.1.4 Freeze of regulated natural gas tariffs in France

Legal proceedings regarding Decree No. 2013-400 of May 16, 2013 amending Decree No. 2009-1603 of December 18, 2009 relating to regulated natural gas tariffs

In July 2013, ANODE, the French national energy retailers association (*Association nationale des opérateurs détaillants en énergie*) launched an appeal with the *Conseil d'État* requesting the annulment of Decree No. 2013-400 of May 16, 2013 amending Decree No. 2009-1603 of December 18, 2009 relating to regulated natural gas tariffs.

ANODE contends that the regulated natural gas tariff framework is inconsistent with the objectives of Directive 2009/73/EC concerning common rules for the natural gas internal market, and Article 106.1 of the Treaty on the Functioning of the European Union.

On December 15, 2014, the *Conseil d'État* ordered a stay of proceedings pending the Court of Justice of the European Union's preliminary ruling on these matters.

27.1.5 Objection to the CREG's approval of Elia's injection tariffs

In December 2011, the Belgian Gas and Electricity Regulation Commission (*Commission de Régulation de l'Électricité et du Gaz* – CREG) approved the tariff proposal submitted by the electricity transmission grid operator, ELIA SYSTEM OPERATOR, for the 2012-2015 period. Electrabel objects to two main aspects of this proposal: (i) the application of injection tariffs for use of the grid and (ii) the injection tariffs for ancillary services.

Electrabel launched proceedings before the Brussels Court of Appeal to cancel the CREG's decision. On February 6, 2013, the Brussels Court of Appeal overturned the CREG's decision of December 22, 2011 in its entirety (*ex tunc* and with *erga omnes* effect). On May 24, 2013, the CREG appealed the decision handed down by the Brussels Court of Appeal on February 6, 2013 before the Court of Cassation. However, the Court of Cassation upheld the Court of Appeal's decision.

As a result of the initiation of proceedings and in the absence of regulated tariffs, ELIA submitted another tariff proposal (covering the period between 2012 and 2015) which was approved by the CREG on May 16, 2013. However, proceedings to overturn this decision by the CREG were again launched before the Brussels Court of Appeal on June 14, 2013, this time by the Federation of Belgian Industrial Energy Consumers (Febeliec). Electrabel intervened in these proceedings in order to defend the tariffs that were approved on May 16, 2013 and submitted its pleadings on October 30, 2013. The case was heard on September 17, 2014. The Court of Appeal dismissed Febeliec's claims in a decision dated March 25, 2015. Since Febeliec decided not to appeal this decision before the Court of Cassation, it can now be considered final.

27.1.6 Italy - Vado Ligure

On March 11, 2014, at the request of the Prosecutor, the court of Savona seized and closed down the VL3 and VL4 coal-fired production units at the Vado Ligure thermal power plant belonging to Tirreno Power S.p.A. (TP), a company which is 50%-owned by the ENGIE Group and accounted for using the equity method. This decision was taken as part of a criminal investigation into environmental infringements and public health risks. The investigation was closed on June 17, 2015, and the case will be referred to the court of Savona in 2016.

27.1.7 Argentina

As a reminder, prior to the stock market listing of SUEZ Environnement Company, SUEZ (now ENGIE) and SUEZ Environnement entered into an agreement providing for the economic transfer to SUEZ Environnement of the rights and obligations relating to the ownership interest held by SUEZ in Aguas Argentinas (AASA) and Aguas Provinciales de Santa Fe (APSF).

In Argentina, the Public Emergency and Exchange Regime Reform Act (Emergency Act), enacted in January 2002, froze concession contract tariff increases by preventing the application of tariff indexation clauses in the event of a loss in value of the Argentine peso against the US dollar. In 2003, SUEZ (now ENGIE) and its joint shareholders, water distribution concession operators in Buenos Aires and Santa Fe, launched two arbitration proceedings against the Argentinean State, in its capacity as concession grantor, before the ICSID. The purpose of these proceedings is to enforce concession contract clauses in accordance with the France-Argentine Bilateral Investment Protection Treaties.

These ICSID arbitration proceedings aim to obtain compensation for the loss in value of investments made since the start of the concession, as a consequence of measures taken by the Argentinean State following the adoption of the above-mentioned Emergency Act. The hearings for both proceedings took place in 2007. Alongside the ICSID proceedings, the concession operators AASA and APSF were forced to launch proceedings to terminate their concession contracts before the local administrative courts.

However, due to a decline in the financial position of the concession-holding companies since the Emergency Act, APSF announced at its Shareholders' Meeting of January 13, 2006 that it was filing for bankruptcy.

At the same time, AASA filed for *Concurso Preventivo* [(1)]. As part of this procedure, a settlement proposal involving the novation of AASA's admissible liabilities, approved by creditors and confirmed by the bankruptcy court on April 11, 2008 enabled the settlement of some of these liabilities. The proposal provides for an initial payment of 20% of these liabilities [(2)] (upon confirmation), and a second payment of 20% in the event that compensation is obtained from the Argentinean State. As controlling shareholders, ENGIE and Agbar decided to financially support AASA in making this initial payment and paid sums of USD 6.1 million and USD 3.8 million respectively, at the time of confirmation.

By two decisions dated July 30, 2010, the ICSID recognized the liability of the Argentinean State in the termination of water distribution and treatment concession contracts in Buenos Aires and Santa Fe. The amount of damages to be paid in compensation for the losses sustained will be set by experts.

Further to an expert report submitted in September 2013 regarding the concession in Buenos Aires, as well as several hearings which took place in 2014, on April 9, 2015, the ICSID ordered the Argentinean State to pay USD 405 million in respect of the termination of the water distribution and treatment concession contracts in Buenos Aires. At the beginning of August 2015, the Argentinean State filed an appeal before an ad-hoc ICSID committee seeking the annulment of this decision. An expert report on the concession in Santa Fe was submitted to the ICSID in April 2014. In a decision issued on December 4, 2015, the ICSID ordered the Argentinean State to pay USD 211 million in respect of the termination of the concession contracts in Santa Fe. The Argentinean State has the right to seek the annulment of this decision via an appeal.

27.1.8 Fos Cavaou – Construction

On January 17, 2012, Fosmax LNG [(3)], 72.5%-owned by ELENGY and 27.5%-owned by Total, submitted a request for arbitration to the ICC International Court of Arbitration against a consortium consisting of SOFREGAZ, TECNIMONT SpA and SAIPEM SA (STS).

The dispute relates to the construction of the LNG terminal belonging to Fosmax LNG to be used for LNG unloading, storage, regasification and injection in the gas transportation network.

The terminal was constructed by STS under a fixed lump-sum turnkey contract entered into on May 17, 2004, which included construction

(1) Similar to the French bankruptcy procedure.

(2) Approximately USD 40 million.

(3) Formerly Société du Terminal Méthanier de Fos Cavaou.

work and supplies. The deadline for the completion of the work was September 15, 2008, subject to late payment penalties.

The performance of the contract was marked by a series of difficulties. In view of the fact that STS refused to complete part of the works and delivered an incomplete terminal with an 18-month delay, Fosmax LNG contracted other companies to complete the construction of that part of the works in 2010.

Fosmax LNG instituted arbitration proceedings under the aegis of the ICC, seeking compensation for the losses sustained. Fosmax LNG submitted its statement of claim on October 19, 2012. STS filed its statement of defense and counterclaims on January 28, 2013. After the parties exchanged their pleadings in accordance with the procedure, the hearings took place at the arbitration court from November 18 to 22, 2013.

On February 13, 2015, the arbitration court delivered its award, according to which STS must pay Fosmax LNG: (i) late payment penalties of €48.2 million plus interest; (ii) €19.1 million in costs related to setbacks, disturbances and defects at the construction site; and (iii) €1.4 million in relation to downpayments made by Fosmax LNG. In turn, Fosmax LNG must pay STS: (i) €87.9 million plus interest for additional expenses (related to the construction of the terminal, engineering, supervision and other completion costs) incurred by STS to finish the work; (ii) €36.2 million plus interest corresponding to the amount of the first demand guarantee called by Fosmax LNG to finance the public work contract; and (iii) €3.9 million plus interest for STS invoices unpaid by Fosmax LNG. Excluding interest, Fosmax LNG must therefore settle a total net amount of €59.2 million.

The award delivered on February 13, 2015 has been enforced. Fosmax LNG paid STS net compensation (including interest) of €70 million before tax on April 30, 2015.

Fosmax LNG brought an action for annulment of this decision before the *Conseil d'État*, via a petition filed on February 18, 2015. After the parties had exchanged their pleadings and the hearing had taken place on November 18, 2015, the *Conseil d'État* referred the case to the *Tribunal des Conflits* on December 3, 2015.

At the same time, an order to enforce the award of April 7, 2015 against Fosmax LNG was issued on July 18, 2015. On August 18, 2015, Fosmax LNG filed an appeal with the Paris Court of Appeal seeking the annulment of the award and requesting that the enforcement order be declared null and void.

27.1.9 Cofely España

As part of the Punica case (an investigation into the awarding of contracts), five Cofely España employees as well as the company itself were placed under investigation by the examining judge in charge of the case. The criminal investigation is still underway.

27.1.10 Objection to Belgian nuclear contributions

The December 22, 2008 program act (*loi-programme*) provisions imposed a €250 million tax on nuclear power generators. Electrabel, an ENGIE Group company, filed an appeal with the Belgian Constitutional Court, which rejected this claim by a decision dated March 30, 2010. In addition, the tax was renewed for 2009 [1], 2010 [2] and 2011 [3] then doubled in 2012, 2013 and 2014. Electrabel has therefore paid a total of €2.16 billion in this respect. Pursuant to a Memorandum of Understanding signed on October 22, 2009 between the Belgian State and the Group, this tax should not have been renewed but should have been replaced by a contribution related to the extension of the period over which certain nuclear power facilities are operated.

In September 2011, Electrabel requested a reimbursement of the nuclear contributions paid between 2008 and 2011 on the grounds that they should be deemed illegal and were thus received unlawfully by the Belgian State. In April 2014, the Brussels Court of First Instance dismissed the claim filed by Electrabel, which launched an appeal against this decision before the Brussels Court of Appeal on May 20, 2014. The proceedings are currently ongoing.

On June 12, 2014, Electrabel filed an appeal with the Belgian Constitutional Court seeking the partial annulment of the law of December 26, 2013 amending the law of April 11, 2003 governing the provisions for dismantling nuclear power plants and the management of irradiated fissile materials, and in particular, the articles establishing a €481 million contribution payable by operators of nuclear plants for 2013, of which €421 million to be borne by Electrabel. On September 17, 2015, the Belgian Constitutional Court rejected Electrabel's claim.

On June 26, 2015, Electrabel filed an appeal with the Belgian Constitutional Court seeking the partial annulment of the law of December 19, 2014 amending the law of April 11, 2003 governing the provisions for dismantling nuclear power plants and the management of irradiated fissile materials, and in particular, the articles establishing a €469 million contribution payable by operators of nuclear plants for 2014, of which €407 million to be borne by Electrabel. The proceedings are currently ongoing.

Lastly, on September 5, 2014, Electrabel lodged a complaint in respect of nuclear contributions with the European Commission alleging that between 2008 and 2013, the Belgian State granted illegal State aid to power generators that were not subject to such contributions. The Commission is currently examining the complaint, which has been expanded to cover the 2014 contribution.

On November 30, 2015, the Belgian State, ENGIE and Electrabel entered into an agreement to extend the operating lives of the Doel 1 and Doel 2 reactors. The agreement also covers the fees and nuclear contributions payable in respect of each year between 2015 and 2025. Its entry into force is subject to two laws, which are still to be submitted to the Belgian Parliament, also entering into force.

27.1.11 Claim by E.On regarding nuclear contributions in Germany and Belgium

On November 26, 2014, E.On Kernkraft GmbH (hereinafter "E.On") submitted a request for arbitration to the ICC International Court of Arbitration against Electrabel. E.On is seeking (i) the payment by Electrabel of a portion of the German nuclear contribution in the amount of approximately €90 million plus interest and (ii) the repayment of the Belgian nuclear contribution paid by E.On in the amount of approximately €200 million plus interest.

Electrabel disputes these claims and has filed counterclaims seeking: (i) the payment of the full amount invoiced by Electrabel for the Belgian nuclear contribution in the amount of approximately €93 million plus interest and (ii) the repayment of the German nuclear contribution paid by Electrabel in the amount of approximately €190 million plus interest.

(1) *Law of December 23, 2009.*

(2) *Law of December 29, 2010.*

(3) *Law of January 8, 2012.*

27.1.12 Actions relating to the operation of the Belgian nuclear reactors Tihange and Doel

On December 9, 2014, Greenpeace filed an application for interim measures to the Brussels Court of First Instance. The application claims that the Belgian State and the Federal Agency for Nuclear Control (*Agence Fédérale de Contrôle Nucléaire* – AFCN) breached some of their obligations at international level in allowing the lifetime of the Tihange 1 plant to be extended. Electrabel joined the proceedings in order to argue its position. The application for interim measures filed by Greenpeace with the Brussels Court of First Instance was heard on March 16, 2015. This application was deemed to be inadmissible in a decision of June 1, 2015, which Greenpeace has since appealed. The hearings are scheduled to take place on October 4, 2016.

On November 29, 2015, Greenpeace launched an appeal with the *Conseil d'État* requesting the suspension and annulment of the following decisions: the Royal Decree of September 27, 2015 modifying the long-term operating conditions for the Tihange 1 nuclear reactor, the Royal Decree of September 27, 2015 modifying the long-term operating conditions for the Doel 1 and Doel 2 reactors, and the two AFCN decisions of September 30, 2015 relating to the long-term operation (LTO) action plans for the Tihange 1 reactor and the Doel 1 and Doel 2 reactors respectively. Electrabel plans to be joined to these proceedings. Proceedings to suspend a decision generally last between 9 and 15 months, and proceedings to overturn a decision between two and three years.

On December 30, 2015, the campaign group *Nucléaire Stop Energie* launched proceedings seeking an environmental injunction to (i) suspend operations at the Doel 3 and Tihange 2 reactors, (ii) order an expert analysis to be carried out on the reactor vessels, and (iii) rule on the future of these reactors based on the findings of said expert analysis. The case will be heard on February 8, 2016 before the President of the Brussels Court of First Instance.

On January 5, 2016, the environmental associations Inter-environnement Wallonie and Bond Beter Leefmilieu filed an appeal with the Belgian Constitutional Court seeking the annulment of the law of June 28, 2015 providing for the extension of the operating lives of the Doel 1 and Doel 2 reactors. Electrabel plans to submit an application to be joined to the proceedings.

On February 5, 2016, the Aachen local authorities (StädteRegion Aachen) filed a petition with the Conseil d'État to set aside the AFCN's decision authorizing Electrabel to restart the Tihange 2 nuclear power plant. Electrabel will be joined to the proceedings

27.1.13 Maestrale Wind farms - Italy

On February 13, 2013, the Group, via its subsidiary International Power, disposed of 80% of IP Maestrale and its subsidiaries to the Italian company ERG.

On November 5, 2014, ERG informed International Power Consolidated Holdings Limited, an ENGIE Group company, that the Italian Ministry of Economic Development had revoked the subsidies permitted under the "Maestrale" law no. 488/1192 by a decree. Pursuant to this decree, the companies concerned must repay the subsidies that have been paid up until now, plus interest, within sixty days of notification to do so.

Further to the acquisition of the companies that benefited from said subsidies, ERG and its subsidiaries appealed a number of decisions before the Italian public and legal authorities but announced that they reserved their rights against the Group under the agreement for the sale of the companies concerned, including with respect to the repayment of the losses incurred (around €45.8 million). The claim for this repayment is currently pending.

27.1.14 Tax on facilities – Claims by the Belgian tax and energy authorities

The Belgian Energy Authority has claimed a total amount in tax of €356 million on unused facilities from Electrabel for the period between 2006 and 2011. Given the ruling issued by the Brussels Court of First Instance on February 17, 2010 regarding the tax for facilities that were not used between 2006 and 2008, which is very largely in its favor, Electrabel has filed a return for the only facility that it believes should be subject to this tax for 2009, 2010, and 2011. Meanwhile, the Authority has upheld its previous position and has assessed tax for seven facilities (including the facility declared) for each of those years. Electrabel initially opposed these taxes via an administrative claim, and then by submitting an appeal to the Brussels Court of First Instance. The Belgian State appealed the Court's decision of February 2010 in July 2014. The proceedings are currently ongoing. Electrabel has not paid the tax for 2009 and 2010, as it considered that it was assessed late. However, it has paid an amount of €6.25 million in respect of the 2011 tax for the declared facility. Electrabel has not submitted a return for 2012, 2013, 2014 or 2015, as the only facility likely to be subject to the tax on unused facilities no longer has a power generation operating license. The Belgian Energy Authority has upheld its previous position and has assessed tax for seven facilities in respect of 2012, 2013, 2014 and 2015, totaling €67.5 million for each year. Electrabel disputes these taxes every year via an administrative claim, and by appealing to the Brussels Court of First Instance. In a ruling of September 24, 2014 concerning the payment of tax on unused facilities in 2009, the Court ordered an expert testimony to be given on the technical constraints based on which these sites may be ineligible for the tax, and this testimony is underway. Electrabel and the Belgian State reached an agreement in principle that provides for the settlement of the dispute in an amount €120 million. The agreement is currently being executed.

27.1.15 Claim by the French tax authorities

In their tax deficiency notice dated September 22, 2008, the French tax authorities questioned the tax treatment of the non-recourse sale by SUEZ (now ENGIE) of a withholding tax (*précompte*) receivable in 2005 for an amount of €995 million. On July 7, 2009, they informed ENGIE SA that they maintained their position, which was confirmed on December 7, 2011. As a result, they reduced the ENGIE tax consolidation group's tax loss carry-forwards by around €710 million in a tax deficiency notice dated December 16, 2015, which ENGIE plans to dispute.

Regarding the dispute about the *précompte* itself – in respect of which the receivable was sold – in a 2014 decision that is now final, the Paris Court of Appeal followed the *Conseil d'État*'s case law by recognizing that the *précompte* was incompatible with EU law in accordance with the Court of Justice of the European Union's position. However, the court significantly reduced the amount awarded to SUEZ (now ENGIE) in respect of the 1999, 2000, and 2001 fiscal years. The Cergy Pontoise Administrative Court adopted an identical position for the amounts claimed by SUEZ in respect of the 2002/2003 and 2004 fiscal years. ENGIE SA has appealed these decisions.

At the same time, in November 2014 the European Commission formally recognized the validity of the arguments put forward by ENGIE SA and several other French taxpayers against the principles recommended by the *Conseil d'État* for calculating the amounts to be refunded. The Commission has asked the French State for clarification. The Commission's decision is expected in the first half of 2016.

27.1.16 Claim by the Dutch tax authorities

Based on a disputable interpretation of a statutory modification that came into force in 2007, the Dutch tax authorities refuse the deductibility of a portion of the interest paid on financing contracted for the acquisition of investments made in the Netherlands in 2000. The amount of tax and default interest claimed up until December 31, 2008 amounts to €127 million. An appeal has been filed against these tax claims. On December 22, 2014 and January 28, 2015, respectively, the Dutch tax authorities issued tax assessments for the 2009 and 2010 fiscal years. The amount of tax and default interest claimed in respect of the interest deductibility amounts to €53.6 million for 2009 and €29.6 million for 2010. An appeal has been filed against these tax claims. The total amount of tax and default interest assessed up until December 31, 2010 amounts to €210.2 million.

27.1.17 Total Energie Gaz

ENGIE buys natural gas from Total Energie Gaz (TEGAZ), a subsidiary of the Total Group, under an agreement entered into on October 17, 2004 (the "Agreement"), and asked for a review of the contractual price with effect from May 1, 2011. As the negotiations with TEGAZ were not successful, ENGIE submitted the dispute involving the review of the contractual price to a panel of experts, in March 2012, in accordance with the Agreement. On June 5, 2012, TEGAZ gave notice of a dispute regarding the interpretation of certain clauses in the aforementioned Agreement, which was the subject of arbitration proceedings, in accordance with the regulations of the French Arbitration Association (AFA).

After the parties exchanged their pleadings, the hearings regarding the interpretation of certain provisions of the purchase agreement (the "Agreement") took place at the arbitration court between January 27 and January 30, 2014. The award, which was delivered on May 13, 2014, dismissed all of TEGAZ's claims regarding the interpretation of the Agreement, particularly those concerning the provisions pertaining to the review of the contractual price.

The expertise proceedings in the dispute regarding the review of the contractual price have resumed. On February 7, 2015, the panel of experts gave a first favorable response to the Group's request to review the contract price of natural gas purchased from May 1, 2011 to October 31, 2014 under the natural gas supply agreement with TEGAZ. The panel of experts confirmed that the request to review the price addressed by the Group was justified and determined a new contractual pricing formula, therefore granting a price decrease to the Group.

On June 24, 2015, ENGIE, Total Gas & Power, and Total Energie Gaz signed an agreement in settlement of their disputes regarding several requests for price reviews in relation to supply agreements entered into by ENGIE with Total Energie Gaz and with Total Gas & Power.

27.1.18 Investigation by the FERC in the United States

On December 8, 2015, the Division of Investigations of the Federal Energy Regulatory Commission (FERC) notified GDF SUEZ Energy Marketing NA Inc. (GSEMNA) and GDF SUEZ Energy North America, Inc. (GSENA) of their preliminary findings with regard to a possible breach of the FERC's rules concerning "lost opportunity cost credits" accrued by GSENA with PJM Interconnection between February 2011 and September 2013. ENGIE is cooperating fully with the FERC's investigation and will issue a response to their preliminary findings to explain why it believes the Group has acted properly and lawfully at all times. The Division of Investigations will then decide whether to close the investigation, recommend that the FERC launch infringement proceedings or suggest a settlement.

27.2 Competition and concentration

27.2.1 "Accès France" proceedings

On May 22, 2008, the European Commission announced its decision to initiate formal proceedings against Gaz de France for a suspected breach of EU rules pertaining to abuse of dominant position and restrictive business practices. The proceedings relate to a combination of long-term transport capacity reservation and a network of import agreements, as well as potential underinvestment in transport and import infrastructure capacity.

On June 22, 2009, the Commission sent ENGIE, GRTgaz and ELENGY a preliminary assessment in which it alleged that ENGIE might have abused its dominant position in the gas sector by foreclosing access to gas import capacity in France. On June 24, 2009, ENGIE, GRTgaz and ELENGY offered commitments in response to the preliminary assessment, while expressing their disagreement with the conclusions it contained.

These commitments were submitted to a market test on July 9, 2009, following which the Commission informed ENGIE, GRTgaz and ELENGY of how third parties had responded. On October 21, 2009, ENGIE, GRTgaz and ELENGY filed amended commitments aimed at facilitating access to and competition on the French natural gas market. On December 3, 2009, the Commission adopted a decision that rendered these commitments legally binding. This decision by the Commission put an end to the proceedings initiated in May 2008. ENGIE, GRTgaz and ELENGY are continuing to fulfill the commitments (which are valid until 2024 and as far as 2029 in certain cases) under the supervision of a trustee (Advolis) approved by the European Commission.

27.2.2 Long-term Power Purchase Agreements in Hungary

The European Commission handed down a decision on June 4, 2008, according to which the long-term Power Purchase Agreements entered into between power generators and the Hungarian State, which were in force at the time of Hungary's accession to the European Union, in particular the agreement between DUNAMENTI Erőmű (a former group subsidiary) and MVM, constituted illegal State aid, incompatible with the Treaty on the Functioning of the European Union. It asked the Hungarian State to terminate these agreements, recover the related State aid from the power generators and, when necessary, to indemnify the parties to the agreements via a compensation mechanism for stranded costs. The set-off mechanism was approved by the European Commission on April 27, 2010. The Hungarian government then passed a law providing for the termination of the Power Purchase Agreements with effect from December 31, 2008 and the recovery of the related State aid. DUNAMENTI Erőmű brought an action before the Court of the European Union on April 28, 2009 for annulment of the Commission's decision of June 4, 2008. The hearing took place on May 15, 2013 and the European Commission's decision was upheld by the Court in its ruling of April 30, 2014. On June 30, 2014, Electrabel sold its interest in DUNAMENTI Erőmű, preserving nonetheless the rights that could arise from the appeal before the Court of Justice. On July 17, 2014, DUNAMENTI Erőmű and Electrabel appealed the decision before the Court of Justice of the European Union, which rejected the appeal on October 1, 2015.

On April 27, 2010, the European Commission handed down a decision approving the State aid payable by DUNAMENTI Erőmű and the amount of its stranded costs and allowing DUNAMENTI Erőmű to offset the State aid deemed illegal and the stranded costs. The set-off mechanism exempted DUNAMENTI Erőmű from the obligation to pay back the State aid deemed illegal. After 2015, at the initial expiration date of DUNAMENTI Erőmű's long-term Power Purchase Agreement, Hungary will recalculate the amount of stranded costs, which could result in DUNAMENTI Erőmű having to reimburse aid at that time [1].

Furthermore, on January 10, 2014, DUNAMENTI Erőmű and its main shareholder Electrabel filed an action before the General Court of the European Union seeking damages from the European Commission in the event that the decision of June 4, 2008 should be annulled. The Court rejected the action on November 13, 2014. Electrabel and DUNAMENTI Erőmű appealed the decision before the European Court of Justice on January 23, 2015. However, since the European Commission's decision of June 4, 2008 was definitively upheld by the Court of Justice on October 1, 2015, the action for damages has been rendered groundless.

27.2.3 Gas and electricity supply markets in France

On April 15, 2014, Direct Energie lodged a complaint with the competition authorities against ENGIE for alleged abuse of a dominant position on the gas and electricity supply markets, as well as a request for protective interim measures.

The hearing concerning the interim protective measures was held on July 9, 2014 and the competition authority rendered a decision on September 9, 2014.

As a protective interim measure and pending a decision on the merits, the authority ordered ENGIE to grant, upon request and at its own cost, to companies in possession of a ministerial authorization to provide natural gas, access to certain information regarding customers subject to regulated natural gas tariffs in objective, transparent and non-discriminatory conditions.

In the event that this order is not fulfilled by the specified date, ENGIE will be required to suspend all commercialization of its natural gas market offerings.

ENGIE appealed this decision on September 19, 2014. The hearing was held on October 9, 2014 and the Paris Court of Appeal rendered a decision on October 31, 2014. The Court of Appeal upheld the competition authority's decision, but amended the following points: the date for access to the required information has been deferred to November 13, 2014 for legal entities and to January 15, 2015 for individuals; residential customers and the professionals acting as contact person for a legal entity were informed before the information was disclosed and had five days to oppose the disclosure; the wording of the letter required to be sent to residential customers was changed slightly so as not to prejudge the decision on the merits.

ENGIE has appealed the decision handed down by the Court of Appeal before the Court of Cassation.

ENGIE has implemented the interim protective measures imposed by the authorities in order to comply with the requirements of the decision and is now providing access to the information in the files concerned to alternative suppliers at their request.

On March 27, 2015, the competition authorities informed ENGIE that a claim of alleged abuse of a dominant position by ENGIE on the gas and electricity supply markets had been referred to them by UFC-Que Choisir, a French consumer group. The investigation is currently underway and the Group is cooperating fully with the inquiries.

On October 26, 2015, the competition authorities informed ENGIE that a new claim of alleged abuse of a dominant position by ENGIE on the gas and electricity supply markets had been referred to them by Direct Energie, as well as a request for protective interim measures. The investigation is currently underway and the Group is cooperating fully with the inquiries.

NOTE 28 Subsequent events

The Group has reached agreements for the disposals of the activities and interests presented hereafter. The closing of these transactions are subject to customary approvals and regulatory consent.

Agreement on the disposal of merchant power generation assets in the United States

On February 24, 2016, the Group has signed two agreements for the sale of its portfolio of merchant power generation assets representing a total capacity of 9.9 GW (at 100%):

- an agreement was reached with PSP Investments (Public Sector Pension Investment Board) concerning the disposal of 1.4 GW hydro generation assets;
- an agreement was reached with a joint venture formed by Dynegy and ECP concerning the disposal of 8.5 GW merchant thermal assets.

All these assets are classified as "Assets held for sale" in the financial statements at December 31, 2015 *(see Note 4.1 "Assets held for sale").*

These two transactions, expected to be completed respectively in the first and second semester 2016, will result in a reduction of the Group net debt by 4.1 billion euros.

Agreement on the disposal of the Group interests in Paiton (Indonesia) and Meenakshi (India)

On 24 February 2016, the Group has reached an agreement for the sales of its interests in the coal-fired generation capacities of Paiton and Meenakshi which represent a total installed capacity (at 100%) of 3 GW (of which 0.7 GW under construction).

The Group will sell its 40.5% stake in Paiton, which is accounted for using the equity method in the consolidated financial statements at December 31, 2015, to Nebras and a combination of some of the existing Paiton shareholders.

The Group's 89% stake in Meenakshi, which is fully consolidated, will be sold to the Indian group IPCL.

The Group expects to close this transaction in the second semester of 2016. This transaction will result in a reduction of the Group net debt by 1.4 billion euros.

(1) *Refer also to Note 27.1.1 "Legal and arbitration proceedings/Electrabel – Hungarian State".*

NOTE 29 Fees paid to the Statutory Auditors and to members of their networks

Pursuant to Article 222-8 of the Regulation of the Financial Market Authority, the following table presents information on the fees paid by ENGIE SA, its fully consolidated subsidiaries and joint operations to each of the auditors in charge of controlling the annual and consolidated accounts of ENGIE Group.

The Shareholders' Meeting of ENGIE SA of April 28, 2014 decided to renew the term of office of Deloitte and EY as Statutory Auditors for a six-year period covering 2014-2019.

	EY				Deloitte			
	Amount		%		Amount		%	
In millions of euros	2015	2014	2015	2014	2015	2014	2015	2014
Audit								
Statutory audit, attest engagements and review of consolidated and parent company financial statements								
• ENGIE SA	1.9	1.9	16.5%	17.7%	1.2	1.2	7.0%	8.5%
• Fully consolidated subsidiaries and joint operations	8.1	6.8	68.3%	63.6%	11.6	11.1	67.5%	76.7%
Other audit-related procedures and services								
• ENGIE SA	0.6	0.4	5.3%	3.7%	0.7	0.7	4.1%	4.5%
• Fully consolidated subsidiaries and joint operations	0.5	1.0	4.0%	9.3%	2.4	0.9	13.7%	6.1%
SUB-TOTAL	**11.1**	**10.1**	**94.2%**	**94.4%**	**15.9**	**13.8**	**92.2%**	**95.8%**
Other services								
• Tax	0.5	0.6	4.6%	5.6%	1.2	0.5	7.1%	3.2%
• Other	0.1	0.0	1.2%	0.0%	0.1	0.1	0.6%	1.0%
SUB-TOTAL	**0.7**	**0.6**	**5.8%**	**5.6%**	**1.3**	**0.6**	**7.8%**	**4.2%**
TOTAL	**11.7**	**10.7**	**100%**	**100%**	**17.2**	**14.4**	**100%**	**100%**

NOTE 30 Information regarding Luxembourg and Dutch companies exempted from the requirements to publish annual financial statements

Some companies in the Energy Europe and Other business lines do not publish annual financial statements pursuant to domestic provisions in Luxembourg law (Article 70 of the Law of December 19, 2002) and Dutch law (Article 403 of the Civil Code) relating to the exemption from the requirement to publish audited annual financial statements.

The companies exempted are: ENGIE Energie Nederland NV, ENGIE Energie Nederland Holding BV, ENGIE Nederland Retail BV, ENGIE United Consumers Energie BV, Epon Eemscentrale III BV, Epon Eemscentrale IV BV, Epon Eemscentrale V BV, Epon Eemscentrale VI BV, Epon Eemscentrale VII BV, Epon Eemscentrale VIII BV, Epon International BV, Epon Power Engineering BV, ENGIE Portfolio Management BV, GSPM NL-BEL BV, IPM Wind Power Italy BV, IPM Energy Services BV, IPM Eagle Victoria BV, Electrabel Invest Luxembourg, ENGIE Corp Luxembourg SARL, ENGIE Treasury Management SARL and ENGIE Invest International SA.

6.3 Statutory auditor's report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholder's general meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of ENGIE;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes performing procedures, using sample testing techniques or other selection methods, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2015 and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

2. Justification of assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

As described in note 1.3 "*Use of estimates and judgment*" to the consolidated financial statements, your Group is required to make estimates and assumptions in preparing its consolidated financial statements and the actual future results of the related transactions may differ from these estimates. They have been prepared in a context of significant downturn in energy markets whose consequences make it difficult to forecast economic mid-term perspectives.

It is in this context that we have made our own assessments, notably on the following significant accounting estimates:

- measurement of the recoverable amount of goodwill, and of tangible and intangible assets;

  We have examined the methods used to perform impairment tests, which led your Group to record impairment losses of € 8,547 million as disclosed in note 7.2.

  We have examined the data and key assumptions used for the determination of the recoverable amount, assessed the sensitivity of the measurements to these assumptions, as well as the procedure for approving these estimates by management. We have also reviewed the calculations made by the Group and verified that notes 1.3.1.2, 7.2 and 12 to the consolidated financial statements provide appropriate disclosure.
- evaluation of the provisions for managing the back-end nuclear fuel cycle and for the dismantling of nuclear production facilities;

  We have reviewed the bases on which these provisions have been recorded and verified that notes 1.3.1.3 and 18 to the consolidated financial statements provide appropriate disclosures, notably the main assumptions, such as the scenario retained for managing radioactive fuel, cost assumptions, the timetable of operations and the discount rate.
- estimate of revenues not yet metered (so called "un-metered revenues");

  The Group estimates revenue related to electricity and gas sales to customer segments whose energy consumption is metered during the accounting period based on consumption estimates, in line with the volume of energy allocated by the grid managers over the same period and estimates of average selling prices. Our work consisted in assessing the methods and assumptions used to calculate these estimates and verifying that note 1.3.1.6 to the consolidated financial statements provides appropriate disclosure.
- evaluation of the provisions for litigation;

  We have assessed the bases on which these provisions have been recorded and verified that notes 18 and 27 to the consolidated financial statements provide appropriate disclosure.

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Accounting policies and methods

We verified that note 1 to the consolidated financial statements provides appropriate disclosure in this respect.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France, the information relating to the Group presented in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, March 4, 2016

The Statutory Auditors*French original signed by*

Deloitte & Associés	**Ernst & Young et Autres**
Véronique Laurent	Pascal Macioce

6.4 Parent company financial statements

NB: Amounts in tables are generally expressed in millions of euros. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals and changes.

6.4.1 Financial statements

Balance sheet – Assets

In millions of euros		Note	Dec. 31, 2015 Gross	Dec. 31, 2015 Depreciation, amortization and impairment	Dec. 31, 2015 Net	Dec. 31, 2014 Net
NON-CURRENT ASSETS						
Intangible assets		C 1-2	1,568	866	702	669
Property, plant and equipment		C 1-2	1,020	613	407	418
Financial fixed assets		**C 4**				
Equity investments			67,920	2,926	64,994	64,635
Other financial fixed assets			759	424	335	959
TOTAL NON-CURRENT ASSETS	**I**		**71,267**	**4,829**	**66,438**	**66,681**
CURRENT ASSETS						
Inventories		**C 5**				
Gas reserves			996		996	1,650
Energy savings certificates			136		136	0
Other			0		0	0
Advances and downpayments given on orders			**3**		**3**	**2**
Operating receivables		**C 6-7**				
Trade and other receivables			3,162	294	2,868	4,478
Other operating receivables			699		699	951
Miscellaneous receivables		**C 7**				
Current accounts with subsidiaries			6,245		6,245	5,509
Other miscellaneous receivables			871	21	850	1,304
Marketable securities		**C 7-8**	**2,612**	**32**	**2,580**	**1,534**
Cash and cash equivalents			**333**		**333**	**36**
TOTAL CURRENT ASSETS	**II**		**15,057**	**347**	**14,710**	**15,464**
ACCRUALS	**III**	**C 9**	**917**		**917**	**648**
UNREALIZED FOREIGN EXCHANGE LOSSES	**IV**		**881**		**881**	**530**
TOTAL ASSETS	**(I TO IV)**		**88,122**	**5,176**	**82,946**	**83,323**

Balance sheet – Equity and liabilities

In millions of euros		Note	Dec. 31, 2015	Dec. 31, 2014
EQUITY				
SHAREHOLDERS' EQUITY		C 10		
Share capital			2,435	2,435
Additional paid-in capital			32,505	32,505
Revaluation adjustments			42	42
Legal reserve			243	243
Other reserves			276	254
Retained earnings			4,837	6,704
Net income			268	411
Interim dividend			(1,196)	(1,184)
Tax-driven provisions and investment subsidies		C 12	493	486
	I		**39,903**	**41,896**
OTHER EQUITY	**II**	**C 11**	**7**	**31**
	I + II		**39,910**	**41,927**
PROVISIONS FOR CONTINGENES AND LOSSES	**III**	**C 12**	**2,730**	**2,968**
LIABILITIES				
Borrowings and debt		**C 13-14-15**		
Borrowings			31,552	28,445
Amounts payable to equity investments			0	514
Current accounts with subsidiaries			56	35
Other borrowings and debt			780	701
			32,388	**29,695**
Advances and downpayments received on orders			**1**	**1**
Trade and other payables			**4,765**	**5,657**
Tax and employee-related liabilities			**828**	**916**
Other liabilities			**1,434**	**1,601**
	IV		**39,416**	**37,870**
ACCRUALS	**V**	**C 9**	**173**	**99**
UNREALIZED FOREIGN EXCHANGE GAINS	**VI**		**717**	**459**
TOTAL EQUITY AND LIABILITIES	**(I TO VI)**		**82,946**	**83,323**

Income statement

In millions of euros	Note	Dec. 31, 2015	Dec. 31, 2014
Energy sales		17,832	22,703
Other production sold		2,059	1,859
Revenues	**C 16**	**19,891**	**24,562**
Production taken to inventory		0	0
Production for own use		17	7
Total production		**19,908**	**24,569**
Energy purchases and change in gas reserves		(13,358)	(18,180)
Other purchases		(31)	(17)
Other external charges		(6,433)	(6,436)
Value added		**86**	**(64)**
Taxes and duties net of subsidies received		(21)	(52)
Personnel costs	C 16	(605)	(687)
Gross operating loss		**(540)**	**(803)**
Net additions to depreciation, amortization and impairment	C 16	(144)	(187)
Net additions to provisions	C 16	115	(219)
Other operating income and expenses		(175)	(145)
Net operating loss		**(744)**	**(1,354)**
Net financial income	**C 17**	**1,089**	**1,590**
Net recurring income		**345**	**236**
Non-recurring items	**C 18**	**(617)**	**(203)**
Income tax	**C 19**	**540**	**378**
NET INCOME		**268**	**411**

Cash flow statement

In millions of euros		Dec. 31, 2015	Dec. 31, 2014
1. Cash flow from operations	**1**	**702**	**698**
Change in inventories	2a	(642)	(194)
Change in trade receivables *(net of trade receivables with a credit balance)*	2b	(1,591)	431
Change in trade payables	2c	932	(1,114)
Change in other items	2d	(422)	479
2. Change in working capital requirements	**(2a+2b+2c+2d) 2**	**(1,723)**	**(398)**
Cash flow from operating activities	**(1 - 2) I**	**2,425**	**1,096**
II - Investing activities			
1. Cash flow used in investing activities			
Property, plant and equipment and intangible assets		176	135
Financial fixed assets		1,336	926
Change in amounts payable on investments			
	1	**1,512**	**1,061**
2. Cash flow from investing activities			
Third-party contributions		2	-
Net proceeds from asset disposals		460	910
Decrease in financial fixed assets		642	213
	2	**1,104**	**1,123**
Cash flow from (used in) investing activities	**(1- 2) II**	**408**	**(62)**
III - Cash flow after operating and investing activities	**(I - II) III**	**2,017**	**1,158**
IV – Financing activities			
1. Capital increases and decreases	**1**	**-**	**176**
2. Dividends and interim dividends paid to shareholders (1)	**2**	**(2,392)**	**(2,767)**
3. Financing raised on capital markets			
Bond issues		3,348	4,457
Other short- and medium-term borrowings and credit facilities (2)		729	512
	3	**4,077**	**4,969**
4. Repayments and redemptions			
Bonds and short- and medium-term credit facilities (2)		(1,811)	3,159
	4	**(1,811)**	**3,159**
Cash flow used in financing activities	**(1 + 2 + 3 – 4) IV**	**(126)**	**(781)**
V - Change in cash and cash equivalents	**(III + IV) V**	**1,891**	**377**

(1) The €2,392 million figure corresponds to the balance of the 2014 dividend (€1,196 million) and an interim dividend in respect of 2015 (€1,196 million).
(2) Since 2011, issues and repayments of US commercial paper and Treasury bills have been shown on a net basis.

6.4.2 Notes to the parent company financial statements

A. Significant events during the year

- As decided at the Extraordinary Shareholders' Meeting of July 29, 2015, the corporate name of the Group's parent company is now ENGIE SA.
- The energy savings certificates (ESC) system, which was introduced by Planning Law No. 2005-781 of July 13, 2005 laying down the key areas of French energy policy, requires suppliers of energy to meet certain energy savings targets imposed by public authorities over a given period. Energy suppliers are free to decide the way in which they discharge these obligations.

  ENGIE SA successfully discharged its energy savings obligations for the first two periods and had a surplus at January 1, 2015.

  As of January 1, 2015, ENGIE SA has implemented ANC Regulation No. 2013-02, which is referred to in Articles 616 *et seq.* of ANC Regulation No. 2014-03.

  The implementation of the new regulation represents a change in accounting method, the impact of which is recognized in retained earnings (€124 million) in the 2015 opening balance sheet of the year of application (see Article 122-2 of the French chart of accounts).
- The law of March 5, 2014 provides for the statutory training entitlement (*droit individuel à la formation* – DIF) to be replaced by an individual training account (*compte personnel de formation* – CPF) with effect from January 1, 2015. Employees working under a permanent employment contract governed by private law can now accrue 24 hours' training per year for the first five years, and 12 hours per year thereafter until the 150-hour maximum has been reached.

  To facilitate the transition as the new law is implemented, any hours that have accrued as of December 31, 2014 under the statutory training entitlement may be carried over to the individual training account and can be used through January 21, 2021, which for ENGIE SA represents 568,203 hours.

B. Summary of significant accounting policies

The 2015 financial statements have been drawn up in euros in compliance with the general principles prescribed by the French chart of accounts, as set out in Regulation No. 2014-03 issued by the French accounting standards-setter (*Autorité des Normes Comptables* – ANC), and with the valuation methods described below.

Financial transactions involving equity investments, securities and the related receivables, especially impairment charges or reversals, are included in non-recurring items rather than financial items. In accordance with Article 120-2 of the French chart of accounts, ENGIE SA considers that although this classification diverges from French accounting standards, it gives a more faithful view of the income statement because all items of income and expenses relating to equity investments can be shown together with capital gains or losses on disposals under non-recurring items.

Use of estimates and judgment

The preparation of financial statements requires ENGIE SA to use estimates and assumptions that affect the amounts reported in the financial statements or in the notes thereto. This mainly concerns provisions for site rehabilitation costs, the measurement of derivative financial instruments not quoted on an active market, provisions for contingencies, the measurement of equity investments, revenue from delivered unbilled natural gas ("gas in the meter"), and provisions and off-balance sheet commitments relating to employee benefits.

The economic and financial crisis led ENGIE SA to step up its risk oversight procedures and factor in a risk assessment process when pricing its financial instruments and equity investments. The Company has taken the crisis and the significant market volatility into account in its business plans and in the various discount rates used to perform impairment tests and calculate provisions.

The financial statements reflect management's best estimates of these amounts, based on information available at the end of the reporting period.

Shareholders' equity

Additional paid-in capital

External costs directly attributable to capital increases are deducted from additional paid-in capital. Other costs are expensed as incurred.

Merger premium

External expenses directly attributable to the merger between Gaz de France SA and SUEZ SA in 2008 are deducted from the merger premium.

Revaluation adjustments

This caption results from the legal revaluations of non-amortizable assets not operated under concessions carried out in 1959 and 1976.

Tax-driven provisions

Accelerated depreciation and amortization

Accelerated depreciation is recognized whenever an asset's useful life (which is used in accounting for the depreciation of property, plant and equipment) differs from its period of use (for tax purposes) or when a different depreciation method is used.

Provision for price increases

The provision for price increases was introduced by Article 39-1-5 of the French Tax Code (*Code général des impôts*) to allow companies to temporarily deduct a portion of profits used for inventory replenishment from their tax base in the event of sharp price increases.

Provisions for contingencies and losses

A provision is recognized when the Company has a legal or constructive obligation resulting from a past event which is expected to result in an outflow of resources embodying economic benefits that can be measured reliably.

The provision represents the best estimate of the amount required to settle the present obligation at the end of the reporting period.

Provisions for rehabilitating land on which former gas production plants were located

A provision for site rehabilitation and cleanup costs for former gas production plants is set aside whenever the Company has a commitment to a third party, such as a binding agreement to sell such an asset. These provisions are assessed on an asset-by-asset basis and reflect the best estimate of the costs required to complete the rehabilitation work, based on current information relating to technical knowledge and regulatory requirements.

Movements in these provisions are shown under operating items.

Provision for employee bonus share awards and stock option plans

In accordance with CRC Regulation No. 2008-15 of December 4, 2008, the provision for employee bonus share awards is recognized on a straight-line basis over the vesting period. The provision ultimately covers the disposal loss equal to the book value of treasury stock granted free of consideration to employees. Movements in this provision and any related costs are shown in personnel expenses.

For stock options, a provision is set aside whenever the share price at the end of the reporting period is higher than the exercise price of the options granted. The provision is set aside on a straight-line basis over the vesting period, and ultimately covers the disposal loss equal to the purchase cost of the shares, less the exercise price paid by employees.

Intangible assets

This caption mainly comprises:

- the purchase cost or production cost of software, amortized over its estimated useful life;
- the technical loss resulting from the merger.

Technical losses are allocated off-the-books to the various assets contributed within the scope of the merger. In the event of a disposal, the portion of the loss relating to the assets sold is reversed through income.

Research costs are expensed in the year in which they are incurred.

In accordance with the option permitted by CRC Regulation No. 2004-06, other development costs are capitalized provided they meet specific criteria, particularly as regards the pattern in which the intangible asset is expected to generate future economic benefits.

A useful life of between five and seven years is generally used to calculate software amortization.

Accelerated depreciation, classified in the balance sheet under tax-driven provisions, is recognized whenever the useful lives for tax purposes are shorter than those used for accounting purposes, or whenever the depreciation method for accounting and tax purposes differs.

Property, plant and equipment

All items of property, plant and equipment are carried at purchase cost or production cost, including ancillary expenses, with the exception of assets acquired prior to December 31, 1976, which are shown at their revalued amount at that date.

Almost all items of property, plant and equipment are depreciated on a straight-line basis.

Assets are depreciated over their useful lives, based on the period over which they are expected to be used. The useful lives for the main asset classes are as follows:

- buildings: 20 to 60 years;
- other: 3 to 15 years.

Components

When the components of a given asset cannot be used separately, the overall asset is recognized. If one or more components have different useful lives at the outset, each component is recognized and depreciated separately.

Financial fixed assets

Equity investments

Equity investments represent long-term investments providing ENGIE SA with control or significant influence over the issuer, or helping it to establish business relations with the issuer.

Newly-acquired equity investments are recognized at purchase price plus directly attributable transaction fees. Investments which ENGIE SA intends to hold on a long-term basis are written down if their value in use has fallen below their book value. Value in use is assessed by reference to the intrinsic value, yield value, expected cash flows and stock market prices for the assets, taking into account any currency hedges where appropriate.

Investments which ENGIE SA has decided to sell are written down if their book value is lower than their estimated sale price. If sale negotiations are ongoing at the end of the reporting period, the best estimate is used to determine the sale price.

Amounts receivable from equity investments

This caption consists of loans granted by ENGIE SA to equity investments.

They are recognized at face value. In line with the treatment adopted for equity investments, these amounts are written down if their value in use falls below their face amount.

Provisions for contingencies may be booked if the company considers that the cost of its commitment exceeds the value of the assets held.

Other financial fixed assets

This caption includes mainly investments other than equity investments that ENGIE SA intends to hold on a long-term basis but which do not meet the definition of equity investments.

A writedown may be taken against other financial fixed assets in accordance with the criteria described above for equity investments.

Liquidity agreement and treasury stock

The Company has entered into a liquidity agreement with an investment services provider. Under this agreement, the investment services provider agrees to buy and sell ENGIE SA shares to organize the market for and ensure the liquidity of the share on the Paris and Brussels stock markets.

The amounts paid to the investment services provider are included in "Other long-term investments". An impairment loss is recognized against the shares when their average price for the month in which the accounts are closed is lower than their book value.

Inventories

Gas reserves

Gas injected into underground reservoirs is included in inventories. It is measured at average purchase cost including domestic and international freight costs upon entering the transportation network regardless of its source, and including any regasification costs. Outflows are measured on a monthly basis using the weighted average unit cost method.

An impairment loss is recognized when the net realizable value of inventories, representing the selling price less costs directly and indirectly attributable to distribution, is lower than weighted average cost.

Energy savings certificates (ESC)

In accordance with Articles 616-2 *et seq.* of ANC Regulation No. 2014-03, energy savings certificates (ESC) are accounted for by ENGIE SA using the "energy savings" model: energy sales generate energy savings obligations and ESCs are consumed upon the occurrence of the obligating event that gave rise to the energy savings obligation, which is equivalent to one unit of energy consumed.

Inventory inflows: certificates obtained from the French State are recorded at production cost in inventories, while acquired certificates are recorded at their acquisition cost and are valued using the weighted average cost method.

Inventory outflows: certificates are derecognized as and when energy sales generate energy savings obligations, which are equivalent to one unit of energy consumed, and/or upon disposal. Capital gains and losses on disposal are recognized in operating income.

At December 31, 2015:

- an asset (inventories) is recognized when energy savings obligations are lower than energy savings. Inventories correspond to certificates that have been acquired, obtained or are in the process of being obtained, and that will cover future energy savings obligations. They will subsequently be consumed when energy sales are made, which generate energy savings obligations, or on disposal;
- a liability is recognized when energy savings obligations are higher than energy savings and corresponds to the cost of measures required to settle the obligations related to energy sales made. The liability will subsequently be settled when energy savings expenditures are incurred, in the form of expenses, making it possible to secure or purchase certificates.

Operating receivables

This caption includes all receivables arising on the sale of goods, and other receivables arising in the ordinary course of operations.

Gas delivered but not billed

Receivables also include unbilled revenues for gas delivered, regardless of whether or not the meters have been read.

This caption concerns customers not billed monthly (mainly residential customers) and customers whose billing period is not aligned with the consumption period of a given month.

The amount receivable in respect of delivered unbilled natural gas ("gas in the meter") is calculated using a direct method taking into account estimated customer consumption based on the most recent customer bill or unbilled gas reading, in line with the allocation of the distribution grid manager over the same period. Gas in the meter is measured at the average energy price. The average price used takes account of the category of customer and the age of the delivered unbilled "gas in the meter". The estimated portion of unbilled revenue at the reporting date is sensitive to the average price and volume assumptions used.

Customers (mainly retail customers) can opt to pay on a monthly basis. In this case, the Company recognizes a monthly advance and a bill is issued at the anniversary date of the contract giving rise to the payment (or refund) of any difference between the amount billed and the advance payments already received.

Unbilled revenues in respect of delivered unbilled natural gas are netted against the advances already collected by the Company from customers billed monthly.

Impairment of trade receivables

Bad debt risk is analyzed on a case-by-case basis for the Company's largest customers.

Receivables from other customers are written down using rates which increase in line with the age of the related receivables.

The potential bad debt risk arising on amounts receivable in respect of delivered unbilled natural gas is also taken into account.

Other operating receivables

Other operating receivables include the current account with ENGIE Finance, as well as margin calls. Items for which there is a risk of non-collection are written down.

Foreign currency transactions

Income and expenses denominated in foreign currencies are recorded at their equivalent value in euros at the transaction date.

Foreign currency receivables, payables and cash and cash equivalents are converted at the exchange rate prevailing at year-end.

Translation differences are taken to income when they arise on cash and cash equivalents, or to the balance sheet under unrealized foreign exchange gains or losses when they arise on receivables and payables. A provision is set aside for unrealized losses after taking account of any associated hedging instruments.

Marketable securities

Marketable securities are shown on the balance sheet at cost.

When the market value of securities at December 31 is lower than their book value, a writedown is recognized for the difference.

For listed securities, market value is determined based on the market price at the end of the reporting period.

Bond redemption premiums and issue costs

In accordance with the benchmark treatment prescribed by the French National Accounting Board (*Conseil National de la Comptabilité* – CNC), bond issue costs are recognized on a straight-line basis over the life of the instruments. These issue costs mainly consist of advertising expenses (for public issues) and fees due to financial intermediaries.

Bonds carrying a redemption premium are recognized in liabilities for their total amount including redemption premiums. The matching entry for these premiums is recorded in assets under accruals, and amortized over the life of the bonds pro rata to interest.

Pensions and other employee benefit obligations

Companies belonging to the electricity and gas industries sector

ENGIE SA employees qualify for the disability, pension and death benefits available under the special plan for companies belonging to the electricity and gas industries sector (see Note 21).

Accounting treatment

In accordance with the option permitted by the CNC's Emerging Issues Taskforce in Opinion 2000-A dated July 6, 2000, ENGIE SA recognizes provisions under liabilities solely for benefits granted to employees whose rights have already begun to vest (annuities for occupational accidents and illnesses, temporary incapacity or disability benefits), or benefits due during the employee's working life (long-service awards and exceptional end-of-career vacation).

As part of the 2008 merger between SUEZ and Gaz de France with retroactive effect from January 1, 2008, provisions for pensions and other employee benefits (pensions, retirement indemnities and healthcare) carried by SUEZ SA at December 31, 2007 were transferred to ENGIE SA.

In accordance with Opinion 2005-C of the CNC's Emerging Issues Taskforce and with the method applied by ENGIE SA and described above, no further amounts will be set aside to these provisions in respect of rights newly vested by employees or the unwinding of discounting adjustments on the provisions transferred within the scope of the merger. These provisions are written back in line with the settlement of the corresponding obligations.

No provisions are set aside in liabilities for other commitments. These are disclosed in Note 21 on off-balance sheet commitments.

Basis of measurement and actuarial assumptions

Benefit obligations are measured using the projected unit credit method. The present value of the obligations of ENGIE SA is calculated by allocating vested benefits to periods of service under the plan's benefit formula. When an employee's service in later years leads to a materially higher level of benefits than in earlier years, the Group allocates the benefits on a straight-line basis.

Future payments in respect of these benefits are calculated based on assumptions as to salary increases, retirement age, mortality and employee turnover.

The rate used to discount future benefit payments is determined by reference to the yield on investment grade corporate bonds based on maturities consistent with the benefit obligation.

Financial instruments and commodity derivatives

To hedge and manage its currency, interest rate and commodity risk, ENGIE SA uses financial and operating instruments disclosed in off-balance sheet commitments.

In the case of contracts that qualify as hedging instruments and are traded on an organized market or over the counter, gains or losses are taken to income symmetrically with the gain or loss on the hedged items.

Changes in the fair market value of contracts that do not qualify as hedging instruments and are traded on an organized market are taken to income. A provision is set aside for unrealized losses on instruments traded over the counter that do not qualify as hedging instruments.

If the hedged item ceases to exist, the contract is unwound and any gains or losses taken to income.

ENGIE SA uses internal models representative of market practices to value financial derivative instruments that are not listed on financial markets.

Income tax

Since January 1, 1988, ENGIE SA has been part of the tax consolidation regime introduced by Article 68 of Law No. 87-1060 of December 30, 1987. ENGIE SA is head of a tax consolidation group within the meaning of Articles 223 A *et seq.* of the French Tax Code (*Code général des impôts*).

The contribution of subsidiaries in the tax consolidation group to the Group's income tax expense equals the amount of tax for which they would have been liable if they had not been members of the tax consolidation group.

The impacts of tax consolidation are recorded under the income tax expense of ENGIE SA, as parent company.

ENGIE SA also records a provision for any tax savings generated by subsidiaries' tax losses. These savings initially benefit ENGIE SA as parent company, and are recovered by the subsidiaries once they return to profit (hence the provision booked).

Article 66 of Amending Finance Law No. 2012-1510 of December 29, 2012 introduced a tax credit aimed at boosting employment and competitiveness in France (*Crédit d'impôt pour la compétitivité et l'emploi* – CICE). This tax credit is recognized as a reduction of income tax expense.

C. Comparability of periods presented

ENGIE SA recognizes ESCs in inventories as of the current period. This new regulation represents a change in accounting method, the impact of which is recognized in retained earnings (€124 miilions).

D. Subsequent events

No significant events occurred between December 31, 2015 and the date the annual financial statements were authorized for issue.

E. Additional information regarding the balance sheet and income statement

NOTE 1 Intangible assets and property, plant and equipment

Changes in the gross value of these assets can be analyzed as follows:

In millions of euros	Dec. 31, 2014	Increases	Decreases	Reclassifications	Dec. 31, 2015
Intangible assets	**1,449**	**132**	**(13)**	**-**	**1,568**
Software	729	-	(13)	118	834
Technical losses	285	-	-	-	285
Other	323	-	-	-	323
Intangible assets in progress	112	132	-	(118)	126
Property, plant and equipment	**1,005**	**47**	**(32)**	**-**	**1,020**
Land	37	-	-	-	37
Buildings [1]	525	3	(16)	11	523
Plant and equipment	200	1	(5)	9	205
General plant and equipment, and miscellaneous fixtures and fittings	169	-	(6)	15	178
Other	37	-	(5)	2	34
Property, plant and equipment in progress [2]	37	43	-	(37)	43
Advances and downpayments	**-**	**-**	**-**	**-**	**-**
TOTAL	**2,454**	**179**	**(45)**	**-**	**2,588**

(1) Property, plant and equipment costs also comprise the cost of dismantling facilities concerned by the national property asset disposal program (Plan National de Cessions immobilières – PNC). These assets are recognized with a matching entry to provisions for site rehabilitation costs (see Note 12 B1).
(2) Intangible assets in progress essentially concern IT projects.

NOTE 2 Depreciation, amortization and impairment of intangible assets and property, plant and equipment

Changes in this caption were as follows:

In millions of euros	Dec. 31, 2014	Increases	Decreases	Dec. 31, 2015
Intangible assets	**593**	**110**	**(11)**	**692**
Software	510	93	(11)	592
Technical losses	-	-	-	-
Other	83	17	-	100
Property, plant and equipment	**587**	**43**	**(24)**	**606**
Land	-	-	-	-
Buildings	371	16	(13)	374
Plant and equipment	98	9	(3)	104
General plant and equipment, and miscellaneous fixtures and fittings	91	15	(4)	102
Other	27	3	(4)	26
Property, plant and equipment in progress	-	-	-	-
TOTAL	**1,180**	**153**	**(35)**	**1,298**

Changes in this caption were as follows:

In millions of euros	Dec. 31, 2014	Additions	Reversals	Dec. 31, 2015
Intangible assets	187	-	(13)	174
Property, plant and equipment	-	7	-	7
TOTAL	**187**	**7**	**(13)**	**181**

Movements in depreciation, amortization and impairment can be broken down as follows:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Depreciation, amortization and impairment	**140**	**149**
Straight-line method	138	146
Declining-balance method	2	2
Concession termination amortization	0	1
Exceptional depreciation and amortization	**13**	**13**
Reversals	**-**	**-**

THE NET VALUE OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT IS AS FOLLOWS:

In millions of euros	Gross value	Accumulated amortization/depreciation	Impairment	Net at Dec. 31, 2015	Net at Dec. 31, 2014
Intangible assets	**1,568**	**(692)**	**(174)**	**702**	**669**
Software	834	(592)	-	242	219
Technical losses	285	-	-	285	285
Other	323	(100)	(174)	49	53
Intangible assets in progress	126	-	-	126	112
Property, plant and equipment	**1,020**	**(606)**	**(7)**	**407**	**418**
Land	37	-	(1)	36	37
Buildings	523	(374)	(5)	144	154
Plant and equipment	205	(104)	(1)	100	102
General plant and equipment, and miscellaneous fixtures and fittings	178	(102)	-	76	78
Other	34	(26)	-	8	10
Property, plant and equipment in progress	43	-	-	43	37
Advances and downpayments	-	-	-	-	-
TOTAL	**2,588**	**(1,298)**	**(181)**	**1,109**	**1,088**

NOTE 3 Finance leases

If ENGIE SA were the outright owner of buildings and other property, plant and equipment currently held under finance leases, these assets would be reported as follows:

In millions of euros	Gross value	Additions for the period	Net value	Accumulated depreciation
Buildings	92	(5)	52	40
Other property, plant and equipment	-	-	-	-

Contractual commitments are as follows:

	Lease payments					
In millions of euros	Paid in 2015	Outstanding	Due in 1 year or less	Due in 1 to 5 years	Due in more than 5 years	Purchase option price
Buildings	3	3	2	1	-	-
Other property, plant and equipment	-	-	-	-	-	-

Virtually all property lease agreements provide for a purchase option exercisable at a symbolic price of one euro.

NOTE 4 Financial fixed assets

Note 4 A Gross values

Changes in the gross value of these assets can be analyzed as follows:

In millions of euros	Dec. 31, 2014	Increases	Decreases	Other	Dec. 31, 2015
Equity investments	**67,071**	**849**	**-**	**-**	**67,920**
Consolidated equity investments	66,749	833	-	-	67,582
Non-consolidated equity investments	322	16	-	-	338
Other financial fixed assets	**1,355**	**1,665**	**(2,261)**	**-**	**759**
Other long-term investments	27	407	(403)	-	31
Amounts receivable from equity investments	1,275	158	(760)	-	673
Loans	19	13	(17)	-	15
Other financial fixed assets	34	1,087	(1,081)	-	40
TOTAL	**68,426**	**2,514**	**(2,261)**	**-**	**68,679**

Movements in treasury stock are detailed in Note 10 A.

Equity investments and amounts receivable from these investments are detailed in Note 23.

The year-on-year change in equity investments at December 31, 2015 is essentially attributable to:

- subscription to the capital increase carried out by Storengy in an amount of €762 million;
- subscription to the capital increase carried out by GDF SUEZ New Ventures in an amount of €27 million;
- subscription to the capital increase carried out by GDF SUEZ China Investment Company in an amount of €23 million;
- subscription to the capital increase carried out by Ecometering in an amount of €17 million;
- subscription to the capital increase carried out by GDF SUEZ New Business in an amount of €10 million.

Note 4 B Impairment

In millions of euros	Dec. 31, 2014	Additions	Reversals	Other	Dec. 31, 2015
Consolidated equity investments	2,186	509	(40)	-	2,655
Non-consolidated equity investments	251	23	(3)	-	271
Amounts receivable from equity investments	394	29	-	-	423
Other	1	-	-	-	1
TOTAL	**2,832**	**561**	**(43)**	**-**	**3,350**

The changes in impairment mainly reflect provisions for impairment recognized against shares in Cogac (€448 million).

Note 4 C Net value

In millions of euros	Gross value at Dec. 31, 2015	Impairment	Net value at Dec. 31, 2015	Net value at Dec. 31, 2014
Equity investments	**67,920**	**(2,926)**	**64,994**	**64,635**
Consolidated equity investments	67,582	(2,655)	64,927	64,563
Non-consolidated equity investments	338	(271)	67	72
Other financial fixed assets	**759**	**(424)**	**335**	**959**
Other long-term investments	31	-	31	26
Amounts receivable from equity investments	673	(423)	250	881
Loans	15	(1)	14	18
Other financial fixed assets	40	-	40	34
TOTAL	**68,679**	**(3,350)**	**65,329**	**65,594**

NOTE 5 Inventories

In millions of euros	Gross value at Dec. 31, 2014	Increases	Decreases	Gross value at Dec. 31 2015
Gas reserves	1,650	950	1,604	996
Energy savings certificates	-	237	101	136
Other	-	-	-	-
TOTAL	**1,650**	**1,187**	**1,705**	**1,132**

Note 5 A Gas reserves

Gas reserves at end-December 2015 were considerably lower (€654 million) than at end-December 2014.

This year-on-year change was due to two factors:

- more significant withdrawals (62.66 TWh in 2015 versus 57.83 TWh in 2014) mainly due to colder weather conditions in 2015 compared to 2014 (climatic adjustment of a positive 6.6 TWh in 2015 versus a positive 21.7 TWh in 2014);
- a sharp decline in injections in 2015 (44.99 TWh versus 57.6 TWh in 2014) due to a drop in the level of utility use given the loss of certain ENGIE customers. Therefore, ENGIE SA does not need such high inventory levels as before to cover potential gas supply shortages. The level of utility use was 66 TWh in 2014 and is estimated at 59 TWh in 2015.

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Note 5 B Energy savings certificates

National energy savings targets for the third three-year period from January 1, 2015 to December 31, 2017 have risen sharply and have been fixed at 700 TWh for all energy suppliers for the period. Pursuant to Decree No. 2014-1668, ENGIE SA's annual target is determined by applying the following coefficients to its sales: 0.153 kWh cumac[(1)] /kWh sold for natural gas and 0.238 for electricity.

An additional ESC obligation of 150 TWh for the 2016-2017 period has been introduced by Article 30 of the energy transition for green growth act (*Loi relative à la transition énergétique pour la croissance verte* – LTECV) in order to help households affected by fuel poverty ("fuel poverty" ESCs). The new obligation is divided up among energy suppliers on a pro rata basis according to their current energy savings obligations.

(1) cumac means updated cumulative kilowatt-hours (kWh) and annualized over the lifetime of the equipment

NOTE 6 Maturity of receivables

In millions of euros	Gross amount at Dec. 31, 2015	Due End-2016	Due Between 2017 and 2020	Due 2021 and beyond
Non-current assets	**759**	**146**	**86**	**527**
Amounts receivable from equity investments	673	144	82	447
Loans	15	2	4	9
Liquidity agreement	-	-	-	-
Other financial fixed assets	71	-	-	71
Current assets	**10,980**	**10,936**	**43**	**1**
Trade and other receivables	3,162	3,124	38	-
Current accounts with subsidiaries	6,245	6,245	-	-
Other operating receivables	699	699	-	-
Other receivables	871	865	5	1
Advances and downpayments made on orders	3	3	-	-
TOTAL	**11,739**	**11,082**	**129**	**528**

NOTE 7 Impairment of current assets

In millions of euros	Dec. 31, 2014	Additions	Reversals	Dec. 31, 2015
Operating receivables	305	109	(120)	294
Miscellaneous receivables	21	-	-	21
Marketable securities	-	32	-	32
TOTAL	**326**	**141**	**(120)**	**347**

NOTE 8 Marketable securities

In millions of euros	Gross value at Dec. 31, 2015	Impairment	Net value at Dec. 31, 2015	Net value at Dec. 31, 2014
Treasury shares granted in bonus share plans	822	(32)	790	948
Money-market funds	1,574		1,574	415
Term deposits	216		216	171
TOTAL	**2,612**	**(32)**	**2,580**	**1,534**

Marketable securities shown on the balance sheet for a net amount of €2,580 million had a market value of €2,434 million at December 31, 2015.

The unrealized capital loss concerns the ENGIE SA shares purchased in connection with employee share grants. A provision was recognized in liabilities for the portion allocated to share plans (see Note 12 B2).

Shares not yet allocated to future share plans totaled €254 million at December 31, 2015.

Since the price of the shares at the end of the reporting period was lower than their acquisition cost, an impairment loss of €32 million was recognized in respect of the surplus bonus shares.

The market value of other marketable securities exceeds their cost.

NOTE 9 Accruals

Assets

In millions of euros	Dec. 31, 2014	Increases	Decreases	Dec. 31, 2015
Loan redemption premiums	156	22	(25)	153
Deferred loan issuance costs	85	13	(19)	79
Financial instruments	407	665	(387)	685
TOTAL	**648**	**700**	**(431)**	**917**

Liabilities

In millions of euros	Dec. 31, 2014	Increases	Decreases	Dec. 31, 2015
Options contracts	13	232	(212)	33
Financial instruments	86	140	(86)	140
TOTAL	**99**	**372**	**(298)**	**173**

NOTE 10 Shareholders' equity

Note 10 A Share capital – shares issued and outstanding

Share capital is fully paid up. Each €1 share carries a single voting right.

Share capital	
Shares comprising the share capital at January 1, 2015	2,435,285,011
Shares issued following dividend payouts	-
Total number of shares comprising the share capital	**2,435,285,011**

In 2015, a total of 22,093,983 shares were purchased and 22,543,983 shares were sold under the liquidity agreement, generating a net capital gain of €1.2 million. At December 31, 2015, ENGIE SA no longer holds treasury shares under the liquidity agreement.

At December 31, 2015, ENGIE SA held 39,407,541 shares in connection with bonus share awards (see Note 10 C).

Note 10 B Change in shareholders' equity

In millions of euros	
Shareholders' equity at December 31, 2014	**41,896**
Dividends and interim dividends paid	(2,392)
Replenishment of ESC inventories at January 1, 2015	124
Tax-driven provisions	7
Income	268
Shareholders' equity at December 31, 2015	**39,903**

In 2015, ENGIE SA paid:

- a dividend of €0.50 per share (net of the interim dividend paid in 2014) in respect of 2014, representing a total amount of €1,196 million, less the treasury shares held at the dividend payment date (€22 million).

  The total 2014 dividend was €1.0 per share, representing a total payout of €2,402 million;
- an interim dividend of €0.50 per share in respect of 2015, representing a total amount of €1,196 million, payable in cash.

Note 10 C Employee bonus share awards and stock option plans

Bonus share policy and stock option policy

Bonus share awards are intended to involve all employees more closely in the Group's growth and performance. They are awarded to employees upon a decision of the Board of Directors, in accordance with decisions taken by the Shareholders' Meeting, subject to a minimum seniority of two years and a number of performance conditions.

The stock option policy aims to closely involve executive and senior management, as well as high-potential managers, in the future development of the company and in creating shareholder value. Conditions for the award of options and the list of beneficiaries are approved by the Board of Directors in accordance with authorizations granted at Shareholders' Meetings. Certain stock option awards have been replaced by bonus share awards, made available to more employees than were previously eligible for stock options.

In 2015, ENGIE SA granted 3,578,061 bonus shares to ENGIE Group employees. No stock options were granted during the year.

In 2015, ENGIE SA delivered 4,965,095 shares to Group employees.

Based on all existing share plans, the number of beneficiaries and staff turnover assumptions, at December 31, 2015 ENGIE SA considered that it had an obligation to deliver 25,522,782 shares, including 10,777,079 shares on the exercise of stock options.

In view of the shares delivered in 2015, the company holds 39,407,541 shares to cover its bonus share obligations at December 31, 2015, representing a total amount of €790 million net of provisions. The market value of these shares at end-2015 was €643 million.

DETAILS OF BONUS SHARE AND STOCK OPTION PLANS IN FORCE

Bonus shares awarded	Number of shares awarded	Number of shares delivered	Per share value	Expense in 2015	Expense in 2014
Bonus shares awarded					
ENGIE Plan of November 10, 2009 [1]	-	-	24.53	-	0.3
ENGIE Plan of August 24, 2010 [1]	182,980	185,774	25.62	0.7	1.6
ENGIE Plan of January 13, 2011 [1]	145,169	133,545	25.70	0.2	(2.4)
ENGIE Plan of June 22, 2011	1,883,110	1,326,695	25.37	5.7	18.3
ENGIE Plan of December 6, 2011 [1]	-	-	25.34	(62.5)	23.4
ENGIE Plan of February 29, 2012 [1]	32,779	32,705	25.34	0.1	0.5
ENGIE Plan of October 30, 2012	5,486,014	3,243,534	25.33	38.0	50.8
ENGIE Plan of December 6, 2012	3,260,184	-	25.11	23.8	28.1
ENGIE Plan of February 27, 2013	89,236	42,842	25.27	0.5	1.1
ENGIE Plan of December 11, 2013	2,569,322	-	24.53	18.9	17.5
ENGIE Plan of February 26, 2014	84,423	-	24.94	0.9	0.6
ENGIE Plan of December 10, 2014	3,108,734	-	23.36	21.1	1.0
Link A bond Plan of December 10, 2014	110,117	-	19.93	0.4	-
ENGIE Plan of February 25, 2015	133,147	-	24.53	1.1	-
ORS Plan of December 10, 2015	80,062	-	19.93	0.3	-
ENGIE Plan of December 16, 2015	3,078,468	-	19.93	0.7	-
TOTAL	**20,243,745**	**4,965,095**		**49,9**	**140.8**

(1) *Plans for which shares have been partially or totally delivered*

Stock options granted	Number of stock options granted	Exercise value	Expense in 2015	Expense in 2014
ENGIE Plan of November 12, 2008	5,969,064	32.74	-	-
ENGIE Plan of November 10, 2009	4,808,015	29.44	-	-

NOTE 11 Other equity

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Value of concession assets – Concession grantors' rights	7	31
TOTAL	**7**	**31**

NOTE 12 Provisions

Note 12 A Tax-driven provisions and investment subsidies

In millions of euros	Dec. 31, 2014	Additions taken through the income statement	Reversals taken through the income statement	Dec. 31, 2015
Tax-driven provisions	**486**	**147**	**(142)**	**491**
Accelerated depreciation and amortization	333	147	(123)	357
Provision for price increases	153	-	(19)	134
Provision for investments	-	-	-	-
Investment subsidies	**-**	**2**	**-**	**2**
TOTAL	**486**	**149**	**(142)**	**493**

Note 12 B Provisions for contingencies and losses

In millions of euros	Dec. 31, 2014	Additions	Reversals (used provisions)	Reversals (surplus provisions)	Other	Dec. 31, 2015
Provisions for site rehabilitation *(Note 12 B1)*	17	-	(4)	-	3	16
Provisions relating to employees *(Note 12 B2)*	400	114	(216)	(2)	-	296
Provisions for taxes *(Note 12 B3)*	174	24	(91)	-	-	107
Provisions for tax consolidation *(Note 12 B4)*	1,531	120	(154)	-	-	1,497
Vendor warranties	15	-	-	-	-	15
Risks arising on subsidiaries	21	-	(1)	-	-	20
Other provisions for contingencies and losses *(Note 12 B5)*	810	647	(677)	-	(1)	779
TOTAL	**2,968**	**905**	**(1,143)**	**(2)**	**2**	**2,730**

Note 12 B1. Provisions for site rehabilitation

Provisions for site rehabilitation totaled €16 million at December 31, 2015 versus €17 million at end-2014. They chiefly relate to the rehabilitation of sites on which gas production plants were located and mainly cover safety requirements at the sites (ground water, air pollution, etc.) based on their current use.

In 2015, a five-year national property asset disposal program (*Plan National de Cessions immobilières* – PNC) was implemented across 236 sites, with the goal of increasing the number and pace of site sales via the sale of owned sites and land having the following characteristics:

- non-strategic sites;
- vacant sites;
- unsuitable sites (dilapidated, obsolete).

The sites concerned by the asset disposal program are individually monitored in order to factor in all the data required to determine their impairment based on their status at the end of the reporting period. A provision is set aside whenever a binding agreement has been entered into to sell an asset.

Dismantling costs are recognized by a provision under liabilities with a matching entry to dismantling assets depreciated over their residual life.

At December 31, 2015, "Provisions for site rehabilitation" has been divided into two separate line items:

- provisions for site rehabilitation (property, plant and equipment not included in the PNC);
- provisions for site rehabilitation (property, plant and equipment included in the PNC).

In millions of euros	Dec. 31, 2014	Additions	Reversals (used provisions)	Matching entry to dismantling assets	Reclassifications	Dec. 31, 2015
Provisions for site rehabilitation *(excluding PNC assets)*	17	-	(4)	-	(8)	5
Provisions for site rehabilitation *(including PNC assets)*	-			3	8	11
TOTAL	**17**		**(4)**	**3**	**0**	**16**

At December 31, 2015, provisions for site rehabilitation broke down as follows:

- provisions with a matching entry to dismantling assets: €3 million;
- provisions for the prior year: €8 million.

Note 12 B2. Provisions relating to employees

Provisions for employee benefits

Pension obligations are covered by insurance funds. At end-2015, the corresponding provisions amounted to €7 million.

Other post-employment benefits amounted to €23 million.

Provisions have been set aside for the full amount of disability benefits and allowances for occupational accidents, illnesses of active employees at year-end, long-service awards and asbestos, representing a total amount of €83 million.

The provisions for pensions and other employee benefit obligations carried by SUEZ SA at the time of the 2008 merger are written back as and when the corresponding liabilities for which they were set aside at end-2007 are extinguished. No further amounts are set aside to these provisions in respect of rights newly vested or the unwinding of discounting adjustments.

These provisions represented a total amount of €112 million at December 31, 2015. Note 21 D analyzes changes in these provisions in the periods presented.

The full amount of end-of-career indemnities is partially covered by insurance funds; the shortfall amounted to €23 million at December 31, 2015.

Provisions for employee bonus share awards and stock option plans (see Note 10 C)

At December 31, 2015, provisions for employee bonus share awards and stock option plans amounted to €182 million (end-2014: €271 million).

In 2015, ENGIE SA set aside a further €112 million to this provision to cover rights vested by employees. It also wrote back €202 million of the provision following the expiration of certain bonus share plans.

In addition to presence in the Group at the vesting date, eligibility for certain bonus share and performance share plans is subject to an internal performance condition. When this condition is not fully met, the number of bonus shares granted to employees is reduced in accordance with the plans' regulations.

Note 12 B3. Provisions for taxes

Provisions for taxes totaled €107 million at December 31, 2015 (€174 million at December 31, 2014), and chiefly relate to:

- the acquisition of the transmission network in 2002. The provisions will be written back over a period of 14 years. The amount written back in 2015 was €91 million;
- a provision totaling €24 million relating to the notice regarding the 2012 tax audit, which chiefly concerned the transfer cost of Liquified Natural Gas (LNG).

Note 12 B4. Provisions for tax consolidation

ENGIE SA has chosen to file consolidated tax returns. As a result, it sets aside a provision reflecting its obligation to transfer back to subsidiaries any tax losses utilized.

At December 31, 2007, the capital gain on the disposal of the gas distribution activity had no impact on tax, since GrDF was part of the tax consolidation group. Since 2008, the subsidiary's statutory financial statements show tax savings relating to the amortizable component of the capital gain arising on the disposal of the gas distribution business. This excess amortization is canceled out at the level of the tax consolidation group. In accordance with the tax consolidation agreements signed with its subsidiaries, ENGIE SA recognized a provision for tax consolidation with respect to GrDF for a definitive amount of €1,938 million, based on the amortizable component. In 2015, the Company wrote back an amount of €116 million (€115 million in 2014), corresponding to the neutralization of the excess amortization on the amortizable component arising in the year.

Provisions for tax consolidation amounted to €1,497 million at end-2015, including €1,096 million relating to the amortizable component of GrDF's intangible assets.

Note 12 B5. Other provisions for contingencies and losses

This item mainly includes provisions for contingencies arising on other third parties, provisions for disputes, and provisions for currency and interest rate risk. Movements in these provisions chiefly impact non-recurring and financial items.

Provisions for other contingencies and losses totaled €779 million at December 31, 2015 versus €810 million at end-2014.

The remaining balance at end-2015 chiefly concerns provisions for contract losses (€389 million), foreign exchange losses (€171 million) and financial instruments (€161 million).

NOTE 13 Borrowings and debt

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Borrowings	**31,552**	**28,445**
Hybrid bonds [(1)]	3,759	3,735
Bonds	21,282	18,891
Other loans	6,511	5,819
Amounts payable to equity investments	**0**	**514**
Current accounts and loans with subsidiaries	**56**	**35**
Other borrowings and debt	**780**	**701**
Deposits received from customers	32	33
Consolidation	190	65
Current portion of interest due	513	541
Bank overdrafts	14	29
Miscellaneous	31	33
TOTAL	**32,388**	**29,695**

(1) On July 3, 2013, ENGIE SA issued undated deeply subordinated notes.
- €600 million installment paying a coupon of 3.875%, callable annually as from July 2018;
- €750 million installment paying a coupon of 4.750%, callable annually as from July 2021;
- GBP 300 million installment paying a coupon of 4.625%, callable annually as from July 2019.
Two new installments were issued in 2014 paying an average coupon of 3.4%:
- €1,000 million installment paying a coupon of 3%, callable annually as from June 2019;
- €1,000 million installment paying a coupon of 3.875%, callable annually as from June 2024.
Based on an analysis of the contractual terms and conditions of these issues, they were classified as hybrid bonds.

The increase in borrowings and debt in 2015 chiefly reflects:

- a net €2,391 million increase in bonds following early redemptions totaling €635 million and redemption at maturity in an amount of €750 million, offset by the issue of two bonds totaling €3,376 million and a €400 million foreign currency translation impact;
- a €125 million change in the tax consolidation current account.

NOTE 14 Maturities of borrowings, debt and payables

In millions of euros	Dec. 31, 2015	Due End-2016	Due Between 2017 and 2020	Due 2021 and beyond
Borrowings and debt	**32,388**	**8,248**	**10,351**	**13,789**
Hybrid bonds	3,759	-	2,009	1,750
Bonds	21,282	2,044	8,056	11,182
Other loans	6,511	5,378	276	857
Amounts payable to equity investments	-	-	-	-
Current accounts and loans with subsidiaries	56	56	-	-
Other borrowings and debt	780	770	10	-
Trade and other payables	**4,765**	**4,765**	**-**	**-**
Tax and employee-related liabilities	**828**	**828**	**-**	**-**
Other liabilities	**1,434**	**1,434**	**-**	**-**
Advances from customers	193	193	-	-
Other	1,241	1,241	-	-
Advances and downpayments received on orders	**1**	**1**	**-**	**-**
TOTAL	**39,416**	**15,276**	**10,351**	**13,789**

Note 14 A Breakdown of hybrid bonds

	Dec. 31, 2015	Issue date	Interest repricing date	Interest	Listing
Public issues					
• in millions of euros	600	07/2013	07/2018	3.875%	Paris
• in millions of euros	750	07/2013	07/2021	4.750%	Paris
• in millions of euros	1,000	06/2014	06/2019	3.000%	Paris
• in millions of euros	1,000	06/2014	01/2024	3.875%	Paris
• in millions of pounds sterling	300	07/2013	01/2019	4.625%	Paris

Note 14 B Breakdown of bonds

	Dec. 31, 2015	Issue date	Expiration date	Interest	Listing
Public issues					
• in millions of euros	687	02/2003	02/2018	5.125%	Paris/Luxembourg
• in millions of euros	834	10/2008	01/2019	6.875%	Luxembourg
• in millions of euros	1,043	01/2009	01/2016	5.625%	Luxembourg
• in millions of euros	1,000	01/2009	01/2021	6.375%	Luxembourg
• in millions of euros	718	10/2010	10/2022	3.500%	Paris
• in millions of euros	564	10/2010	10/2017	2.750%	Paris
• in millions of euros	300	03/2011	03/2111	5.950%	Paris
• in millions of euros	424	11/2011	01/2020	3.125%	Paris
• in millions of euros	1,000	06/2012	02/2016	1.500%	Paris
• in millions of euros	909	06/2012	02/2023	3.000%	Paris
• in millions of euros	729	06/2012	06/2018	2.250%	Paris
• in millions of euros	750	07/2012	07/2017	1.500%	Paris
• in millions of euros	458	07/2012	07/2022	2.625%	Paris
• in millions of euros	600	07/2013	07/2018	3.875%	Paris
• in millions of euros	750	07/2013	07/2021	4.750%	Paris
• in millions of euros	1,200	05/2014	05/2020	1.375%	Paris
• in millions of euros	1,300	05/2014	05/2026	2.375%	Paris
• in millions of euros	1,000	06/2014	06/2019	3.000%	Paris
• in millions of euros	1,000	06/2014	06/2024	3.875%	Paris
• in millions of euros	500	03/2015	03/2017	0.000%	Paris
• in millions of euros	750	03/2015	03/2022	0.500%	Paris
• in millions of euros	750	03/2015	03/2026	1.000%	Paris
• in millions of euros	500	03/2015	03/2035	1.500%	Paris
• in millions of pounds sterling	500	10/2008	10/2028	7.000%	Luxembourg
• in millions of pounds sterling	309	02/2009	02/2021	6.125%	Luxembourg
• in millions of pounds sterling	700	10/2010	10/2060	5.000%	Paris
• in millions of pounds sterling	400	11/2011	10/2060	5.000%	Paris
• in millions of pounds sterling	300	07/2013	01/2019	4.625%	Paris
• in millions of Swiss francs	300	10/2011	10/2017	1.500%	Zurich
• in millions of Swiss francs	275	10/2012	10/2020	1.125%	Zurich
• in millions of Swiss francs	175	10/2012	10/2024	1.625%	Zurich
• in millions of dollars	750	10/2012	10/2017	1.625%	None
• in millions of dollars	750	10/2012	10/2022	2.875%	None
Private placements					
• in millions of yen	15,000	12/2008	12/2023	3.180%	None
• in millions of euros	150	10/2011	10/2018	3.046%	Paris
• in millions of euros	100	10/2011	10/2023	CMS10yr+0.505%	Paris
• in millions of euros	400	07/2012	01/2020	2.500%	None
• in millions of yen	10,000	07/2012	07/2022	1.260%	Paris
• in millions of euros	100	03/2013	03/2033	3.375%	None
• in millions of euros	200	04/2013	04/2020	Euribor3m+0.58%	Paris
• in millions of euros	81	04/2013	04/2038	0.000%	None
• in millions of dollars	50	04/2013	04/2033	3.750%	Paris
• in millions of Norwegian krone	500	04/2013	04/2024	4.020%	Paris
• in millions of euros	50	10/2015	10/2027	1.764%	Paris
• in millions of euros	50	10/2015	10/2027	1.764%	Paris
• in millions of euros	100	11/2015	11/2045	2.750%	Paris
• in millions of euros	50	11/2015	11/2045	2.750%	Paris
• in millions of Australian dollars	115	11/2015	11/2025	4.235%	Paris
• in millions of dollars	50	11/2015	11/2021	2.681%	Paris
• in millions of yen	20,000	09/2015	01/2024	0.535%	Paris
• in millions of euros	350	12/2015	12/2017	Euribor3M + 22 bps	Paris

Note 14 C Other borrowings and amounts payable to equity investments

At December 31, 2015, other borrowings comprised mainly commercial paper in euros (€3,854 million, including €1,455 million at floating rates and €2,399 million at fixed rates) and dollar-denominated US commercial paper at fixed rates (equivalent value of €1,524 million). These borrowings all fall due in less than one year. At end-2015, ENGIE SA also had a credit facility on which €1,132 million had been drawn.

Note 14 D Other borrowings and debt

Other borrowings and debt (accrued interest on borrowings and debt, deposits received from customers, bank overdrafts, bank facilities, etc.) are chiefly denominated in euros.

NOTE 15 Analysis of borrowings and debt by currency and interest rate

Note 15 A Analysis by interest rate

	After hedging		Before hedging	
In millions of euros	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Floating rate				
Bonds	5,258	3,949	650	300
Amounts payable to equity investments	-	-	-	514
Other loans	4,129	3,928	2,231	1,850
Current accounts with subsidiaries	56	35	56	35
Other borrowings and debt	780	701	780	701
Fixed rate				
Hybrid bonds	3,759	3,735	3,759	3,735
Bonds	16,024	14,942	20,632	18,591
Amounts payable to equity investments	-	514	-	-
Other loans	2,382	1,891	4,280	3,969
TOTAL	**32,388**	**29,695**	**32,388**	**29,695**

Note 15 B Analysis by currency

	After hedging		Before hedging	
In millions of euros	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
In euros				
Hybrid bonds	3,350	3,350	3,350	3,350
Bonds	21,282	18,891	16,046	14,034
Amounts payable to equity investments	-	514	-	-
Other loans	6,511	5,819	4,711	4,365
Current accounts with subsidiaries	56	35	56	35
Other borrowings and debt	780	696	780	696
In foreign currency				
Hybrid bonds	409	385	409	385
Bonds	-	-	5,236	4,857
Amounts payable to equity investments	-	-	-	514
Other loans	-	-	1,800	1,454
Other borrowings and debt	-	5	-	5
TOTAL	**32,388**	**29,695**	**32,388**	**29,695**

NOTE 16 Operating income

Note 16 A Breakdown of revenues

REVENUES BY REGION:

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Energy sales		
• France	10,137	12,630
• International	7,695	10,073
Works, research and services provided	1,520	1,313
Revenues from non-core activities and other	539	546
TOTAL	**19,891**	**24,562**

Note 16 B Personnel costs

CHANGE IN HEADCOUNT BY CATEGORY:

	Dec. 31, 2014	Change	Dec. 31, 2015
Operating staff	423	(81)	342
Senior technicians and supervisory staff	2,201	(235)	1,966
Managerial-grade staff	3,087	(115)	2,972
TOTAL	**5,711**	**(431)**	**5,280**

The average number of employees was 5,461 in 2015 and 5,879 in 2014.

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Wages and salaries	343	357
Payroll expenses	161	168
Profit sharing	26	29
Other	75	133
TOTAL	**605**	**687**

Employee profit sharing

An employee profit-sharing agreement based on performance criteria was set up in compliance with the legal conditions prescribed by Order 86-1134 of October 21, 1986.

Beneficiaries of the agreement may pay all or part of the amounts received under the profit-sharing plan into savings plans operated by ENGIE SA, rather than accessing the amounts immediately.

In this case, amounts received are invested in:

- the Group savings plan (*Plan d'Épargne Groupe* – PEG) or the Company savings plan (*Plan d'Épargne Entreprise* – PEE). The employer matches 100% of the amount that the employee has paid in up to a maximum annual net amount of €750;
- or in the collective retirement savings plan (*Plan d'Épargne Retraite Collectif* – PERCO). The employer matches 150% of the amount that the employee has paid in up to a maximum annual net amount of €750.

Employees may combine both of these possibilities.

These profit-sharing mechanisms are treated as personnel costs.

Note 16 C Net additions to provisions and operating expense transfers

1. Net additions to provisions

In millions of euros	Dec. 31, 2015	Dec. 31, 2014
Provision for capital renewal and replacement liabilities regarding concessions	(12)	3
Provision for site rehabilitation	(4)	(11)
Provisions relating to employees	(14)	(22)
Other contingency and loss provisions for operating items	(85)	249
TOTAL	**(115)**	**219**

2. Operating expense transfers

Expense transfers are included in other operating income and amounted to €26.7 million in 2015 and €16.3 million in 2014. They chiefly include reclassifications of payroll expenses relating to the Perform 2015 Plan as non-recurring items, as well as those relating to the implementation of the national property asset disposal program (PNC).

NOTE 17 Financial income and expense

In millions of euros	2015 Expenses	2015 Income	2015 Net	2014 Net
Other interest income and expenses	(1,449)	664	(785)	(642)
Interest on current accounts and amounts receivable from equity investments		41	41	43
Foreign exchange gains/(losses)	(1,680)	1,534	(146)	(49)
Dividends received	-	2,055	2,055	2,297
Movements in provisions for financial items	(76)		(76)	(59)
TOTAL	**(3,205)**	**4,294**	**1,089**	**1,590**

NOTE 18 Non-recurring items

In millions of euros	2015 Expenses	2015 Income	2015 Net	2014 Net
Disposals of property, plant and equipment and intangible assets	(8)	56	48	13
Disposals of financial fixed assets	(403)	404	1	(44)
Provision for price increases	0	19	19	54
Accelerated depreciation and amortization	(146)	123	(23)	1
Movements in provisions relating to equity investments [1]	(562)	45	(517)	(5)
Other	(220)	75	(145)	(222)
TOTAL	**(1,339)**	**722**	**(617)**	**(203)**

(1) See Note 4 B for more information.

"Other" includes the proceeds from the debt restructuring carried out in connection with early redemptions of bonds and repurchase of irredeemable non-voting securities in an amount of €115.5 million, expenses incurred in connection with the corporate name change (€44.8 million), expenses incurred in connection with the enterprise project (€9.8 million) and all expenses incurred in connection with the national property asset disposal program (€17.5 million).

NOTE 19 Tax position

Note 19 A Tax consolidation

The current option to file consolidated tax returns initially elected by Gaz de France SA, which became known as GDF SUEZ SA in 2008 and ENGIE SA in 2015, is automatically renewed every five years.

Note 19 B Income tax

The income tax rate in 2015 was 38%. This includes the 3.3% social contribution as well as the exceptional 10.7% contribution to the extent these are applicable to an individual or group tax basis.

	2015			2014		
In millions of euros	Income before tax	Income tax*	Net income/ (loss)	Income before tax	Income tax*	Net income/ (loss)
Income tax due by ENGIE SA for the period *(excluding tax consolidation group)* (1)		**0** (1)			**0** (1)	
• o/w Tax on recurring income	345	0	345	236	0	236
• o/w Tax on non-recurring income	(617)	0	(617)	(203)	0	(203)
Income tax expense *(income tax payable by subsidiaries/provision for transfer of tax savings to entities in the tax consolidation group)* (2)		**540** (2)	**540**		**378** (2)	**378**
• o/w Income tax relating to subsidiaries within the tax consolidation group		350			368	
• o/w Net change in provisions for income tax		101			128	
• o/w Other		89			(118)	
TOTAL	**(272)**	**540**	**268**	**33**	**378**	**411**

* *A positive figure signifies a tax benefit.*

(1) *In 2015 and 2014, ENGIE SA generated a tax loss on an individual company level. Dividends received from equity investments are eligible for "parent/subsidiary" tax treatment and are therefore exempt. Tax on recurring income includes €3 million relating to the CICE tax credit (Crédit d'impôt Compétitivité pour l'Emploi). In 2014, the CICE tax credit amounted to €4 million. In 2015, this amount helped finance R&D projects, in particular to finance the GAYA project, platform for biomass gasification.*

(2) *The income tax benefit amounted to €540 million in 2015 versus an income tax benefit of €378 million in 2014, chiefly reflecting:*
- *savings resulting from tax consolidation (€350 million in 2015 versus €368 million in 2014), attributable to the difference between:*
  - *the tax credit relating to the tax consolidation group amounting to €16.9 million at December 31, 2015, compared to a current income tax charge of €14.3 million in 2014, and*
  - *the €333 million contribution to Group income tax due to ENGIE SA from subsidiaries reporting a profit (€354 million in 2014);*
- *a net reversal of €101 million from the income tax provision in 2015 compared to a reversal of €128 million in 2014, chiefly reflecting:*
  - *€82.4 million in net additions in respect of the utilization of tax losses by consolidated subsidiaries of ENGIE SA versus €59 million in net reversals in 2014,*
  - *a €23.5 million addition for tax risks chiefly related to the transfer cost of LNG upon receiving the notice relating to the 2012 tax audit of ENGIE SA,*
  - *€115.7 million in reversals of provisions relating to the excess amortization during the period of the amortizable component of the capital gain generated on the sale of gas distribution activities in 2007. This amount takes into account the adjustment to the provision resulting from the exceptional 10.7% contribution for 2015,*
  - *€91.4 million in reversals of provisions set aside to cover the tax impact of recognizing the capital gain on the purchase of the transmission network in 2002 over a period of 14 years. This amount takes into account the adjustment to the provision resulting from the exceptional 10.7% contribution for 2015;*
- *other miscellaneous items representing a net tax credit of €89 million in 2015, including:*
  - *€74.6 million in respect of additional income tax contribution payments, at a rate of 3% (primarily on dividends paid),*
  - *€76.1 million relating to the sale of the 2013-2014 CICE tax credit receivable to BPI,*
  - *€94.4 million on the recognition of research and CICE tax credits at December 31, 2015.*

Note 19 C Deferred tax

Future tax liabilities as shown in the table below result from temporary differences between the treatment of income and expenses for tax and accounting purposes.

The future tax rate applied takes into account the special 3.3% tax surcharge provided for by Article 235 *ter* ZC of the French Tax Code, less a deduction of €763,000.

In millions of euros	2015	2014
Deferred tax liabilities		
• Unrecognized deductible expenses	890	530
• Untaxed income recognized	305	343
Deferred tax assets		
• Temporary non-deductible expenses recognized	922	1,123
• Unrecognized taxable income	714	456
Net deferred tax base	**442**	**706**
• Impact of theoretical deferred tax at a rate of 34.43%	152	243

Note 19 D Tax audit

In their tax deficiency notice dated September 22, 2008, the French tax authorities questioned the tax treatment of the non-recourse sale by SUEZ (now ENGIE) of a withholding tax (*précompte*) receivable in 2005 for an amount of €995 million. On July 7, 2009, they informed ENGIE SA that they maintained their position, which was confirmed on December 7, 2011. As a result, they reduced the ENGIE tax consolidation group's tax loss carry-forwards by €710 million in a tax deficiency notice dated December 16, 2015, which ENGIE SA plans to dispute.

Regarding the dispute about the *précompte* itself – in respect of which the receivable was sold – in 2014 the Paris Court of Appeal followed the *Conseil d'État*'s case law by recognizing that the *précompte* was incompatible with EU law in accordance with the Court of Justice of the European Union's position. However, the court significantly reduced the amount awarded to SUEZ (now ENGIE) in respect of the 1999, 2000, and 2001 fiscal years. The Cergy Pontoise Administrative Court adopted an identical position for the amounts claimed by SUEZ in respect of the 2002/2003 and 2004 fiscal years. ENGIE SA has appealed these decisions.

At the same time, in November 2014 the European Commission formally recognized the validity of the arguments put forward by ENGIE SA and several other French taxpayers against the principles recommended by the *Conseil d'Etat* for calculating the amounts to be refunded. The Commission has asked the French State for clarification. The Commission's decision is expected in the first half of 2016.

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NOTE 20 Off-balance sheet commitments (excluding employee benefit obligations)

Note 20 A Financial commitments

The ENGIE Group's Finance Division is responsible for managing all financial risks (interest rate, currency, liquidity and credit risks).

1. Liquidity risk

The Group's financing policy is based on:

- centralizing external financing;
- diversifying sources of financing between credit institutions and capital markets;
- achieving a balanced debt repayment profile.

The centralization of financing needs and cash flow surpluses for the Group is provided by its financing vehicles (long-term and short-term) and its cash pooling vehicles.

Since 2008, ENGIE SA is no longer responsible for the Group's cash pooling arrangements. Short-term cash requirements and cash surpluses for Europe are managed by dedicated financial vehicles in France (ENGIE Finance) and Luxembourg (ENGIE Treasury Management). These vehicles centralize virtually all of the cash requirements and surpluses of companies controlled by the Group, ensuring that counterparty risk and investment strategies are managed consistently.

The Group seeks to diversify its long-term sources of financing by carrying out public or private bond issues within the scope of its Euro Medium Term Notes program. It also issues commercial paper in France as well as in the United States.

Since the merger, long-term capital markets have been accessed chiefly by ENGIE SA in connection with the Group's new bond issues, and in connection with commercial paper.

As commercial paper is relatively inexpensive and highly liquid, it is used by the Group in a cyclical or structural fashion to finance its short-term cash requirements. However, outstanding commercial paper is backed by confirmed bank lines of credit so that the Group could continue to finance its activities if access to this financing source were to dry up.

The Group's liquidity is based on maintaining cash and cash equivalents and access to confirmed credit facilities. ENGIE SA can therefore access facilities readily convertible into cash, enabling it to meet its cash requirements in the ordinary course of business or to serve as a bridge to finance external growth operations:

- ENGIE SA has credit facilities with various banks under which €13,887 million remains undrawn. These facilities include two syndicated credit lines, respectively for €5,500 million and €5,000 million, maturing in November 2020 and April 2020. At December 31, 2015, ENGIE SA had drawn €1,132 million on these facilities.

  These facilities are not subject to any covenants or credit rating requirements.
- ENGIE SA also has access to short-term debt markets through short-term debt issues: US commercial paper for USD 4,500 million (of which USD 1,659 million had been drawn at end-2015), and euro commercial paper for €5,000 million (of which €3,854 million had been drawn at end-2015).

2. Counterparty risk

ENGIE SA is exposed to counterparty risk arising on its operating and financing activities.

To manage counterparty risk arising on operating activities, the Group has put in place monitoring procedures adapted to the characteristics of the counterparties concerned (private corporations, individuals, public authorities). Customers representing a major counterparty for the Company are covered by procedures applicable to the financial activities described below, thereby providing broad-ranging oversight of the corresponding counterparty risk.

For its financing activities, ENGIE SA has put in place procedures for managing and monitoring risk based on (i) the accreditation of counterparties according to external credit ratings, objective market data (credit default swaps, market capitalization) and financial structure, and (ii) risk exposure limits. ENGIE SA also draws on a structured legal framework based on master agreements (including netting clauses) and collateralization contracts (margin calls) to reduce its exposure to counterparty risk. The oversight procedure for managing counterparty risk arising from financing activities is managed by a middle office that operates independently of the Group's Treasury department and reports to the Finance Division.

3. Interest rate risk

Based on its net debt position, ENGIE SA has adopted a policy for optimizing borrowing costs using a combination of financial instruments (interest swaps and options) according to market conditions.

ENGIE SA takes care to ensure that the difference between its floating-rate debt and its cash surpluses invested at a floating rate has a low degree of exposure to adverse changes in short-term interest rates.

Positions are managed centrally and are reviewed each quarter or whenever any new financing is raised. Management must approve in advance any transaction that causes the interest rate mix to change significantly.

In millions of euros	Notional amount Dec. 31, 2015 Due in 1 year or less	Due in 1 to 5 years	Due in 6 to 10 years	Due after 10 years	Total	Fair value	Notional amount Dec. 31, 2014
INTEREST RATE SWAP							
Fixed-rate borrower/floating-rate lender	2,555	3,200	1,957	638	8,350	(941)	8,922
Floating-rate borrower/fixed-rate lender	4,405	4,050	4,191	2,338	14,984	1,302	13,236
SALE OF SWAPTION							
Fixed-rate borrower/floating-rate lender	-	-	-	-	-	-	-
PURCHASE OF CAP							
Fixed-rate borrower/floating-rate lender	-	-	1,000	-	1,000	1	1,000
PURCHASE OF FRA							
Fixed-rate borrower/floating-rate lender	-	-	-	-	-	-	1,699
TOTAL EUR	**6,960**	**7,250**	**7,148**	**2,976**	**24,334**	**362**	**24,857**
INTEREST RATE SWAP							
Fixed-rate borrower/floating-rate lender	286	-	-	-	286	(5)	303
TOTAL NOK	**286**	**-**	**-**	**-**	**286**	**(5)**	**303**
INTEREST RATE SWAP							
Fixed-rate borrower/floating-rate lender	908	-	-	-	908	(42)	1,148
TOTAL USD	**908**	**-**	**-**	**-**	**908**	**(42)**	**1,148**
INTEREST RATE SWAP							
Fixed-rate borrower/floating-rate lender	-	-	-	-	-	-	-
Floating-rate borrower/fixed-rate lender	-	-	-	-	-	-	-
TOTAL CAD	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**8,154**	**7,250**	**7,148**	**2,976**	**25,528**	**315**	**26,308**

In millions of euros	Notional amount Dec. 31, 2015 Due in 1 year or less	Due in 1 to 5 years	Due in 6 to 10 years	Due after 10 years	Total	Fair value	Notional amount Dec. 31, 2014
CURRENCY SWAP							
Fixed-rate borrower/fixed-rate lender	-	466	-	2,628	3,094	216	3,222
Fixed-rate borrower/floating-rate lender	-	-	-	-	-	-	1,028
TOTAL GBP	**-**	**466**	**-**	**2,628**	**3,094**	**216**	**4,250**
CURRENCY SWAP							
Floating-rate borrower/fixed-rate lender	-	-	1,135	-	1,135	4	1,579
Floating-rate borrower/floating-rate lender	-	-	1,750	-	1,750	(27)	-
TOTAL JPY	**-**	**-**	**2,885**	**-**	**2,885**	**(23)**	**1,579**
CURRENCY SWAP							
Fixed-rate borrower/fixed-rate lender	-	227	-	-	227	28	204
Floating-rate borrower/fixed-rate lender	-	209	133	-	342	72	309
TOTAL CHF	**-**	**436**	**133**	**-**	**569**	**100**	**513**
CURRENCY SWAP							
Fixed-rate borrower/fixed-rate lender	-	533	43	35	611	97	510
Fixed-rate borrower/floating-rate lender	-	252	-	-	252	10	
Floating-rate borrower/floating-rate lender	-	224	-	-	224	4	
Floating-rate borrower/fixed-rate lender	-	-	532	-	532	99	477
TOTAL USD	**-**	**1,009**	**575**	**35**	**1,619**	**210**	**987**
CURRENCY SWAP							
Fixed-rate borrower/fixed-rate lender	-	-	7	-	7	(15)	7
TOTAL NOK	**-**	**-**	**7**	**-**	**7**	**(15)**	**7**
CURRENCY SWAP							
Fixed-rate borrower/fixed-rate lender	-	-	51	-	51	3	-
TOTAL AUD	**-**	**-**	**51**	**-**	**51**	**3**	**-**
TOTAL	**-**	**1,911**	**3,651**	**2,663**	**8,225**	**491**	**7,336**

Interest rate hedges in force at December 31, 2015 are described below:

- ENGIE SA entered into short-term swaps (maturing in less than six months) to hedge the interest rate risk on its short-term cash management transactions (commercial paper issues). These are floating-rate borrower (Eonia)/fixed-rate lender swaps with a notional amount of €2,399 million at December 31, 2015;
- ENGIE SA uses floating-rate borrower swaps when it is issuing bonds unless management decides otherwise. Interest rate risk is subsequently managed centrally through the use of interest rate swaps and options with due reference to market conditions;
- As part of the Group's interest rate risk management policy, in 2009 ENGIE SA set up macro-hedges fixing the interest rate on the Group's USD and NOK debt, for €836 million and €286 million, respectively;

4. Currency risk

ENGIE SA is exposed to currency risk, particularly including:

(i) commercial transactions involving the purchase and sale of natural gas, since several gas purchase and sale contracts are indexed to the price of oil derivatives, mostly listed in US dollars;

(ii) specific transactional risks related to investment, merger-acquisition or disposal projects.

The exposure to currency risk on these transactions is managed and monitored as follows:

- pass-through mechanisms are applied in determining sale prices for eligible customers, and regulated rates;
- the margin on fixed-price sale contracts or contracts indexed by financial swaps is hedged.

There is a time lag between the impact of fluctuations in the US dollar on procurement costs and their repercussion onto sales prices, reflecting mainly the effect of rolling averages and the inventory stocking/run-down cycle.

To manage its exposure to fluctuations in exchange rates, ENGIE SA uses forward currency purchase or sale contracts to hedge its gas purchases and its financing activities.

To limit the impact of translation risk on certain amounts receivable from equity investments and on future foreign currency purchases, and to hedge the net asset risk arising on consolidation, ENGIE SA has taken new positions or reinforced existing positions in forward currency transactions that allow it to cancel out or minimize translation adjustments on deposits and loans or other future operations.

At December 31, 2015, commitments under these contracts were as follows:

	Fixed portion of commitments Dec. 31, 2015					
	Maturity					
In millions of euros **Forward contracts**	**2016**	**2017**	**2018 and beyond**	**Euro equivalent Dec. 31, 2015**	**Exchange rate fluctuations Dec. 31, 2015**	**Fixed portion of commitments Dec. 31, 2014**
Long positions						
• AUD	-	-	-	-	-	3
• CHF	-	-	-	-	-	-
• EUR	201	12	-	179	(34)	224
• GBP	708	7	-	730	15	1,109
• NOK	113	-	-	115	2	984
• MXN	2	-	-	2	-	53
• JPY	14	-	-	14	-	-
• RON	-	-	-	-	-	120
• USD	3,343	524	26	4,143	250	3,313
• CZK	-	-	-	-	-	29
Short positions						
• AUD	-	-	-	-	-	3
• CHF	733	-	-	717	(16)	619
• EUR	170	8	-	212	34	250
• GBP	2,396	-	-	2,361	(35)	3,125
• HUF	94	-	-	92	(2)	136
• MXN	50	-	-	49	(1)	111
• NOK	115	-	-	115	-	983
• RON	-	-	-	-	-	122
• USD	687	13	-	674	(26)	938
• CZK	-	-	-	-	-	3

At December 31, 2015, commitments under these contracts were as follows:

In millions of euros	Fixed portion of commitments Dec. 31, 2015			Euro equivalent Dec. 31, 2015	Exchange rate fluctuations Dec. 31, 2015	Fixed portion of commitments Dec. 31, 2014
	Maturity					
Options	**2016**	**2017**	**2018 and beyond**			
Short positions						
• USD	500	-	-	459	-	3

5. Other financial commitments given

In millions of euros	Total Dec. 31, 2015	Maturity		
		End-2016	Between 2017 and 2020	2021 and beyond
MARKET-RELATED COMMITMENTS				
Performance and other guarantees	283	89	65	129
Performance and other guarantees given on behalf of subsidiaries	3,672	755	76	2,841
FINANCING COMMITMENTS				
Personal sureties given	102	50	52	-
Guarantees and endorsements given to subsidiaries	3,616	208	2,0890	1,325
Collateral given	-	-	-	-
Credit lines	395	-	395	-
OTHER COMMITMENTS GIVEN				
Contractual guarantees for sales of businesses	4,816	386	590	3,840
Operating lease commitments	306	57	220	29
Finance lease commitments	3	2	1	-
Commitments relating to LNG tankers	379	58	212	109

Personal sureties totaling €102 million relate mainly to payment guarantees granted to counterparties of ENGIE SA.

Guarantees and endorsements to subsidiaries totaling €3,616 million correspond to payment guarantees granted by ENGIE SA to third parties on behalf of its subsidiaries.

Commitments given with regard to credit lines relate mainly to credit lines granted to ENGIE SA subsidiaries. A total of €125 million had been drawn on these credit lines at December 31, 2015 out of an initial amount of €520 million, with a total of €395 million still available.

Contractual guarantees for sales of businesses totaling €4,816 million relate mainly to commitments given on the disposals of:

- Nalco (US water business), for which ENGIE SA is counter-guarantor until 2016 in the event of default by the sellers, Léo Holding and Nalco International SAS;
- GDF SUEZ Exploration & Production (EPI), following the sale of the 30% minority interest to CIC in 2011, for an amount of up to €2,893 million expiring in 2026;
- 10% of train 1 of the Atlantic LNG facility in Trinidad and Tobago, for an amount of up to €781 million expiring in 2026;
- EFOG (North Sea oil fields), for which ENGIE SA acts as guarantor towards Elf Exploration UK Limited further to the December 2011 sale of its 22.5% interest. The guarantee is valid for a seven-year period for tax disputes and for a two-year period for all other disputes, up to a maximum amount of €590 million.

Operating lease commitments totaling €306 million relate to the present value of lease payments outstanding through to maturity of the property leases within the scope of ENGIE SA's operations. As certain property lease expenses are rebilled to Group subsidiaries, the corresponding commitments are shown in commitments received.

Finance lease commitments are detailed in Note 3.

Commitments relating to LNG tankers for €379 million concern freight contracts.

Other commitments have been given in respect of performance and completion guarantees:

- to Naperville Property Trust (acting on behalf of NCC Solar Company), banks and investors. These guarantees cover all payment obligations, notably for outstanding rent (€91 million) under the lease agreement for the premises occupied by Nalco, an entity based in Naperville which was sold in 2003 and whose head office is still in Naperville. The lease was taken over by Léo Holding following the sale of Nalco (Léo Holding was acquired by GDF SUEZ Energy North America from SUEZ Environnement North America and ENGIE guaranteed its subsidiary for any related consequences). ENGIE SA received an equivalent counter-guarantee from Ondeo Nalco, which remains liable to the Group and the lessor for all obligations under the lease. ENGIE SA was also granted a guarantee from Ecolab Inc., Nalco's new parent company;
- to the Hong Kong authorities, in respect of contracts awarded to Sita (now SUEZ Environnement), which counter-guaranteed ENGIE SA for the same amounts. These contracts relate to:

- the operation of the Nent landfill in partnership with the Newworld and Guandong groups,
- the operation of various landfill sites, including Went, NWNT and Pillar Point, initially in partnership with Swire Pacific Ltd. Since Swire Pacific sold its interest in its joint subsidiary in December 2009 to SUEZ Environnement – which now owns the entire share capital of the venture – these guarantees were reissued by ENGIE SA. However, if a guarantee is called in respect of the period during which the subsidiary was under joint control, Swire has pledged an indemnity ensuring that ultimate responsibility is split 50-50 between the two groups;

- to two Scottish companies, Ayr Environmental Services and Caledonian Environmental Services, for contracts for the construction of wastewater purification and sludge treatment plants awarded to the Degrémont SA/AMEC Capital Projects Ltd. group of construction companies;
- to the Lord Mayor, Aldermen and Burgesses of Cork, in respect of a contract for the construction and operation of the Cork City wastewater purification plant awarded to a consortium comprising two ENGIE SA subsidiaries, Vinci subsidiary Dumez GTM, PJ Hegarty & Sons and Electrical & Pump Services. Each consortium member and Vinci agreed to counter-guarantee ENGIE SA;
- in 2008, SUEZ Environnement undertook to counter-guarantee all of the guarantees given by ENGIE SA (formerly SUEZ SA) for the Environment business that it had not yet counter-guaranteed;
- as part of the spin-off of water and wastewater activities in 2000, a performance guarantee was granted by ENGIE SA in the context of its transfer of local public service franchise contracts to Lyonnaise des Eaux. There are some 153 such contracts;
- in Exploration-Production activities, it is customary for the parent company to provide local authorities with unlimited guarantees covering the obligations and environmental risks of subsidiaries and ENGIE SA has provided numerous such guarantees in accordance with the practices of the sector;
- following Société d'Infrastructures (Gazières SIG) July 2011 acquisition of a 25% stake in GRTgaz, ENGIE SA agreed to stand as guarantor for a period of 20 years and in proportion to its shareholding, against all losses incurred due to inaccurate representations regarding the non-pollution of the land owned or exploited by GRTgaz and the cost of the resulting clean-up work payable by GRTgaz not covered by the tariffs.

6. Other financial commitments received

In millions of euros	Total at Dec. 31, 2015	Maturity: End-2016	Maturity: Between 2017 and 2020	Maturity: 2021 and beyond
MARKET-RELATED COMMITMENTS				
Guarantees received	4	4	-	-
FINANCING COMMITMENTS				
Undrawn credit facilities	12,730	535	12,150	45
Other financing commitments received	-	-	-	-
Other financing commitments received in relation to subsidiaries	-	-	-	-
OTHER COMMITMENTS RECEIVED				
Counter-guarantees for personal sureties	1,025	25	-	1,000
Counter-guarantees for trading commitments	-	-	-	-
Operating lease commitments	141	55	77	9
Finance lease commitments	3	2	1	-
Commitments relating to LNG tankers	379	58	212	109

ENGIE SA has negotiated two revolving lines of credit: (i) a €5.5 billion line secured in May 2005 whose maturity has been extended from 2012 to November 2020, and (ii) a €5 billion line secured in April 2014, whose maturity has been extended from 2019 to April 2020. The lending banks are able to opt out of the syndicate on an individual basis in the event of a change in the Company's controlling shareholder.

Counter-guarantees given on personal sureties concern guarantees received from members of ENGIE Alliance.

7. Securities commitments

In December 2012, SOPER (formerly a shareholder in Compagnie Du Vent) partially exercised its put option in an amount equivalent to 5% of its interest (or 2.158% of the share capital), i.e., 3,992 shares at an exercise price of €1,162 per share, or €4.6 million.

Note 20 B Commodity-related commitments

1. Natural gas and electricity commitments

Gas supplies in Europe are based primarily on long-term "take-or-pay" contracts. These long-term commitments make it possible to finance costly production and transmission infrastructures. Under these contracts, the seller makes a long-term commitment to serve the buyer, subject to a commitment by the latter to buy minimum quantities regardless of whether or not it takes delivery of them. These commitments are combined with backup measures (*force majeure*) and flexible volume arrangements, making it possible to manage any uncertainties (primarily weather conditions) affecting demand as well as any technical contingencies that may arise.

These types of contracts can run up to 25 years and are used by ENGIE SA to meet the demands of its customers for natural gas in the medium and long term.

The contracts provide for reciprocal commitments regarding specified quantities of gas:

- a commitment by ENGIE SA to purchase quantities of gas above a minimum threshold;
- a commitment by suppliers to provide these quantities at competitive prices.

The appeal of these contracts is provided by indexed price formulas and price adjustment mechanisms. ENGIE SA makes the bulk of its purchases under such contracts.

At December 31, 2015, ENGIE SA had commitments to purchase a minimum of 494 terawatt hours (TWh) within one year, 3,516 TWh between two and five years, and 3,125 TWh after five years.

ENGIE SA also entered into forward purchases and sales of natural gas, primarily at maturities of less than one year, as part of its trading activities. These consist of purchases and sales on short-term markets and offers featuring engineered prices for other operators.

At December 31, 2015, commitments given by ENGIE SA totaled 13 TWh under forward purchase contracts and 80 TWh under forward sale contracts.

To meet its commitments to take delivery of specified volumes, ENGIE SA has entered into long-term contracts to reserve land and sea transmission capacities.

At December 31, 2015, commitments given by ENGIE SA totaled 850 TWh under forward electricity purchase contracts and 1,357 TWh under forward electricity sale contracts. As part of its CO_2 brokerage activities, ENGIE SA has also entered into the same volume of purchases of CO_2 emissions allowances for 55,974 metric tons of CO_2.

2. Commodity derivatives

Commodity derivatives (natural gas, oil and electricity) consist mainly of swaps, futures and options set up to manage price risk within the scope of the trading activities of ENGIE SA. These instruments are traded with third parties by the Company's specialized subsidiary, GDF SUEZ Trading.

These derivatives are contracted to manage risks arising on:

- price engineering transactions designed to meet the growing demand among customers for tight controls on gas and electricity price risk. These products are primarily intended to guarantee a commercial margin regardless of trends in the commodity indexes included in the prices offered to customers, even when they differ from the commodity indexes to which ENGIE SA purchases are pegged. Options (calls and puts) are set up to guarantee maximum and minimum prices;
- measures taken to optimize procurement costs. Energy procurement costs, assets used in electricity production and reservations of available transmission and storage capacity not required to supply customers are systematically valued on the market.

The exposure to commodity price risk on these commercial transactions is managed and monitored as follows:

- pass-through mechanisms are applied in determining (i) sale prices for eligible customers, and (ii) regulated rates;
- the margin on fixed-price sale contracts or contracts indexed by financial swaps is hedged.

There is a time lag between the impact of changes in commodity prices on procurement costs and their repercussion onto sales prices, reflecting mainly the effect of rolling averages and the inventory stocking/run-down cycle.

	Notional amount Dec. 31, 2015				Fair value Dec. 31, 2015 In millions of euros	Notional amount Dec. 31, 2014 In GWh
	In GWh by maturity			In millions of euros		
	x < 1 year	1 year < x < 2 years	x > 2 years			
SWAPS (long positions)						
Natural gas	946,141	469,480	141,768	35,978	(6,815)	514,619
Oil-based products	174,242	99,478	34,404	8,097	(1,835)	232,459
CER EUA – CO_2						
SWAPS (short positions)						
Natural gas	(993,806)	(529,257)	(164,406)	(38,788)	7,725	(405,995)
Oil-based products	(131,750)	(50,754)	(2,166)	(4,142)	931	(192,558)
Electricity	-	-	-	-	-	-
CER EUA – CO_2	-	-	-	-	-	-
OPTIONS (long positions)						
Natural gas	-	-	-	-	-	-
Oil-based products	-	-	-	-	-	-
Electricity	-	-	-	-	-	-
OPTIONS (short positions)						
Natural gas	-	(803)	-	-	-	-
Oil-based products	-	-	-	-	-	-
Electricity	-	-	-	-	-	-
FORWARDS (long positions)						
Natural gas	12,394	3,827	2,234	248	(50)	15,441
Oil-based products	-	-	-	-	-	-
Electricity	-	-	-	-	-	16
CO_2	463	462	340	-	1	-
FORWARDS (short positions)						
Natural gas	(26,618)	-	(9,407)	(235)	49	(24,935)
Oil-based products	-	-	-	-	-	-
Electricity	-	-	-	-	-	(839)
CO_2	-	-	-	-	-	-

Note 20 C Insurance of eligible risks

ENGIE SA systematically transfers all material risks based on an identification of risks eligible for insurance – particularly relating to Company assets and damages caused to third parties. Insurance policies offer extensive coverage in order to limit the financial impact of any claims on the Group's accounts.

To ensure a consistent approach, insurance policies are managed at Group level. As a result, new projects developed by subsidiaries can be incorporated within existing policies to enable the parent company to fully assume its role for its majority-owned subsidiaries.

Note 20 D Legal and arbitration proceedings

1. Argentina

As a reminder, prior to the stock market listing of SUEZ Environnement Company, SUEZ (now ENGIE) and SUEZ Environnement entered into an agreement providing for the economic transfer to SUEZ Environnement of the rights and obligations relating to the ownership interest held by SUEZ in Aguas Argentinas (AASA) and Aguas Provinciales de Santa Fe (APSF).

In Argentina, the Public Emergency and Exchange Regime Reform Act (Emergency Act), enacted in January 2002, froze concession contract tariff increases by preventing the application of tariff indexation clauses in the event of a loss in value of the Argentine peso against the US dollar. In 2003, SUEZ (now ENGIE) and its joint shareholders, water distribution concession operators in Buenos Aires and Santa Fe, launched two arbitration proceedings against the Argentinean State, in its capacity as concession grantor, before the ICSID. The purpose of these proceedings is to enforce concession contract clauses in accordance with the France-Argentine Bilateral Investment Protection Treaties.

These ICSID arbitration proceedings aim to obtain compensation for the loss in value of investments made since the start of the concession, as a consequence of measures taken by the Argentinean State following the adoption of the above-mentioned Emergency Act. The hearings for both proceedings took place in 2007. Alongside the ICSID proceedings, the concession operators AASA and APSF were forced to launch proceedings to terminate their concession contracts before the local administrative courts.

However, due to a decline in the financial position of the concession-holding companies since the Emergency Act, APSF announced at its Shareholders' Meeting of January 13, 2006 that it was filing for bankruptcy.

At the same time, AASA filed for "Concurso Preventivo [(1)]". As part of this procedure, a settlement proposal involving the novation of AASA's admissible liabilities, approved by creditors and confirmed by the bankruptcy court on April 11, 2008 enabled the settlement of some of these liabilities. The proposal provides for an initial payment of 20% of these liabilities [(2)] (upon confirmation), and a second payment of 20% in the event that compensation is obtained from the Argentinean State. As controlling shareholders, ENGIE and Agbar decided to financially support AASA in making this initial payment and paid sums of USD 6.1 million and USD 3.8 million respectively, at the time of confirmation.

By two decisions dated July 30, 2010, the ICSID recognized the liability of the Argentinean State in the termination of water distribution and treatment concession contracts in Buenos Aires and Santa Fe. It was decided that the amount of damages to be paid in compensation for the losses sustained would be set by experts.

Further to an expert report submitted in September 2013 regarding the concession in Buenos Aires, as well as several hearings which took place in 2014, on April 9, 2015, the ICSID ordered the Argentinean State to pay USD 405 million in respect of the termination of the water distribution and treatment concession contracts in Buenos Aires. At the beginning of August 2015, the Argentinean State filed an appeal before an ad-hoc ICSID committee seeking the annulment of this decision. An expert report on the concession in Santa Fe was submitted to the ICSID in April 2014. In a decision issued on December 4, 2015, the ICSID ordered the Argentinean State to pay USD 211 million in respect of the termination of the concession contracts in Santa Fe. The Argentinean State has the right to seek the annulment of this decision via an appeal.

2. Squeeze-out bid for Electrabel shares

On July 10, 2007, three shareholders, Deminor and two other funds, initiated proceedings before the Brussels Court of Appeal against SUEZ (now ENGIE) and Electrabel under which they sought additional consideration following the squeeze-out bid launched by SUEZ in June 2007 on Electrabel shares that it did not already own. The Court of Appeal dismissed the application on December 1, 2008.

Following the appeal brought by Deminor and others on May 22, 2009, the Court of Cassation overturned the ruling of the Brussels Court of Appeal on June 27, 2011. In a subpoena dated December 28, 2012, Deminor and others launched proceedings against ENGIE SA before the Brussels Court of Appeal, sitting in a different formation, in order for the Court to rule on their claim for additional consideration.

The trial stage of the proceedings ended on October 15, 2014 and the deliberations have commenced.

A similar demand for additional consideration, submitted to the Brussels Court of Appeal by Messrs. Geenen and others, but without naming Electrabel and the FSMA (*Autorité belge des services et marchés financiers*, formerly the *Commission bancaire, financière et des assurances*) as defendants, was dismissed on December 24, 2009 on procedural grounds. Mr Geenen lodged an appeal before the Court of Cassation against the ruling of December 24, 2009 on June 2, 2010. The Court of Cassation delivered a ruling overturning the ruling of the Brussels Court of Appeal on May 3, 2012.

In a ruling dated March 26, 2015, the Brussels Court of Appeal held that the claim filed by Deminor and others for additional consideration was admissible but unfounded and ordered them to pay ENGIE SA €33,000 in costs. The Court's decision is now final.

3. Freeze of regulated natural gas tariffs in France

Legal proceedings regarding Decree No. 2013-400 of May 16, 2013 amending Decree No. 2009-1603 of December 18, 2009 relating to regulated natural gas tariffs

In July 2013, the French national energy retailers association (Association Nationale des Opérateurs Détaillants en Energie) launched an appeal with the *Conseil d'État* requesting the annulment of Decree

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(1) Similar to the French bankruptcy procedure.

(2) Approximately USD 40 million.

No. 2013-400 of May 16, 2013 amending Decree No. 2009-1603 of December 18, 2009 relating to regulated natural gas tariffs.

ANODE contends that the regulated natural gas tariff framework is inconsistent with the objectives of Directive 2009/73/EC concerning common rules for the internal market in natural gas, and Article 106.1 of the Treaty on the Functioning of the European Union. On December 15, 2014, the *Conseil d'État* ordered a stay of proceedings pending the Court of Justice of the European Union's preliminary ruling on these matters.

4. Compagnie du Vent

On November 27, 2007, ENGIE acquired a 56.84% stake in La Compagnie du Vent, with the original owner SOPER retaining a 43.16% stake. At the time of the acquisition, the founder of the company (and owner of SOPER), Jean-Michel Germa, remained the Chairman and Chief Executive Officer of La Compagnie du Vent. ENGIE currently holds a 59% stake in La Compagnie du Vent.

Since 2011, ENGIE has been involved in various disputes with Jean-Michel Germa (the owner of SOPER and the company's former Chairman and Chief Executive Officer) and SOPER (now a non-controlling shareholder): (i) the legal proceedings relating to contractual responsibility and negligence launched against ENGIE by Jean-Michel Germa, at the time when the latter was dismissed as Chairman and Chief Executive Officer of La Compagnie du Vent, before the Paris Commercial Court on February 15, 2012. These legal proceedings are still pending before the Paris Court of Appeal; (ii) the legal proceedings launched against ENGIE and the current Chairman and Chief Executive Officer of La Compagnie du Vent by SOPER on May 15, 2012, claiming that the former parties acted against the interests of La Compagnie du Vent and seeking compensation. After the Montpellier Commercial Court dismissed their claims, SOPER appealed this decision and the Montpellier Appeal Court upheld the lower court's decision on November 3, 2015, finding SOPER guilty of abuse of process. SOPER lodged an appeal before the Court of Cassation on January 4, 2016; (iii) the proceedings launched by SOPER on January 18, 2013, with a view to ordering ENGIE to pay compensation of around €214 million to SOPER as a result of the alleged breach of their agreement and of the partners' agreement signed in 2007. These legal proceedings are pending before the Créteil Commercial Court; (iv) as part of the legal proceedings launched against ENGIE and La Compagnie du Vent by SOPER and Jean-Michel Germa before the Montpellier Commercial Court on March 14, 2013, the claim seeking that the decisions taken at the La Compagnie du Vent partners' meeting of May 27, 2011 be declared null and void was rejected in a ruling dated January 26, 2015. SOPER and Jean-Michel Germa lodged an appeal against the ruling before the Montpellier Appeal Court on February 13, 2015 and the decision is pending; (v) on April 26, 2013, SOPER brought another action before the Paris Commercial Court seeking the cancellation of the expert's report and the appointment of another expert to set the price of the shares purchased by ENGIE upon the exercise of share subscription warrants. The case was brought before the Créteil Commercial Court, which approved the cancellation of the expert's report, in a ruling dated December 1, 2015. ENGIE has since appealed this decision; (vi) the proceedings launched by SOPER on May 16, 2013 with the aim that ENGIE be forbidden from exercising the share subscription warrants under the terms and conditions set out in the partners' agreement. The case has been brought before the Créteil Commercial Court.

5. Total Energie Gaz

ENGIE buys natural gas from Total Energie Gaz (TEGAZ), a subsidiary of the Total Group, under an agreement entered into on October 17, 2004 (the "Agreement"), and asked for a review of the contractual price with effect from May 1, 2011. As the negotiations with TEGAZ were not successful, ENGIE submitted the dispute involving the review of the contractual price to a panel of experts, in March 2012, in accordance with the Agreement. On June 5, 2012, TEGAZ gave notice of a dispute regarding the interpretation of certain clauses in the aforementioned Agreement, which was the subject of arbitration proceedings, in accordance with the regulations of the French Arbitration Association (AFA).

After the parties exchanged their pleadings, the hearings regarding the interpretation of certain provisions of the purchase agreement (the "Agreement") took place at the arbitration court between January 27 and January 30, 2014. The award, which was delivered on May 13, 2014, dismissed all of TEGAZ's claims regarding the interpretation of the Agreement, particularly those concerning the provisions pertaining to the review of the contractual price.

The expertise proceedings in the dispute regarding the review of the contractual price have resumed. On February 7, 2015, the panel of experts gave a first favorable response to the Group's request to review the contract price of natural gas purchased from May 1, 2011 to October 31, 2014 under the natural gas supply agreement with TEGAZ. The panel of experts confirmed that the request to review the price addressed by the Group was justified and determined a new contractual pricing formula, therefore granting a price decrease to the Group.

On June 24, 2015, ENGIE, Total Gas & Power, and Total Energie Gaz signed an agreement in settlement of their disputes regarding several requests for price reviews in relation to supply agreements entered into by ENGIE with Total Energie Gaz and with Total Gas & Power.

6. Competition and industry concentration

On May 22, 2008, the European Commission announced its decision to initiate formal proceedings against Gaz de France for a suspected breach of EU rules pertaining to abuse of dominant position and restrictive business practices. The proceedings relate to a combination of long-term transport capacity reservation and a network of import agreements, as well as potential underinvestment in transport and import infrastructure capacity.

On June 22, 2009, the Commission sent ENGIE, GRTgaz and ELENGY a preliminary assessment in which it alleged that ENGIE might have abused its dominant position in the gas sector by foreclosing access to gas import capacity in France. On June 24, 2009, ENGIE, GRTgaz and ELENGY offered commitments in response to the preliminary assessment, while expressing their disagreement with the conclusions it contained.

These commitments were submitted to a market test on July 9, 2009, following which the Commission informed ENGIE, GRTgaz and ELENGY of how third parties had responded. On October 21, 2009, ENGIE, GRTgaz and ELENGY filed amended commitments aimed at facilitating access to and competition on the French natural gas market. On December 3, 2009, the Commission adopted a decision that rendered these commitments legally binding. This decision by the Commission put an end to the proceedings initiated in May 2008. ENGIE, GRTgaz and ELENGY are continuing to fulfill the commitments (which are valid until 2024 and as far as 2029 in certain cases) under the supervision of a trustee (Advolis) approved by the European Commission.

7. Gas and electricity supply markets in France

On April 15, 2014, Direct Energie lodged a complaint with the competition authorities against ENGIE for alleged abuse of a dominant position on the gas and electricity supply markets, as well as a request for protective interim measures.

The hearing concerning the interim protective measures was held on July 9, 2014 and the competition authority rendered a decision on September 9, 2014.

As a protective interim measure and pending a decision on the merits, the authority ordered ENGIE to grant, upon request and at its own cost, to companies in possession of a ministerial authorization to provide natural gas, access to certain information regarding customers subject to regulated natural gas tariffs in objective, transparent and non-discriminatory conditions.

In the event that this order is not fulfilled by the specified date, ENGIE will be required to suspend all commercialization of its natural gas market offerings.

ENGIE appealed this decision on September 19, 2014. The hearing was held on October 9, 2014 and the Paris Court of Appeal rendered a decision on October 31, 2014. The Court of Appeal upheld the competition authority's decision, but amended the following points: the date for access to the required information has been deferred to November 13, 2014 for legal entities and to January 15, 2015 for individuals; residential customers and the professionals acting as contact person for a legal entity were informed before the information was disclosed and had five days to oppose the disclosure; the wording of the letter required to be sent to residential customers was changed slightly so as not to prejudge the decision on the merits.

ENGIE has appealed the decision handed down by the Court of Appeal before the Court of Cassation.

ENGIE has implemented the interim protective measures imposed by the authorities in order to comply with the requirements of the decision and is now providing access to the information in the files concerned to alternative suppliers at their request.

On March 27, 2015, the competition authorities informed ENGIE that a claim of alleged abuse of a dominant position by ENGIE on the gas and electricity supply markets had been referred to them by UFC Que Choisir, a French consumer group. The investigation is currently underway and the Group is cooperating fully with the inquiries.

On October 26, 2015, the competition authorities informed ENGIE that a new claim of alleged abuse of a dominant position by ENGIE on the gas and electricity supply markets had been referred to them by Direct Energie, as well as a request for protective interim measures. The investigation is currently underway and the Group is cooperating fully with the inquiries.

NOTE 21 Pensions and other employee benefit obligations

OVERVIEW OF OBLIGATIONS

In millions of euros	Dec. 31, 2015 [(1)]	Dec. 31, 2014
PENSIONS	**2,360**	**2,517**
• EGI sector plan	2,047	2,213
• Other plans	313	304
OTHER RETIREMENT AND POST-EMPLOYMENT BENEFITS	**372**	**536**
• Reduced energy and water prices	231	384
• End-of-career indemnities	53	59
• Immediate bereavement benefits	49	54
• Other*	39	39
OTHER EMPLOYEE BENEFIT OBLIGATIONS	**89**	**102**
• Disability benefits and other	82	94
• Long-service awards	7	8
TOTAL	**2,821**	**3,155**

* *Indemnities for the partial reimbursement of educational expenses, exceptional end-of-career vacation and the former SUEZ supplementary healthcare plan.*
(1) *Including €112 million covered by a provision in the parent company financial statements (see Note 21 D).*

Actuarial assumptions

The actuarial assumptions were determined together with independent actuaries. Weighted discount rates for the main actuarial assumptions are presented below:

	Pension benefit obligations		Other post-employment benefit obligations		Long-term benefit obligations		Total benefit obligations	
	2015	2014	2015	2014	2015	2014	2015	2014
Discount rate	2.6%	2.1%	2.6%	2.1%	2.2%	1.7%	2.6%	2.1%
Inflation rate	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Average remaining working years of participating employees	16 years	16 years	16 years	16 years	16 years	16 years	16 years	16 years

According to the Group's estimates, a 1% increase or decrease in the discount rate would result in a change of 15% in the projected benefit obligation.

Note 21 A Pensions

The main defined benefit plans operated by ENGIE SA comprise:

- pensions falling within the scope of the special plan for companies belonging to the electricity and gas industries sector ("EGI");
- pension plans taken over following the merger of SUEZ SA into ENGIE SA:
  - the 1953 supplementary pension plan, closed since December 31, 1988,
  - plans operated by the former Compagnie de SUEZ (annuity plans based on end-of-career salaries),
  - supplementary pension plans for senior managers operated by all water companies (annuity plans based on end-of-career salaries).

Pension plan for electricity and gas utilities

Salaried employees and retirees of EGI sector companies have been fully affiliated to the *Caisse Nationale des Industries Électriques et Gazières* (CNIEG) since January 1, 2005. The CNIEG is a private welfare body placed under the joint responsibility of the ministries in charge of social security and budget. The conditions for calculating benefit entitlement under the EGI plan are set out in the national statute for EGI sector employees (decree of June 22, 1946) and determined by the government. By law, companies cannot amend any of these conditions.

Unregulated past specific benefits (at December 31, 2004) are funded by EGI sector entities to the extent defined by Decree No. 2005-322 of April 5, 2005. For ENGIE SA, this funding obligation represents 3.25% of the past specific benefit obligations of all EGI sector companies.

The specific benefits vested under the plan since January 1, 2005 are wholly financed by EGI sector companies in proportion to their respective share of the electricity and gas market as measured in terms of total payroll costs.

1. Financial obligations of ENGIE SA

Pursuant to the Law of August 9, 2004 on electricity and gas public services and electricity and gas utilities, as from January 1, 2005 ENGIE SA has the following financial obligations:

- to pay the CNIEG its share of the contributions due under statutory pension plans. These contributions are then paid over by the CNIEG to the CNAV and to the mandatory supplementary pension plans AGIRC and ARRCO;
- to pay the CNIEG its contribution to financing the benefits paid in excess of rights under statutory pension plans not funded by the CTA levy;
- to pay the CNIEG its share in exceptional flat-rate contributions in full and final discharge of its liabilities due to the CNAV, AGIRC and ARRCO and not financed by the CTA levy;
- to pay the CNIEG its share of the administrative expenses incurred by the CNIEG as well as compensation with respect to other statutory pension plans and benefits relating to disability, death, work accidents and occupational illnesses;
- as a gas and electricity supplier (and carrier, where applicable), to collect and pay over to the CNIEG the CTA levies.

Pensions and disability annuities are recalculated as of January 1, 2009 on the basis of the retail price index (excluding tobacco).

2. Calculation of pension obligations

ENGIE SA's pension obligations are calculated using a yield-to-maturity method in line with ANC Recommendation 2013-02 of November 7, 2013, amending CNC Recommendation CNC 2003 R 01 of April 1, 2003. The method used is known as the projected unit credit method and is based on assumptions regarding:

- end-of-career salaries (based on seniority, salaries and career promotions);
- retirement age, based on specific criteria applicable to EGI sector employees (length of service, number of children for female employees);
- changes in the population of retired employees, based on mortality tables drawn up by INSEE and an employee turnover rate based on behavioral statistics for EGI sector employees;
- payments of benefits to surviving spouses, based on the life expectancy of employees and their spouses, and the percentage of married employees among EGI sector personnel.

The obligations are calculated as follows:

- based on the rights vested at the measurement date, under both the EGI plan and statutory pension plans;
- for all active and retired employees in the EGI sector, and all employees and eligible beneficiaries for former SUEZ plans;
- actuarial gains and losses are recognized immediately.

Note 21 B Other employee benefit obligations

Benefits payable to active and retired employees of EGI sector companies (excluding pensions) are described below:

- Post-employment benefits:
  - reduced energy prices,
  - end-of-career indemnities,
  - exceptional end-of-career vacation,
  - immediate bereavement benefits,
  - partial reimbursement of educational expenses;
- Long-term benefits:
  - allowances for occupational accidents and illnesses,
  - temporary and permanent disability allowances,
  - long-service awards,
  - asbestos benefit.

Retired employees of SUEZ SA are eligible for post-employment benefits consisting of a cash contribution to the costs of their water supply and complementary healthcare insurance.

The Group's main obligations are described below.

1. Reduced energy prices

Under Article 28 of the national statute for EGI sector personnel, all current and former employees are entitled to benefits in kind which take the form of energy. This benefit entitles employees to electricity and gas supplies at a reduced price.

The amount of the obligation regarding gas supplied to ENGIE SA and EDF employees corresponds to the likely present value of the power (kWh) supplied to the employees or their dependents during the retirement phase, assessed based on the unit cost of the energy. The amount of the obligation also takes account of the likely value of the price of the energy exchange agreement with EDF.

2. End-of-career indemnities

As of July 1, 2008, retiring employees (or their dependents in the event of death during active service) are entitled to end-of-career indemnities which increase in line with the length-of-service within the EGI sector.

The obligation resulting from end-of-career indemnities is calculated using the projected unit credit method.

3. Allowances for occupational accidents and illnesses

Like other employees under the standard pension plan, EGI sector employees are entitled to compensation for accidents at work and other occupational illnesses. These benefits cover all employees or the dependents of employees who die as a result of occupational accidents or illnesses, or injuries suffered on the way to work.

The amount of the obligation corresponds to the likely present value of the benefits to be paid to current beneficiaries, taking into account any reversionary annuities.

Note 21 C Change in present value of benefit obligations

	EGI sector plan		Other plans		Other post-employment benefits		Long-term benefits		Total	
In millions of euros	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Present value of benefit obligation at January 1	**2,213**	**1,772**	**304**	**299**	**536**	**414**	**102**	**89**	**3,155**	**2,574**
Service cost	39	32	2	1	8	7	11	10	60	50
Interest cost	45	64	4	9	11	15	2	3	62	91
Actuarial gains and losses on the obligation	(169)	419	21	9	(167)	122	(17)	9	(332)	559
Benefits paid under all plans (funded and unfunded) (1)	(77)	(74)	(18)	(14)	(3)	(22)	(8)	(9)	(106)	(119)
Other	(4)	-	-	-	(13)	-	(1)	-	(18)	-
Present value of benefit obligation at December 31	**2,047**	**2,213**	**313**	**304**	**372**	**536**	**89**	**102**	**2,821**	**3,155**

(1) The aggregate impact on income of benefits paid and changes in the benefit obligation totaled €106 million in 2015 versus €119 million in 2014.

Note 21 D Provisions

At year-end, ENGIE SA sets aside provisions in respect of allowances for occupational accidents and illnesses, and temporary and permanent disability benefits for active employees, as well as for benefits due during employees' active working lives (long-service awards and exceptional end-of-career vacation). Provisions for pensions and other employee benefit obligations transferred by SUEZ SA at the time of the 2008 merger are also recognized by ENGIE SA in liabilities. These provisions are written back as and when the corresponding liabilities for which they were set aside at end-2007 are extinguished. No further amounts are set aside to these provisions in respect of rights newly vested or the unwinding of discounting adjustments.

At December 31, 2015, ENGIE SA booked provisions of €112 million compared to €126 million at end-2014, representing a decrease of €14 million in employee-related provisions.

At December 31, 2014, ENGIE SA booked provisions of €126 million compared to €117 million at end-2013, representing an increase of €9 million in employee-related provisions.

CHANGES IN PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS

	Pensions [1]		Other post-employment benefit obligations [2]		Long-term benefits [3]		Total	
In millions of euros	2015	2014	2015	2014	2015	2014	2015	2014
Provision at January 1	**7**	**8**	**26**	**27**	**93**	**82**	**126**	**117**
Pension cost (benefit) for the period	-	-	-	4	-	20	-	24
o/w Service cost	-	-	*1*	*1*	*11*	*10*	*12*	*11*
o/w Interest cost	-	-	*0*	-	*2*	*3*	*2*	*3*
o/w Actuarial gains and losses on the obligation	-	-	*(1)*	*3*	*(13)*	*7*	*(14)*	*10*
o/w Other	-	-		-	*(2)*	-	*(2)*	-
Benefits paid under all plans (funded and unfunded)	(0)	(1)	(4)	(5)	(8)	(9)	(12)	(15)
Provision at December 31	**7**	**7**	**22**	**26**	**83**	**93**	**112**	**126**

(1) Excluding EGI sector companies in both 2015 and 2014.
(2) Exceptional end-of-career vacation (€15 million), complementary health insurance for retired SUEZ employees (€5 million) and water bonus (€2 million).
(3) Allowances for occupational accidents and illness (€56 million), temporary and permanent disability allowances (€17 million), asbestos (€2 million) and long-service awards (€7 million).

Note 21 E Insurance contracts

ENGIE SA has taken out insurance contracts with several insurance firms to cover its obligations in respect of pensions and end-of-career indemnities. An amount of €76 million was paid to these insurance firms in 2015.

The value of these insurance contracts stood at €1,922 million at December 31, 2015 (€1,910 million at December 31, 2014).

Note 21 F Change in the fair value of plan assets

	Pensions				Other post-employment benefits	
	2015		2014		2015	2014
In millions of euros	EGI sector plan	Other plans	EGI sector plan	Other plans		
Fair value of plan assets at January 1	**1,690**	**188**	**1,633**	**190**	**31**	**32**
Expected return on plan assets	34	2	59	5	1	1
Premiums net of handling fees (1)	-	10	-	4	-	-
Actuarial gains and losses on plan assets	37	13	71	1	1	2
Benefits paid out of plan assets (1)	(68)	(15)	(73)	(12)	(3)	(4)
Fair value of plan assets at December 31	**1,693**	**198**	**1,690**	**188**	**30**	**31**

(1) The total income statement impact of premiums paid to insurance funds and benefits covered by plan assets represents net income of €76 million in 2015 versus net income of €85 million in 2014. .

RETURN ON PLAN ASSETS

	Pensions				Other post-employment benefits	
	2015		2014		2015	2014
	EGI sector plan	Other plans	EGI sector plan	Other plans	EGI sector plan	EGI sector plan
Actual return on plan assets	4.3%	3.3%	8.3%	3.67%	5.1%	9.3%

The expected return on plan assets for 2015 is 2.52% in respect of pensions and 2.24% in respect of other obligations.

The allocation of plan assets by principal asset category can be analyzed as follows:

	2015		2014	
	EGI sector plan	Other plans	EGI sector plan	Other plans
Equities	35%	10%	33%	10%
Bonds	52%	81%	51%	80%
Other *(including money market securities)*	13%	9%	16%	10%
	100%	**100%**	**100%**	**100%**

Collective life insurance policies contracted with insurers to cover employee-related liabilities under the EGI sector plan are unit-linked. These contracts are available to ENGIE SA and to Group subsidiaries belonging to the “Group employee benefits management agreement”. A small portion of these contracts may be invested in financial instruments issued by ENGIE SA, mainly equities.

Based on unit-linked contracts attributable to ENGIE SA, the portion of plan assets invested in financial instruments issued by ENGIE SA amounted to €14 million at December 31, 2015, representing less than 1% of the total value of the fund at that date. Plan assets are not invested in properties occupied by ENGIE SA or in other assets used by ENGIE SA.

Note 21 G Supplementary defined-contribution plan

Employees eligible for the EGI plan also benefit from an additional defined-contribution plan set up in 2009. Employer contributions paid in respect of this scheme totaled €6 million in 2015 and €6 million in 2014.

NOTE 22 Information concerning related parties and associated companies

In millions of euros	Related companies	Associated companies
Equity investments	62,677	2,330
Amounts receivable from equity investments	259	1
Deposits and guarantees	22	-
Trade and other receivables	1,491	5
Current accounts with subsidiaries showing a credit balance	86	-
Other intangible assets	-	285
Other receivables	531	1
Current accounts with subsidiaries showing a debit balance	6,237	2
Trade and other payables	2,079	1
Payables on fixed assets	1,192	-
Other liabilities	631	-
Revenues	9,651	77
Energy purchases and change in gas reserves	6,544	-
Other external charges	3,757	17
Other operating expenses	440	-
Other operating income	335	-
Other financial expenses	(18)	-
Other financial income	1,964	119

All material transactions between ENGIE SA and related parties were carried out on an arm's length basis. Accordingly, no disclosures are required pursuant to the Amending Decree of Article R.123-198-11 of March 9, 2009.

Relations with the French State

The French State owns 32.76% of ENGIE SA and appoints five representatives to the Group's 19-member Board of Directors.

The French State holds a golden share aimed at protecting France's critical interests and ensuring the continuity and safeguarding of supplies in the energy sector. The golden share is granted to the French State indefinitely and entitles it to veto decisions taken by ENGIE SA if it considers they could harm France's interests.

Public service engagements in the energy sector are defined by the law of January 3, 2003.

On November 6, 2015, the French State and ENGIE SA renewed the public service contract which sets out how such engagements are implemented, the Group's public service obligations and the conditions for rate regulation in France:

- as part of its public service obligations, ENGIE SA reaffirmed its commitments in terms of the safeguarding of supplies, the quality of customer relations, solidarity and assistance to low-income customers, sustainable development and protection of the environment, as well as in terms of research;
- regarding the conditions for rate regulation in France, the contract confirms the overall regulatory framework for setting and changing natural gas tariffs in France, according to the Decree of December 18, 2009, which notably forecasts rate changes based on costs incurred, while also defining the transitional framework following the elimination of regulated natural gas tariffs for business customers.

Transmission rates on the GRTgaz transportation network and the gas distribution network in France, as well as rates for accessing the French LNG terminals, are all regulated.

Relations with the CNIEG (Caisse Nationale des Industries Électriques et Gazières)

The Group's relations with the CNIEG, which manages all old-age, death and disability benefits for active and retired employees of the Group who belong to the special EGI pension plan, employees of EDF and Non-Nationalized Companies (*Entreprises Non Nationalisées* – ENN), are described in Note 21, "Post-employment benefits and other long-term benefits".

NOTE 23 Subsidiaries and investments

In millions of euros Name	Share capital as per latest available balance sheet	Other equity as per latest available balance sheet	% capital held at Dec. 31, 2015	Book value of shares held at Dec. 31, 2015 Gross	Book value of shares held at Dec. 31, 2015 Provision
A - Detailed information concerning subsidiaries and investments whose gross value exceeds 1% of ENGIE SA capital (i.e., €24,352,850)					
1. Subsidiaries (more than 50%-owned by ENGIE SA)					
Aguas Provinciales de Santa Fe [1]	6	(160)	64.19 %	39	(39)
Celizan	-	-	100.00%	31	(31)
Cogac	1,433	(1,135)	100.00%	1,434	(600)
Ecometering	22	(16)	99.00%	38	(32)
Electrabel	4,640	17,945	99.13%	34,117	-
Elengy	109	405	100.00%	516	-
ENGIE Alliance	100	(50)	64.00%	62	-
ENGIE Energy Services	699	1,296	100.00%	2,931	-
ENGIE Finance	5,460	147	100.00%	5,567	-
ENGIE IT	45	11	100.00%	78	(36)
ENGIE Management Company	60	(53)	100.00%	60	(53)
GDF International	3,972	411	100.00%	3,972	-
ENGIE New Ventures	32	20	100.00%	55	(1)
Genfina	1,750	(495)	100.00%	2,627	(1,372)
GrDF	1,801	3,725	100.00%	8,405	-
GRTgaz	538	3,135	75.00%	1,850	-
La Compagnie du Vent	17	115	59.00%	428	(345)
NNB Development Company	38	117	100.00%	141	-
SFIG	55	15	96.51%	57	-
Sopranor	0	5	99.90%	245	(240)
Storengy	345	1 430	100,00%	2,666	-
2. Equity investments (less than 50%-owned by ENGIE SA)					
Aguas Argentinas	15	(467)	48.20%	145	(145)
SUEZ Environnement Company	2,171	5,117	33.55%	2,293	
B - Information concerning other subsidiaries and investments					
1. Subsidiaries not included in section A					
French companies	-	-	-	102	(23)
Other [1]			-	20	(2)
2. Equity investments not included in section A					
French companies	-	-	-	64	(7)
Other [1]			-	-	-
3. Other long-term investments not included in section A					
French companies	-	-	-	17	-
Other [1]	-	-	-	-	-
TOTAL				**67,961**	**(2,923)**

(1) Amounts in local currency (millions of units).
(2) Provisional, unaudited amounts.
Transactions with related companies mainly involve loans, advances and changes in current accounts with subsidiaries.
NB: Certain sensitive data are not provided in the table of subsidiaries and investments.

Loans and advances granted by ENGIE SA	Loans and advances granted by EN	Revenues for the latest available period	Net income (+) or loss (-) for the latest available period	Dividends received by ENGIE SA during the period	Year-end of last available period (2)
15	-	-	(48)	-	12/2014
-	-	-	-	-	12/2015
2	-	-	(144)	-	12/2015
-	-	13	(16)	-	12/2015
-	-	13,169	1,462	-	12/2014
125	-	197	57	66	12/2015
-	1,000	-	(50)	-	12/2015
-	-	2,129	432	211	12/2015
6,118	-	962	215	597	12/2015
-	-	364	(9)	-	12/2015
-	-	159	(17)	-	12/2015
125	-	1	84	378	12/2015
-	-	-	(2)	-	12/2015
-	-	-	5	-	12/2015
-	-	3,410	71	375	12/2015
-	-	1,867	222	272	12/2015
-	-	58	14	-	12/2015
-	-	-	-	-	12/2015
-	-	26	10	2	12/2015
-	-	-	-	-	12/2015
-	-	999	103	-	12/2015
-	-	-	(164)	-	12/2014
-	-	9	429	118	12/2014
43	-	-	-	-	
-	-	-	-	-	
-	-	-	-	37	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
				2,056	

NOTE 24 Compensation due to members of the board of directors and executive committee

Total compensation (gross salary, bonuses, profit-sharing incentives and benefits in kind, including related employer contributions) paid to the Chairman and Chief Executive Officer, the Vice-Chairman and President, and members of the Executive Committee came to €21 million for 2015.

Post-employment benefits accruing to these same people totaled €70.8 million at December 31, 2015.

Members of the Board of Directors elected by the Shareholders' Meeting received €0.9 million in attendance fees for 2015.

6.4.3 Total and partial transfers of assets, subsidiaries, and equity investments requiring statutory disclosure

TOTAL AND PARTIAL TRANSFERS OF ASSETS

In euros	% at Dec. 31, 2014	% at Dec. 31, 2015	Reclassification within the Group	Sale outside the Group	Net book value of shares held	Business sector
SUBSIDIARIES (1)						
EQUITY INVESTMENTS (2)						
OMEGAZ	19%	0		X	0	Research & Development

(1) More than 50%-owned by ENGIE SA.
(2) Less than 50%-owned by ENGIE SA.

TOTAL AND PARTIAL PURCHASES OF ASSETS

In euros	% at Dec. 31, 2014	% at Dec. 31, 2015	Reclassification within the Group	Acquisition outside the Group	Net book value of shares held	Business sector
SUBSIDIARIES (1)						
ENGIE Lab Singapore		100%	X		132,415.25	Research & Development
EQUITY INVESTMENTS (2)						
METHAMOLY		15%		X	20,000.00	Industrial

(1) More than 50%-owned by ENGIE SA.
(2) Less than 50%-owned by ENGIE SA.

6.4.4 Five-year financial summary

	2015	2014	2013	2012	2011
Capital at year-end					
Share capital *(in euros)*	2,435,285,011	2,435,285,011	2,412,824,089	2,412,824,089	2,252,636,208
Number of ordinary shares issued and outstanding	2,435,285,011	2,435,285,011	2,412,824,089	2,412,824,089	2,252,636,208
Maximum number of shares to be issued:					
• by exercising stock options	-	20,823,223	10,083,705	15,803,200	22,584,740
Results of operations for the year *(in millions of euros)*					
Revenues, excluding VAT	19,891	24,562	28,608	27,915	24,126
Income before tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	391	390	424	749	1,460
Income tax *(negative figures = benefit)*	(540)	(378)	(768)	(542)	(295)
Employee profit-sharing and incentive payments for the year	-	-	-	-	-
Income after tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	268	411	663	890	2,389
Total dividends paid *(including on treasury shares in 2014)*	2,414	2,402	3,576	3,503	3,347
Earnings per share *(in euros)*					
Earnings per share after tax and employee profit-sharing but before depreciation, amortization, provisions and transfer of concession termination amortization	0.38	0.32	0.49	0.54	0.78
Earnings per share after tax, employee profit-sharing, depreciation, amortization, provisions and transfer of concession termination amortization	0.11	0.17	0.27	0.37	1.06
Dividend per share [(1)]	1.00	1.00	1.50	1.50	1.50
Headcount					
Average number of employees during the year	5,461	5,879	6,367	6,641	6,952
Total payroll	343	357	377	374	445
Total employee benefit obligations paid *(social security taxes and contributions to pension plans, welfare plans, etc.)*	262	330	396	363	324

(1) Shareholders at the AGM held to approve the 2015 financial statements will be asked to approve a dividend of €1 per share, representing a total amount of €2,414 million, based on the number of outstanding shares at December 31, 2015.

6.5 Statutory auditor's report on the parent company financial statements

6.5.1 Statutory auditor's report on the parent company financial statements

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying financial statements of ENGIE;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to the matter set out in note A to the financial statements which describes the change in accounting policy resulting from the initial application of ANC 2013-02 standard (France's national accounting standards body - *Autorité des Normes Comptables*) regarding Energy Savings Certificate accounting.

2. Justification of our assessments

The accounting estimates have been prepared in the context of economic and financial crisis and of high market volatility whose consequences make it difficult to forecast midterm economic outlooks. In this context as described in note B to the financial statements and in accordance with the requirements of Article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- as stated in note B to the financial statements, the book value of equity investments which your company intends to hold on a long-term basis is written down to its value in use if the latter is lower. As part as our assessment of the significant estimates used to prepare the financial statements, we have examined the data and key assumptions used for the determination of the values in use, assessed the sensitivity of the measurements to these assumptions as well as the procedure for approving these estimates by management. We have also reviewed the calculations made by your company and verified that note B to the financial statements provides appropriate disclosure;
- regarding gas sales to customer segments whose energy consumption is metered during the accounting period, your company makes revenue projections based on consumption estimates in line with the volume of energy allocated by the grid managers over the same period and estimates of average selling prices. Our work consisted in assessing the methods and assumptions used to calculate these estimates and verifying that note B to the financial statements provides appropriate disclosure.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the board of directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French commercial code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 4, 2016

The statutory auditors
French original signed by

Deloitte & Associés	**Ernst & Young et Autres**
Véronique Laurent	Pascal Macioce

6.5.2 Supplementary report on the statutory auditors' report on the parent company financial statements

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction and constructed in accordance with French law and the relevant professional standards applicable in France.

Year ended December 31, 2015

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we present below a supplementary report to our March 4, 2016 report on the parent company financial statements for the year ended December 31, 2015.

To reflect the change in the supplementary pension plan that will cover the Deputy Chief Executive Officer from January 1, 2015, the Board of Directors meeting on March 10, 2016 decided to amend the text of the resolutions to be submitted to the Annual General Meeting, and related to regulated agreements and commitments (fourth and fifth resolutions) and compensation due or paid in respect of fiscal year 2015 to the Deputy Chief Executive Officer (twelfth resolution) and the relevant parts of the Board of Directors’ report on the resolutions submitted to the Annual General Meeting, as well as the management report. The management report, the Board of Directors’ report on the resolutions submitted to the Annual General Meeting and the resolutions containing the amendments were communicated to us on March 10, 2016, and we performed the specific verifications required by French law relating thereto.

We have no matters to report as to the fair presentation and the consistency with the parent company financial statements of the information given in the amendments to the management report, the Board of Directors’ report on the resolutions submitted to the Annual General Meeting and on the wording of the amended resolutions.

With regard to the amended disclosures in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remuneration and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the parent company financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Neuilly-sur-Seine and Paris-La Défense, March 22, 2016

The Statutory Auditors *French original signed by*

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Véronique Laurent	Pascal Macioce

07

Additional information

7.1 Specific statutory provisions and bylaws

The main provisions of the loaw, the Company's bylaws and the Board's internal regulations are set out below. These documents are available at the Company's head office and on its website: www.engie.com.

7.1.1 Issuer's corporate purpose

The Company's purpose is the management and development of its current and future assets, in all countries, by all means and especially to:

- prospect, produce, process, import, export, buy, transmit, store, distribute, supply and market combustible gas, electricity and all other energy;
- trade in gas, electricity and all other energy;
- supply services related to the aforementioned activities;
- carry out the public service missions assigned to it under current law and regulations, in particular the Energy Code, the Electricity and Gas Nationalization Act No. 46-628 of April 8, 1946, the Gas and Electricity Markets and the Public Service of Energy Act No. 2003-8 of January 3, 2003, the Public Service of Electricity, Gas and Electrical and Gas Companies Act No. 2004-803 of August 9, 2004;
- study, design and implement all projects and all public or private works on behalf of all local authorities and individuals; prepare and enter into all agreements, contracts and transactions related to the implementation of the said projects and works;
- participate directly or indirectly in all operations or activities of any kind that may be connected to one of the aforementioned objects or that are likely to further the development of the company's assets, including research and engineering activities, by setting up new companies or undertakings, by contribution, subscription or purchase of securities or rights with respect to entities, by acquiring interests or holdings, in any form whatsoever, in all existing or future undertakings or companies, via mergers, partnerships or any other form;
- create, acquire, rent, take in lease management all property, real estate and businesses, rent, install and operate all establishments, businesses, plants or workshops connected with one of the aforementioned objects;
- register, acquire, operate, grant or sell all processes, patents and patent licenses relating to the activities connected with one of the aforementioned objects;
- obtain, acquire, rent and operate, mainly via subsidiaries and holdings, all concessions and undertakings relating to the supply of drinking water to towns or water to industry, to the evacuation and purification of waste water, to drainage and wastewater treatment operations, to irrigation and transport, to protection and pondage structures as well as to all sales and service activities to public authorities and individuals in the development of towns and the management of the environment;
- and in general to carry out all industrial, commercial, financial, personal property or real estate operations and activities of any kind, including services, in particular insurance intermediation, acting as an agent or delegated agent in a complementary, independent or research position; these operations and activities being directly or indirectly related, in whole or in part, to any one of the aforementioned objects, to any similar, complementary or related objects and to those that may further the development of the Company's business.

7.1.2 Corporate governance bodies

Regarding the composition and operations of corporate governance bodies, see Section 4 "Corporate Governance".

Board of directors

ENGIE is managed by a Board of Directors.

The Board has an Internal Regulations document that specifies its operating procedures.

The Board's Internal Regulations and the Directors' Charter are intended for every Director, every permanent representative of a member of the Board that is a legal entity, every non-voting Director, the representative of the Central Works Council or the body acting in lieu, the Government Commissioner, and, more generally, any person taking part in or attending Board meetings, either on a one-time basis or on every occasion.

Appointment of Directors

The Company is managed by a Board of Directors comprising no more than 22 members, in accordance with Articles L. 225-17, L. 225-23 and L. 225-27 of the French Commercial Code.

Directors are appointed by the General Shareholders' Meeting, subject to special rules applicable to Directors proposed by or representing the French State, Directors representing employees and the Director representing employee shareholders.

Directors proposed by and representing the French State are appointed in accordance with Articles 4 and 6 of Order No. 2014-948 of August 20, 2014 relating to the governance of, and capital transactions in, partly state-owned enterprises. Directors representing employees and the Director representing employee shareholders are appointed in accordance with Articles L. 225-27 et seq. and L. 225-23 of the French Commercial Code and the bylaws.

Under Article 4 of the Order, the State may appoint a representative to the governing bodies of companies in which it holds over 10% of the share capital. In addition, Article 6 of the Order provides that one or more seats on the Board of Directors, in a number proportionate to its shareholding, are reserved for members proposed by the State.

Rights and responsibilities of the Directors

The Board represents all shareholders, regardless of its composition and the origin of its members.

Directors must act at all times in the Company's corporate interest. They must carry out their duties independently, fairly and professionally. They must seek, in all circumstances, to maintain their independence of analysis, judgment, decision and action. They must refrain from being influenced by any information that is not related to the Company's interest, and must warn the Board of any information of which they become aware that seems to them likely to affect the Company's interests.

Directors have an obligation of absolute confidentiality with regard to the information provided to them within the framework of their duties, or discussed at Board meetings. In particular, the discussions themselves, the minutes recording the terms of such discussions and the reports and documents sent to the Board are confidential and may not be circulated. In the event of a proven breach of a confidentiality obligation by one of the Directors, the Chairman of the Board shall consider the action to be taken, possibly before the courts, with regard to such breach.

Directors undertake to devote the necessary time and attention to their duties. They must stay informed of the activities and the specifics of the Company, its issues and values, including by talking with principal officers. They must assiduously and diligently attend Board meetings. They must attend Shareholders' Meetings.

They must seek to obtain the information they consider essential in order to deliberate on the Board with full knowledge of the facts within suitable time limits and must seek to update the knowledge that they deem to be useful and may request that the Company provide them with the training they need to perform their duties properly.

Directors contribute to the collegial administration and efficacy of the proceedings of the Board and of any specialized committees set up within the Board. They make recommendations that they feel may improve the operating procedures of the Board, particularly during the Board's periodic evaluation, which is overseen by an independent Director. They must agree to have their own actions on the Board evaluated as well. The Vice-Chairman & Lead Director also takes part in the organization of the Board's regular self-assessments.

They agree, along with the other members of the Board of Directors, to ensure that their supervisory duties are accomplished with efficiency and without any obstacles. In particular, they shall ensure that procedures are put in place in the Company to verify compliance with laws and regulations, both in letter and in spirit.

They ensure that the positions adopted by the Board, in particular relating to the approval of the financial statements, the budget, resolutions to be put to the Annual Shareholders' Meeting as well as to important matters relating to the companies' operations, are the subject of formal decisions that are properly substantiated and recorded in the minutes of the Board's meetings.

The rights and responsibilities of the Directors are described in detail in the Directors' Charter appended to the Internal Regulations of the Board of Directors and published in full on the Group's website.

Term of office of Directors

All Directors serve a four-year term. The terms of office of Directors elected by the General Shareholders' Meeting expire at the close of the General Shareholders' Meeting convened in the year during which the term expires to approve the financial statements for the previous year.

The replacement of Directors appointed by the General Shareholders' Meeting whose positions have become vacant during the term of office, due to death or the resignation of one or more Directors' seats, is subject to the laws and regulations in force. Note that these measures may not be applied in the event of the vacancy, for any reason, of the seat of a Director elected by the employees or of the seat of the Director representing the employee shareholders.

Vice-Chairman and Lead Director

The Board of Directors may elect from among its members one or more Vice-Chairmen.

In accordance with Article 16 of the bylaws, meetings of the Board of Directors must be chaired by the Chairman or, in the Chairman's absence, by one of the Vice-Chairmen, or else by the Deputy Chief Executive Officer, if he or she is a Director, or by a Director chosen by the Board at the beginning of the meeting.

The Board may confer the role of Lead Director on one of its Vice-Chairmen referred to in Article 16 of the bylaws.

Directors representing employees and employee shareholders

The Directors representing the employees and employee shareholders have the same status, powers and responsibilities as the other Directors.

The terms of office of Directors elected by employees expire either at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the previous year and held after the announcement of the results of the election organized by the Company under the conditions set out in Article 13.3.1 of the bylaws, or in the event of the termination of their employment contract or in the event of removal from office under the terms provided for in the applicable law or regulations or for other reasons provided for by law for Directors appointed by the Shareholders' Meeting.

In the event of a vacancy of a seat of a Director elected by the employees, the vacant seat is filled pursuant to the provisions of Article L. 225-34 of the French Commercial Code.

With the exception of the rules relating to co-optation, which do not apply to him/her, the termination of office of a Director representing employee shareholders shall be subject to the same rules as those applicable to other Directors. Moreover, his/her term of office shall end automatically in the event of loss of (i) his/her capacity as employee of the company or companies or consortia affiliated to it within the meaning of Article L. 225-180 of the French Commercial Code or (ii) his/her capacity as shareholder of the Company, individually or via a company mutual fund, unless, in the latter case, he/she brings his/her situation into compliance within a three-month period.

In the event of the vacancy of the seat of a Director representing employee shareholders for any reason, the candidates to replace such a Director shall be appointed in accordance with Article 13.3 of the bylaws at the latest prior to the next Shareholders' Meeting or, if that meeting is held less than four months after the position has become vacant, then prior to the next Shareholders' Meeting after that. The Board of Directors may validly meet and deliberate up to the date of such an appointment.

Government commissioners

In accordance with Article L. 111-70 of the French Energy Code, the Minister of Energy appoints a Government Commissioner to the Company who attends meetings of the Board of Directors and its committees in an advisory capacity and may present his/her observations to any Shareholders' Meeting.

General Management

Chairman and Chief Executive Officer

Subject to the powers expressly granted by law to Shareholders' Meetings, powers that it grants specifically to the Board of Directors and within the scope of the Company's corporate purpose, as well as those mentioned in Articles 13 to 15 of Act No. 2004-803 of August 9, 2004, either the Chairman of the Board of Directors or another natural person appointed by the Board of Directors and holding the title of Chief Executive Officer shall be responsible for the general management of the Company.

The Chief Executive Officer is vested with the broadest powers to act in the Company's name in all circumstances. He/she exercises his/her powers within the scope of the Company's corporate purpose and subject to the powers expressly granted by law to Shareholders' Meetings and to the Board of Directors. The Board of Directors determines, in accordance with the conditions provided for by law, the scope and term of powers granted to the Chairman and Chief Executive Officer.

The Board of Directors, at its meeting of April 23, 2012, decided not to separate the duties of Chairman and Chief Executive Officer. The Chairman of the Board of Directors is responsible for the general management of the Company.

Information on the duties of General Management is provided in Section 4.4 "General Management" and the Chairman's report in Section 4.1.

The Chairman of the Board of Directors organizes and directs the work of the Board, and reports on this to the General Shareholders' Meeting. He/she ensures the smooth running of the Company's corporate bodies and in particular sees that the Directors are able to perform their duties.

Deputy Chief Executive Officer

The Board of Directors may appoint, as provided by law, only one person responsible for assisting the Chief Executive Officer, with the title of Deputy Chief Executive Officer, who is to be chosen from among the Directors.

With respect to third parties, the Deputy Chief Executive Officer has the same powers as the Chief Executive Officer. Internally to the Company, the extent and duration of the powers conferred on the Deputy Chief Executive Officer are determined by the Board in agreement with the Chairman and Chief Executive Officer, as provided by law and by Article 2.2 of the Internal Regulations. These matters are described in detail in Section 4.1.3.1 "Powers of the Board of Directors".

Decisions of the Board of Directors

The Board meets when it is convened by the Chairman of the Board of Directors, who sets the meeting's venue and agenda. The Vice-Chairman & Lead Director may ask the Chairman to add any items to the Board's agenda. He or she may also ask the Chairman to call a meeting of the Board to discuss a specific agenda. Any Director who wishes to discuss any matter with the Board that is not on the agenda must notify the Chairman prior to the meeting; the Chairman is then responsible for informing the Board.

When the Board of Directors has not met for over two months, at least one-third of the members of the Board may request that the Chairman call a meeting on a specific agenda.

The Chairman may take the initiative of organizing meetings of the Board of Directors by videoconference, by web conference, or by any other means of telecommunication, within the limits and subject to the conditions set under the current law and regulations and, where applicable, the Internal Regulations.

Resolutions of the Board of Directors are adopted under the conditions of quorum and majority provided by law. In the event of a tie, the Chairman shall have a casting vote.

Regulated agreements

Any agreement made directly or through an intermediary between ENGIE and a member of the Board of Directors, its Chairman and Chief Executive Officer, its Deputy Chief Executive Officer or a shareholder holding more than 10% of the voting rights, or if the shareholder is a company, the company controlling it within the meaning of Article L. 233-3 of the French Commercial Code, must be submitted to the Board of Directors for prior approval. This authorization is also required for agreements involving ENGIE in which one of the persons mentioned in the preceding paragraph is indirectly involved, and to agreements between ENGIE and another company, if one of the Directors, the Chief Executive Officer or one of the Deputy Chief Executive Officers of the company is an owner, partner with unlimited liability, legal manager, Director, member of the Supervisory Board or, in general, a manager of the company concerned.

Without prejudice to the formalities of prior authorization and control laid down by law and the bylaws, the Company's Directors must promptly disclose to the Chairman any agreement entered into by the Company and in which they are directly or indirectly involved.

The above provisions shall not apply to agreements relating to current transactions concluded under normal conditions, nor to the agreements between two companies of which one directly or indirectly holds all of the capital of the other minus, where applicable, the minimum number of shares required to satisfy the requirements of section 1832 of the French Civil Code or sections L. 225-1 and L. 226-1 of the French Commercial Code.

Compensation of Directors

The General Shareholders' Meeting determines the annual general amount of directors' attendance fees allocated to the Board of Directors which, on recommendation of the Appointments and Compensation Committee, allocates the said compensation between its members by deduction from the annual budget for directors' attendance fees.

The Company reimburses Directors for expenses incurred in the performance of their duties upon presentation of substantiating documents.

7.1.3 Rights, privileges and restrictions attached to shares

Voting rights (Articles 10, 11, 12 and 20 of the bylaws)

Unless otherwise provided for by law, each shareholder has as many voting rights and may cast as many votes at meetings as he or she holds shares, which are fully paid up (see Section 5.1.1.3 "Voting rights").

The shares are indivisible with regard to the Company. Where the shares are subject to a right of usufruct, voting rights attached to shares belong to the beneficial owner of the shares in the case of Ordinary Shareholders' Meetings, and to the bare owner in the case of Extraordinary Shareholders' Meetings.

Any time it is necessary to own several shares in order to exercise any right whatsoever, the owners of isolated shares or an insufficient number of shares may exercise such a right provided that they combine or, as the case may be, buy or sell the necessary shares or rights.

Any shareholder may cast a vote by proxy in accordance with the terms and conditions provided for by the law and regulations in all Meetings. The owners of securities mentioned in the seventh paragraph of Article L. 228-1 of the French Commercial Code may be represented, in accordance with the conditions provided for by law, by a registered intermediary. Any shareholder may cast a vote by proxy in accordance with the terms and conditions provided for by the law and regulations. The shareholders may, in accordance with the terms and conditions provided for by the law and regulations, send their postal proxy form either as a printed form or, further to a decision of the Board of Directors published in the notice of meeting and the notice to attend the meeting, by electronic transmission.

Dividends (Article 26.2 of the bylaws)

Any shareholder who can, at the end of a fiscal year, provide proof of registration for at least two years and continuation thereof on the dividend payment date for the fiscal year in question, shall receive a 10% increase in the dividend for the shares so registered, over the dividend paid on other shares. This increase will be capped at 0.5% of the share capital for a single shareholder.

The provisions of Article 26.2 shall apply for the first time to the payment of the dividend to be distributed for the year ended December 31, 2016, determined by the Annual Shareholders' Meeting to be held in 2017.

Golden share (Article 6 of the bylaws)

In accordance with the French Energy Code and Decree No. 2007-1790 of December 20, 2007, the share capital includes a golden share resulting from the conversion of one ordinary share, which is held by the French State and is aimed at protecting France's critical interests in the energy sector and ensuring the continuity and safeguarding of energy supplies (see Section 5.2.4 "Golden Share").

In accordance with the French Energy Code and Act No. 2014-384 of March 29, 2014, the French State is required to hold a minimum equity stake or minimum number of voting rights (see Section 5.1.1.3 "Voting rights").

7.1.4 Change in rights attached to shares

Except where otherwise specified by law, the rights attached to the Company's shares may be modified only by the Extraordinary Shareholders' Meeting, subject to the special terms relating to the French State's golden share under Article 6 of the bylaws (see also Section 5.2.4 "Golden share").

In accordance with the applicable law and regulations, any amendment of the bylaws that defines the rights attached to ENGIE shares must be approved by a two-thirds majority at the Extraordinary Shareholders' Meeting. All increases in the commitments of the shareholders must be unanimously approved by all shareholders.

7.1.5 Shareholders' Meetings

Notice to attend Meetings (Articles 20, 21 and 22 of the bylaws)

Ordinary and Extraordinary Shareholders' Meetings and, where applicable, Special Shareholders' Meetings are called, meet and deliberate in accordance with the conditions provided for by law. The party issuing the notice convening the meeting also draws up the meeting agenda. However, one or more shareholders may, in accordance with the conditions provided for by law, request that draft resolutions be entered on the agenda.

The meeting may take place at the Company's head office or at any other location stated in the notice.

Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman of the Board of Directors, the Deputy Chief Executive Officer if he or she is also director, or, in the absence of the Deputy Chief Executive Officer, by a Director specially authorized by the Board for this purpose. Otherwise, the Meeting elects its own Chairman.

The two members of the General Shareholders' Meeting present who accept the duties thereof and who hold the greatest number of votes act as vote tellers. The officers of the meeting appoint the Secretary, who may be chosen from outside the shareholders.

An attendance sheet is kept in accordance with the conditions provided for by law. Minutes of meetings are drawn up and copies thereof are issued and certified in accordance with the conditions provided for by law.

Attendance at Meetings (Article 20 of the bylaws)

All shareholders have the right to attend the meetings provided their shares are paid in full.

The right to attend meetings or to be represented therein is subject to the registration of the securities in the shareholder's name by midnight (CET) of the second business day prior to the meeting, either in the registered securities' accounts held by the Company or in bearer securities' accounts held by the authorized intermediary.

The Board of Directors may, if it deems necessary, send to the shareholders individualized admission cards in each shareholder's name and require them to be presented in order to gain access to the Shareholders' Meeting.

If the Board of Directors so decides at the time of calling the meeting, the shareholders may participate in the meeting by videoconference or by any telecommunication or remote transmission means, including via the Internet, that permits their identification in accordance with the terms and conditions set under current regulations. Where applicable, this decision shall be announced in the notice convening the meeting published in the *Bulletin des Annonces Légales Obligatoires* (Bulletin of Mandatory Legal Announcements or BALO).

7.1.6 Provisions relating to the disclosure of interests

Duty of disclosure upon crossing thresholds (Article 9 of the bylaws)

In addition to the thresholds provided for under Article L. 233-7 of the French Commercial Code, any natural person or legal entity acting alone or in concert, who happens to hold a share of the capital, voting rights or securities, directly or indirectly, that may be converted in the future to capital of the Company – equal or in excess of 0.5% – must inform the Company thereof by recorded delivery letter with acknowledgement of receipt, within five (5) trading days of crossing the said 0.5% threshold, by specifying his/her/its identity, as well as that of the natural persons or legal entities acting in concert therewith, and by specifying the total number of shares, voting rights or share equivalents providing future access to capital that he/she/it owns directly or indirectly or else in concert. This duty of disclosure relates also to the possession of each additional share of 0.5% of the capital or voting rights or share equivalents providing access in time to the capital of the Company. It is noted that thresholds to be declared under this paragraph shall be determined pursuant to the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code and current regulations. This same duty of disclosure applies in accordance with the same time limits, in the event of crossing under the 0.5% threshold or a multiple thereof.

The intermediary registered as a holder of shares pursuant to the seventh paragraph of Article L. 228-1 of the French Commercial Code is bound, without prejudice to the obligations of shareholders, to make the declarations provided for in this Article, for all shares for which he/she/it is registered in account.

Pursuant to the provisions of Article L. 233-7 of the French Commercial Code, in the event of any breach of the foregoing provisions, one or more shareholders holding more than 0.5% of the capital or voting rights may request that the penalties provided for in the first two paragraphs of Article L. 233-14 of the French Commercial Code be applied.

Identification of bearer securities (Article 9 of the bylaws)

In order to identify bearer securities, the Company may, in accordance with the law and regulations and subject to the penalties provided for under the French Commercial Code, ask the central depository that manages the issue account of its securities for information that allows identification of holders of Company securities that grant, immediately or in the future, the right to vote at its Shareholders' Meetings and, in particular, the quantity of securities held by each of them.

If they are registered securities that may be converted immediately or in the future to capital, the intermediary registered in accordance with the conditions provided for under the French Commercial Code must reveal the identity of owners of the said securities on simple request from the Company or its agent, which may be presented at any time.

The breach by holders of securities or intermediaries of their duty to disclose the information provided for above may, in accordance with the conditions provided for by law, entail the suspension or loss of voting rights and the right to the payment of dividends attached to the shares.

7.1.7 Changes in share capital

The share capital may be increased, reduced or amortized in accordance with the conditions provided for by law, subject to the special provisions relating to the French State's stake and its golden share pursuant to Article 6 of the bylaws (see also Section 7.1.3 "Rights, privileges and restrictions attached to shares").

7.2 Legal and arbitration proceedings – Competition and industry concentration (update)

In the course of its operations, the Group is engaged in a certain number of legal disputes and arbitration procedures, and is also subject to investigations and procedures under competition law. The principal investigations and procedures are described in Note 27 in Chapter 6.2 – "Consolidated financial statements".

As of the date of this Reference Document, the description of the dispute presented in Note 27.1.12, paragraph 3 of Chapter 6.2 "Consolidated financial statements" is as follows: "Via an order issued on March 9, 2016, the President of the Brussels Court of First Instance dismissed Nucléaire Stop Energie's claim, considering it groundless."

7.3 Documents available to the public

The documents relating to ENGIE that must be made available to the public (bylaws, reports, historical financial information on ENGIE, as well as on the Group subsidiaries included or mentioned in this Registration Document and those relating to each of the two years prior to the filing of this Registration Document) may be consulted at the Corporate headquarters for as long as this Registration Document remains valid. These documents may also be obtained in electronic format from the ENGIE website and some of them may be obtained from the AMF website (amf-france.org).

7.3.1 Corporate information policy

Valérie Bernis

Executive Vice-President, Communications, Marketing and Environmental and Societal Responsibility

Telephone: +33 (0)1 44 22 00 00

Address: 1 place Samuel de Champlain – Faubourg de l'Arche – 92400 Courbevoie – France

Website: engie.com

The ENGIE Registration Document is translated into English.

In addition to this Registration Document filed with the AMF, the Group publishes an activities report and integrated report annually.

7.3.2 Financial reporting schedule

Publication of annual earnings 2015	February 25, 2016
Publication of Q1 results 2016	April 29, 2016
Annual Shareholders' Meeting	May 3, 2016
Publication of the 2016 half-year results	July 29, 2016

7.4 Party responsible for the Registration Document

7.4.1 Party responsible for the Registration Document

Gérard Mestrallet, Chairman and Chief Executive Officer

7.4.2 Declaration by the party responsible for the Registration Document containing the Annual Financial Report

"I hereby certify, after having taken all reasonable measures to this effect, that the information contained in this Registration Document is, to my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation, and that the management report, whose items are mentioned in Appendix B of this Registration Document, presents a fair review of the development and performance of the business and financial position of the Company and all the undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

I have received a completion letter from the Statutory Auditors stating that they have audited the information relating to the financial position and financial statements contained in this Registration Document, which they have read in its entirety. This letter contains no comments.

The Statutory Auditors' Report on the consolidated financial statements for the year ended December 31, 2015 presented in Section 6.2 of this Registration Document is set out in Section 6.3 and contains no comments.

The Statutory Auditors' Report on the parent company financial statements for the year ended December 31, 2015, presented in Section 6.4 of this Registration Document, and the additional Report on this Report are set out in Section 6.5. The Report on the parent company financial statements contains the following comment: "In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2015 and of the results of its operations for the year then ended in accordance with French accounting principles. Without qualifying our opinion, we draw your attention to the matter set out in note A to the financial statements which describes the change in accounting policy resulting from the initial application of ANC 2013-02 standard (France's national accounting standards body - *Autorité des Normes Comptables*) regarding Energy Savings Certificate accounting."

The Statutory Auditors' report on the IFRS consolidated financial statements for the year ended December 31, 2014 is presented in Section 6.3 of the Company's 2014 Registration Document, which was filed with the AMF on March 23, 2015 under number D. 15-0186. It contains the following comment: "In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2014 and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union. Without qualifying the conclusion expressed above, we draw your attention to Note 2 "Impact of applying the new consolidation standards to the comparative 2013 financial statements" in the consolidated financial statements which describes the impact of new standards and amendments on the consolidation as well as the changes in presentation in the income statement of share in net income of the entities accounted for using the equity method."

The Statutory Auditors' report on the IFRS consolidated financial statements for the year ended December 31, 2013, which contains no comments, is presented in Section 6.3 of the Company's 2013 Registration Document, which was filed with the AMF on March 20, 2014 under number D. 14-0176."

Courbevoie, March 22, 2016

Chairman and Chief Executive Officer

Gérard Mestrallet

7.5 Statutory auditors

7.5.1 Statutory auditors

Ernst & Young et Autres

Represented by Pascal Macioce.

1/2, place des Saisons, 92400 Courbevoie – Paris La Défense 1

Ernst & Young et Autres has been a Statutory Auditor for the Company since January 1, 2002. Its term of office was renewed at the Combined Shareholders' Meeting of April 28, 2014 for a period of six years and will expire at the close of the 2020 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2019.

Deloitte & Associés

Represented by Véronique Laurent.

185 avenue Charles-de-Gaulle, 92524 Neuilly-sur-Seine

Deloitte & Associés has been a Statutory Auditor for the Company since July 16, 2008. Its term of office was renewed at the Combined Shareholders' Meeting of April 28, 2014 for a period of six years and will expire at the close of the 2020 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2019.

7.5.2 Alternate statutory auditors

AUDITEX (for Ernst & Young et Autres)

1/2, place des Saisons, 92400 Courbevoie – Paris La Défense 1

Auditex has been an alternate Statutory Auditor for the Company since January 1, 2002. Its term of office was renewed at the Combined Shareholders' Meeting of April 28, 2014 for a period of six years and will expire at the close of the 2020 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2019.

BEAS (for Deloitte & Associés)

195 avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine

BEAS has been an alternate Statutory Auditor for the Company since July 16, 2008. Its term of office was renewed at the Combined Shareholders' Meeting of April 28, 2014 for a period of six years and will expire at the close of the 2020 Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2019.

Appendix A - Lexicon

A

Units of energy measurement

Conversion Table

1 kWh	0.09 m^3 of natural gas (i.e. 1 m^3 of gas = 11 kWh)
1 GWh	91,000 m^3 of natural gas
1 TWh or 1 billion kWh	91 million m^3
1 billion m^3 of gas	6.2 million barrels of oil equivalent (Mboe)

The units of conversion mentioned above are those routinely used by professionals in the energy sector. In this document they are provided solely for information purposes.

Units of Measurement

A	Ampere
Bar	Unit of measurement of fluid pressure, particularly for natural gas (1 bar = 105 Pascal)
BOE	Barrel of oil equivalent (1 barrel = 159 liters)
G	Giga (one billion)
GBq	Giga becquerel
Gm^3	Giga m^3 (1 billion cubic meters)
GW	Gigawatt (1 billion watts)
GWh	Gigawatt-hour (1 million kilowatt-hours)
GWheeq	GWh electric equivalent
J	Joule
k	Kilo (one thousand)
kW	Kilowatt (one thousand watts)
kWh	Kilowatt-hour (one thousand watt-hours)
m	Meter
M	Mega (one million)
m^2	Square meter
m^3	Cubic meter
Mboe	Million barrels oil equivalent
Mtpa	Million metric tons per annum
MW	Megawatt (one million watts)
MWe	Megawatt electric
MWh	Megawatt-hour (one thousand kilowatt-hours)
MWp	Megawatt-peak (unit of measurement for the power of solar photovoltaic installations)
T	Tera (one thousand billion)
TBq	terabecquerel
t/h	Metric tons per hour
TWh	Terawatt-hour (1 billion kilowatt-hours)
V	Volt
W	Watt
Wh	Watt-hour

Short forms and acronyms

ACP	*Autorité de Contrôle Prudentiel des établissements bancaires* (French prudential control authority for banking institutions)
AGM	Combined Shareholders' Meeting
AMF	*Autorité des marchés financiers* (French Financial Markets Authority)
B2B	Business to Business
B2C	Business to Consumer
BU	Business Unit
Capex	Capital expenditure
CER	Certified Emission Reduction – see Glossary
CNIL	*Commission Nationale de l'Informatique et des Libertés* (French national data protection and privacy commission)
CO_2	Carbon dioxide
CRE	*Commission de Régulation de l'Énergie* (French energy regulator) – see Glossary
CSR	Corporate Social Responsibility
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization
EGI	Electric and Gas Industries – see Glossary
EM	Entities consolidated by the equity method
EMAS	Eco Management and Audit Scheme – see Glossary
EMTN	Euro Medium Term Notes
E&P	Exploration & Production of hydrocarbons
ERM	Enterprise Risk Management
EU	European Union
EUA	European Union Allowance
EWC	European Works Council
FC	Full Consolidation
GHG	Greenhouse Gas – see Glossary
GIE	*Groupement d'intérêt économique* – Economic Interest Group (EIG)
HR	Human Resources
IAS	International Accounting Standards, drawn up internationally by the IASB until 2002
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards, drawn up internationally by the IASB since 2002
INCOME	Internal Control Management Efficiency (ENGIE program)
IPP	Independent Power Producer – see Glossary
ISO	International Organization for Standardization – see Glossary
ISP	Investment Services Provider – see Glossary
LNG	Liquefied Natural Gas – see Glossary
LPG	Liquefied Petroleum Gas – see Glossary
NGO	Non-governmental organization
NGV	Natural Gas Vehicle – see Glossary
NOx	Nitrogen oxide
NRE	New and renewable energy sources
OECD	Organization for Economic Cooperation and Development
Opex	Operating expenses
PC	Proportional Consolidation
PEG	*Plan d'Épargne Groupe*, Group Employee Savings Plan
PPA	Power Purchase Agreement (often long-term)
R&D	Research and Development
RAB	Regulated Asset Base – see Glossary
ROCE	Return on capital employed
ROE	Return on equity
SME	Small and medium-sized enterprises
SO_2	Sulfur dioxide

SRV	Shuttle Regasification Vessel (LNG carrier fitted with onboard regasifiers that can connect to an underwater buoy. This enables the regasified LNG to be directly injected into a pipeline network).
TMO	*Taux mensuel obligataire* – a monthly bond yield measured on the basis of the gross yield-to-maturity on fixed-rate bonds with at least 7 years to maturity issued on the French market in a given month.
TPA-d	Third Party Access to the distribution network – see Glossary
TSR	Total Shareholder Return – see Glossary
UCITS	Undertakings for Collective Investment in Transferable Securities (mutual funds)
VaR	Value at Risk – see Glossary
VPP	Virtual Power Plant – see Glossary

Glossary

2P reserves	Proven and probable reserves: estimate of the hydrocarbon quantities (crude oil, natural gas and natural gas liquids) that can be extracted in the future, based on existing deposits and with a probability of at least 50% according to geological and technical data. Extraction must meet economic criteria that take into account future price changes, the appreciation of hydrocarbons and exchange rates.
Afep-Medef Code	Code of corporate governance for listed companies (in France), in the version published by Afep-Medef in November 2015
Balancing area	The set of entry points, delivery points and a trading point of gas within which the consignor must achieve a balance.
Biogas	All gases, such as methane and carbon dioxide, resulting from the fermentation of organic waste in a depleted air environment such as landfills and wastewater treatment plants. Such fermentation is the result of a natural or controlled bacterial activity. As such, biogas is classified as a renewable energy source.
Biomass	Mass of non-fossil organic matter of biological origin. Part of these stocks may be used as an energy source.
Branch	Transmission installation ensuring delivery between the transmission grid and one or more delivery points, and aimed exclusively or primarily at supplying a customer or a distribution network. Connections are components of the network.
Certified Emission Reduction (CER)	Certificate issued to industries that have invested in developing countries to reduce greenhouse gas emissions there. CERs cannot be directly traded, but may be used in place of CO_2 quotas, with one CER equal to one quota.
Chartering	A contract whereby a ship owner (the owner) commits to make a vessel available to a third-party (the charterer) in exchange for the payment of a sum (the freight charge). Several kinds of charters exist: Demise charter: the vessel is delivered without any crew, fuel, or provisions; Voyage charter: the owner commits to transfer a cargo from one port to another at an agreed price; Time charter: the owner provides the charterer with the vessel for a specific time period (up to 20 years) together with crew, in return for a monthly fee based on tonnage.
Cogeneration	A technique that uses a single fuel, which may be natural gas, to simultaneously produce thermal energy (steam or overheated water or a mixture of air and combustion products) and electricity.
Combined cycle plant	A power plant comprising a gas turbine generator whose exhaust gases power a steam boiler. The steam produced in the boiler drives a turbo-generator.
Commission de Régulation de l'Electricité et du Gaz – CREG (Belgium)	The Belgian Gas and Electricity Regulation Commission is an independent body that advises public authorities on the organization and operation of the deregulated electricity and gas markets. CREG also monitors and supervises the enforcement of related laws and regulations. A General Council, composed of federal and regional government representatives, representatives of labor organizations, employers and the middle classes, environmental associations and producers, distributors and consumers, supervises this body's operations.
Commission de Régulation de l'Énergie – (French energy regulator)	The French Energy Regulation Commission is an independent administrative authority. It was created by the Act of February 10, 2000 to regulate electricity and its scope was extended to include the gas sector with the Act of January 3, 2003. Its main mission is to ensure the effective, transparent and non-discriminatory implementation of access to electricity and gas infrastructures. More generally, its role is to ensure that the gas and electricity markets operate properly.
Compression station	Industrial facility that compresses natural gas to optimize the flow of fluids in the pipes.
Connection structures	All the structures that connect a consumption site or distribution network to the transmission grid. Connection structures are made up of one or more distribution lines and one or more substations
Cushion gas	Quantity of gas stored underground that cannot be fully retrieved after it has been injected.
Dark spread	Gross margin of a coal plant, equal to the difference between the sale price of electricity and the purchase price of the fuel needed to produce it. The "dark spread" must cover the aggregate of other costs (including operation, maintenance, cost of capital and financial costs).
Desalination	A process used to reduce the salt concentration of sea water in order to make it fit for human or animal consumption as well as for other uses, especially industrial uses.
Developed proven reserves	Proven reserves that can be produced from existing facilities.
Distribution	Distribution networks are groups of physical structures consisting mainly of medium or low-pressure pipes. They route natural gas to consumers who are not directly connected to the main network or to a regional transmission network.

A

EBITDA at Risk	EBITDA at Risk measures the potential loss of EBITDA, at a given probability, under the impact of various prices and volatilities over a given time horizon. This indicator is especially well-suited for measuring market risks for portfolio management activities. If the time horizon provided is one calendar year, and the confidence interval is 95%, an EBITDA at Risk of €100 million indicates that there is a 5% probability of losing more than €100 million in EBITDA between January 1 and December 31 due to fluctuations in commodities prices.
Eco Management and Audit Scheme (EMAS)	Based on ISO 14001 certification and an environmental statement certified by European auditors accredited and published by the European Commission.
Electric and Gas Industries (EGI)	All the companies that produce, transmit or distribute electricity or gas in France and which meet the requirements of the Nationalization Act of April 8, 1946. The EGI sector includes all companies with employees that fall under the status of EGI employees.
Energy trading	Trading of physical or financial contracts on the short-term energy markets (over-the-counter markets and stock exchanges).
Exploration	All methods put to use to discover new hydrocarbon deposits.
Facilities Management	All the outsourced service and utility management services that accompany the supply of energy to an industrial client. These services concern the management of the client's environment. They include guard services, waste and hygiene, operation and maintenance of technical equipment, project management for construction work, management of safety equipment and telephone and reception services.
Gas Exchange Point	Virtual hub attached to a balancing area where a consignor can sell gas to another consignor.
Gas hub	Point of entry (connection point of a gas transmission network supplied from several sources. It enables operators to exchange gas physically between these sources and end users).
Gas pipeline	A pipeline that conveys fuel gas.
Green electricity	Certified electricity produced from renewable energy sources.
Greenhouse Gases (GHG)	Atmospheric gas that contributes to the retention of solar heat. Industries, automobiles, heating systems, animal breeding and other activities produce gases, some of which heighten the greenhouse effect. The greenhouse gas build-up produced by human activity is one of the causes of global warming and its impacts on the ecosystem.
Independent Power Producer (IPP)	An electricity production company independent of public sector control. IPPs are classified exclusively on the basis of the projects developed outside the country of origin.
Investment Services Provider (ISP)	Investment services provider approved by the Committee of European Bank Supervisors to transmit and process market orders.
ISO 14001	An international standard that verifies a company's organizational procedures and methods, as well as the effective implementation of environmental policy and objectives.
ISO 9001	An international standard establishing quality criteria for work procedures. It applies to product design, control of the production and the manufacturing process and the quality control of the end product.
ISO (International Standards Organization)	Organization that defines reference systems (industrial standards used as benchmarks).
Liquefied Natural Gas (LNG)	Natural gas put into the liquid phase by lowering its temperature to -162 °C, which makes it possible to reduce its volume by a factor of 600.
Liquefied Petroleum Gas (LPG)	Light hydrocarbons that are gaseous under normal temperature and pressure conditions and maintained in a liquid state by raising the pressure or lowering the temperature.
LNG tanker	A ship that transports liquefied natural gas (LNG) cooled to -163 °C in its holds.
LNG terminal	Industrial facility that receives, unloads, stores, regasifies LNG and sends natural gas in the gaseous state to the transmission grid. Harbor facility with additional facilities, intended to receive ships that transport liquefied natural gas (LNG)
Load-matching	Term referring to the discrepancy between the actual conditions of a customer's gas consumption and those corresponding to standard purchases over the year of their average daily consumption. Variations (daily, weekly or seasonal) in consumption are generally covered by underground storage, to which customers and their suppliers may have access, either directly (in countries where third-party access to the facilities – regulated or negotiated – is provided) or via a load-matching service (as in the US).
Main network	All the high-pressure and large-diameter structures for transmitting natural gas that link the interconnection points with neighboring transmission grids, storage facilities and LNG terminals. These structures are connected to regional networks as well as certain industrial consumers and distribution networks.
Marketer	Seller of energy to third parties (end customer, distributor, etc.).
Natural Gas for Vehicles (NGV)	Entirely composed of natural gas, NGV is primarily used in urban transportation and waste treatment vehicles.
Natural gas liquefaction	Transformation of natural gas from gaseous form to liquid form to be transported by ship and/or stored.

Proven reserves	Estimates of crude oil, natural and liquid gas quantities based on geological and technical data with the reasonable assurance that these quantities will be extracted in coming years from existing deposits. Extraction must meet economic criteria that take into account future price changes, the appreciation of hydrocarbons and exchange rates.
Public-Private Partnership (PPP)	The PPP is a contractual arrangement whereby the public sector authority assigns certain tasks to a private operator and specifies objectives. The public sector partner defines the service objectives for the private operator, while retaining ownership of the infrastructure and regulatory control. Local authorities are increasingly resorting to PPP agreements in managing their water services.
Pumping station	Power plant or facility that operates by moving water between reservoirs at different elevations. When electricity prices are low, typically overnight, electricity from the grid system is used to pump water into a raised reservoir and then at times of peak demand, when electricity prices are higher, the water is released back into the lower reservoir through a turbine.
Regional network	All the high-pressure and large-diameter structures that link the interconnection points with neighboring transmission grids, storage facilities and LNG terminals. Regional networks, distribution networks and certain industrial consumers are connected to them.
Regulated Asset Base (RAB)	The regulated asset base is the economic value, recognized by the regulator, of assets utilized by an operator of regulated infrastructures.
Rights in kind of licensors	The “Rights in kind of licensor” line item is an item specifically pertaining to companies that are utility operators. It offsets “fixed assets held under concession” on the balance sheet. Its valuation expresses the operator’s obligation at the end of the contract to assign to the licensor, at no cost, the fixed assets assigned to the licensed utilities, such that at the end of a given contract, the value of the “Rights in kind of licensor” is equal to the carrying amount of fixed assets that are to be returned to the licensor.
Spark spread	Gross margin of a natural gas plant, equal to the difference between the sale price of electricity and the purchase price of the fuel needed to produce it. The “spark spread” must cover all other costs (including operation, maintenance, cost of capital and financial costs).
Spot market	A market for the short-term purchase and sale of energy (for the day or up to three years).
Storage	Facility that allows natural gas to be stored in the summer when consumption is at its lowest and to take natural gas out of storage in winter when consumption is higher. Gas storage is an industrial facility, mainly underground, that enables natural gas suppliers to have a natural gas reserve.
Stress test	Test performed in order to assess resistance to a disaster scenario.
Take-or-Pay	Long-term contract where the producer guarantees the supply of gas to an operator and the operator guarantees payment, regardless of whether or not the operator takes delivery.
Thermal power plant	Facility in which the chemical energy contained in solid, liquid, or gaseous fossil fuel is transformed exclusively into electricity using boilers and steam turbines.
Third Party Access to the distribution network	The recognized right of each user (eligible customer, distributor, producer) to access a transmission or distribution network in return for payment for access rights.
Tolling	Contract for the transformation of a fuel (e.g., natural gas) into electricity on behalf of a third party.
Total Shareholder Return (TSR)	Return on a share over a given period that includes dividends paid and capital gains realized.
Transmission	Transmission networks are groups of structures consisting of high-pressure pipes. They convey natural gas to industrial consumers who are directly connected and to distribution networks.
Transmission capacity	The highest permissible continuous load of the transmission equipment with respect to the stability of its operating parameters and voltage drop.
Treasury stock	Shares of the Company purchased by the latter, by virtue of authorization given by the General Shareholders’ Meeting. These shares do not have voting rights attached.
Treasury stock (in subsidiaries)	Shares of a company owned by subsidiaries controlled by the Company. They do not carry voting rights.
Underground storage	Use of porous geological formations, natural or artificial cavities (saline or aquifer) to store liquid or gaseous hydrocarbons.
Undeveloped proven reserves	Proven reserves that require new wells to be drilled on virgin territory, or significant extra investment in existing facilities, such as a compression unit.
Value-at-Risk (VaR)	Value-at-Risk is a global indicator that measures the portfolio’s exposure to risks of price fluctuations and market volatility. It indicates maximum potential loss that should only be exceeded with a given probability over a given time horizon. This indicator is especially well-suited for measuring market risks for trading activities. For example, for a one-day time horizon and 99% confidence interval, a VaR of €5 million indicates that there is a 1% probability of losing more than €5 million a day, i.e., two to three times a year.
Virtual Power Plant (VPP)	Virtual production capacity. This is a system that makes a production capacity band available to a third party, in exchange for remuneration, without the third party owning a share in an asset or being the asset operator.
Well head	All the connections, valves, pipes, manometers, thermometers, etc. installed at the production well top.
Working volume	Gas available in underground storage and capable of being tapped.

Appendix B – Comparison Tables

B

Comparison table with Regulation (EC) 809/2004

This Registration Document includes all the items required by Appendix 1 of Regulation (EC) 809/2004, as presented in the table below:

Information required under Appendix 1 of Regulation (EC) 809/2004	Section of the Registration Document	Page
12.1. Significant recent trends in production, sales and inventory, and costs and selling prices	1.1.4 Strategic priorities	6
	6.1.1.1. Revenue and earnings trends	171
12.2. Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects	6.1.1.8. Outlook	185
13. Earnings forecasts or estimates	N/A	
14. Administrative, management, and supervisory bodies and general management		
14.1. Information concerning the members of corporate governance bodies and general management	4.1.1 Board of Directors: Composition – Terms of office – Information – Independence	100
	4.4 General Management	124
14.2. Conflicts of interest in administrative, management, and supervisory bodies and general management	4.1.1.5. Independence of Directors in office – Conflicts of interest	111
15. Compensation and benefits		
15.1. Amount of compensation paid and benefits in kind	4.6. Compensation and benefits paid to members of corporate governance and management bodies	130
15.2. Total amounts set aside or accrued to provide pension, retirement or similar benefits	4.6.3 Retirement provision	140
16. Board practices		
16.1. Term of office of Directors	4.1.1.2. Directors in office	101
16.2. Service contracts with the Directors providing for benefits upon their termination	4.5.3 Service contracts binding members of corporate governance bodies	129
16.3. Audit Committee and Compensation Committee	4.1.4 Standing committees of the Board of Directors	114
16.4. Compliance with applicable corporate governance regime(s)	4.1.3.2. Organization and operating procedures of the Board of Directors	113
17. Employees		
17.1. Number of employees and breakdown by category	3.2.7 Social data	76
17.2. Shareholding and stock options	4.1.1.4. Number of ENGIE shares and stock options held by Directors in office at December 31, 2015	111
	4.6. Compensation and benefits paid to members of corporate governance and management bodies	130
17.3. Arrangements for involving employees in the capital of the issuer	3.2.4 Employee savings plans and employee shareholding	72
18. Major shareholders		
18.1. Statutory disclosure thresholds	5.2.3 Disclosure thresholds	166
18.2. Voting rights	5.1.1 Share capital and voting rights	154
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18.4. Agreements relating to change of control	5.2.4 Golden share	166
19. Related party transactions	4.5. Statutory Auditors' special report on regulated agreements and commitments, transactions with related parties, service contracts	125
20. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses		
20.1. Historical financial information	6.2. Financial statements	187
	6.3. Statutory Auditors' Report on the Consolidated Financial Statements	305
	6.4. Parent Company Financial Statements	307
	6.5. Statutory Auditors' report on the Parent Company Financial Statements	354
20.2. Pro forma financial information	N/A	
20.3. Consolidated financial statements	6.2. Financial statements	187
	6.3. Statutory Auditors' Report on the Consolidated Financial Statements	305
20.4. Auditing of historical annual financial information		

Information required under Appendix 1 of Regulation (EC) 809/2004	Section of the Registration Document	Page
20.4.1 Statement of audit of historical financial information	6.3. Statutory Auditors' Report on the Consolidated Financial Statements	305
	6.5. Statutory Auditors' report on the Parent Company Financial Statements	354
20.4.2 Other information in the Registration Document, which has been audited by the Statutory Auditors	N/A	
20.4.3 Source of financial information appearing in the Registration Document, which is not extracted from the issuer's audited financial statements	N/A	
20.5. Age of latest financial information	6.2. Financial statements	187
	6.4. Parent company financial statements	307
20.6. Interim and other financial information	N/A	
20.7. Dividend distribution policy	5.2.5 Dividend distribution policy	167
20.8. Legal and arbitration proceedings	6.2. Financial statements – Note 27 (Legal and anti-trust proceedings)	298
	2.3.3 Legal risks	60
	7.2. Legal and arbitration proceedings – Competition and industry concentration	363
20.9. Significant change in the issuer's financial or trading position	6.2. Financial statements – Note 28 (Subsequent events)	303
21. Additional information		
21.1. Share capital		
21.1.1 Authorized capital and shares not issued	5.1.1 Share capital and voting rights	154
	5.1.2 Potential capital and share equivalents	154
	5.1.3 Authorizations and their utilization related to share capital and share equivalents	155
21.1.2 shares not representing capital	5.1.6 Non-equity	160
21.1.3 shares held by the issuer or its subsidiaries	5.1.5 Stock repurchase	159
21.1.4 Convertible securities, exchangeable securities or securities with warrants	N/A	
21.1.5 Vesting rights and/or obligations attached to authorized but unissued capital or an undertaking to increase the capital	N/A	
21.1.6 Options on the capital of members of the Group	5.2.4 Golden share	166
21.1.7 History of share capital	5.1.4 Five-year summary of changes in the share capital	158
21.2. Act incorporating documents and bylaws	7.1. Specific statutory provisions and bylaws	358
21.2.1 Issuer's objects and purposes	7.1.1 Issuer's corporate purpose	358
21.2.2 Corporate governance bodies	7.1.2 Corporate governance bodies	358
21.2.3 Rights, privileges and restrictions attached to shares	7.1.3 Rights, privileges and restrictions attached to shares	361
21.2.4 Amending the rights of shareholders	7.1.4 Change in rights attached to shares	361
21.2.5 Shareholders' Meetings	7.1.5 Shareholders' Meetings	361
21.2.6 Provisions having an effect of delaying, deferring or preventing a change in control of the issuer	5.2.4 Golden share	166
	7.1.3 Rights, privileges and restrictions attached to shares	361
21.2.7 Disclosure of crossing statutory thresholds	7.1.6 Provisions relating to the disclosure of interests	362
21.2.8 Changes in share capital	7.1.7 Changes in share capital	362
22. Material contracts	6.1.2 Cash and shareholders' equity	185
	6.2. Financial statements – Note 4 (Main changes in Group structure)	223
	6.2. Financial statements – Note 28 (Subsequent events)	303
23. Third party information, statement by experts and declarations of interest	N/A	
24. Documents accessible to the public	7.3. Documents accessible to the public	363
25. Information on holdings	6.2. Financial statements – Note 3 (Investments in entities accounted for using the equity method)	214

Corporate, environmental and social information

This Registration Document includes all items required under Article R. 225-105-1 of the French Commercial Code, as presented in the following table:

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Social Information			
Employment	The total number and distribution of employees by sex, age and geographic area	3.2.7 Social data	76
	Recruitment and dismissals	3.2.1.1 Mobility for Development 3.2.7 Social data	70
	Compensation and changes in compensation	3.2 Social Information 3.2.4 Employee savings plans 3.2.7 Social data 6.2. Financial statements – Note 6-6.2	76 72 76 231
Work organization	Work time organization	3.2.7 Social data	76
	Absenteeism	3.2.7 Social data	76
Social relations	The organization of social dialog, including procedures for informing and consulting staff, and negotiating therewith	3.2.3 Social commitment: Building a company committed to corporate citizenship, diversity and solidarity	71
	Summary of collective bargaining agreements	3.2.3 Social commitment: Building a company committed to corporate citizenship, diversity and solidarity	71
Health and Safety	Occupational health and safety conditions	3.2.6 Health and safety policy	74
	Summary of collective bargaining agreements with trade unions or staff representatives on matters of occupational health and safety	3.2.6 Health and safety policy	74
	Occupational accidents, including their frequency and severity, and occupational illnesses	3.2.7 Social data	76
Training	Policies implemented for training	3.2.1.2 Learning for Development	70
	Total number of training hours	3.2.7 Social data	76
Equal treatment	Measures taken to promote gender equality	3.2.1 The Group's human resources development policies	
	Measures taken to promote the employment and integration of persons with disabilities	3.2.2 Social commitment: Building a company committed to corporate citizenship, diversity and solidarity	71
	Anti-discrimination policy	3.2.7 Social data	76
Promotion and compliance with the fundamental conventions of the International Labor Organization regarding	Respect for freedom of association and the right to collective bargaining	3.2.5.2 Group collective bargaining agreements 3.1 Ethics and compliance	74 68
	Elimination of discrimination in matters of employment and occupation	3.2.5.2 Group collective bargaining agreements 3.1 Ethics and compliance	74 68
	Elimination of forced or compulsory labor	3.2.5.2 Group collective bargaining agreements 3.1 Ethics and compliance	74 68
	Effective abolition of child labor	3.2.5.2 Group collective bargaining agreements 3.1 Ethics and compliance	74 68

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Items required		Section of the Registration Document	Page
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General environmental policy	The organization of the Company to take into account environmental issues and, where appropriate, environmental evaluation or certification procedures	3.3.2 The environmental management system	84
	Training and information for employees on environmental protection	Apart from training in the use of technical tools in the field, the environment is not the subject of specific training but is rather integrated into other training courses such as those in the health and safety area.	
	Resources allocated to the prevention of environmental risks and pollution	3.3.4.9 Active prevention of environmental risks	91
	Amount of provisions and guarantees for environmental risks, provided that such information is not likely to cause serious prejudice to the Company in an ongoing dispute	6.2 Financial Statements – Note 18 (Provisions) 3.3.4.4 Nuclear energy 3.3.4.9 Active prevention of environmental risks 3.3.4.11 Land use	280 89 91 91
Pollution and Waste Management	Measures for the prevention, reduction or repair of discharges into air, water and soil seriously affecting the environment	3.3.4.6 Waste	90
	Measures for the prevention, recycling and disposal of waste	3.3.4.6 Waste	90
	Consideration of noise and all other forms of pollution specific to an activity	3.3.4.10 Noise and odors	91
Sustainable use of resources	Water consumption and supply based on local restrictions	3.3.4.5 Water	89
	Consumption of raw materials and measures taken to improve efficiency in their use	3.3.4.3 Energy efficiency	88
	Energy consumption, measures taken to improve energy efficiency and the use of renewable energy	3.3.4.3 Energy efficiency	88
	Land use	3.3.4.11 Land use	91
Climate change	Greenhouse gas emissions	3.3.4.1 Climate change	87
	Adapting to the consequences of climate change	3.3.4.1 Climate change	87
Protection of biodiversity	Measures taken to conserve or enhance biodiversity	3.3.4.8 Management of biodiversity	90
Corporate social commitments			
Territorial, economic and social impact of the Company's business	In terms of employment and regional development	3.4.1 Socio-economic development in local communities	92
	On neighboring or local populations	3.4.1 Socio-economic development in local communities	92
Relations with people or organizations affected by the Company's activity, including associations for social integration, educational institutions, environmental protection associations, consumer associations and local residents	Conditions for dialog with these people or organizations	3.4.2 Stakeholder dialog and partnerships	92
	Partnership or philanthropy actions	3.4.3 Community philanthropy, solidarity and combating energy poverty	93

Items required		Section of the Registration Document	Page
Subcontracting and suppliers	Consideration given in the purchasing policy to social and environmental issues	3.4.4 Purchases, subcontracting and suppliers	93
	The importance of subcontracting and consideration given to suppliers and subcontractors' social and environmental responsibility policies	3.4.4 Purchases, subcontracting and suppliers	93
	Actions taken to prevent corruption	3.1 Ethics and compliance	68
Fairness of commercial practices	Measures taken to promote the health and safety of consumers	3.1 Ethics and compliance	68
	Other actions taken as part of this Item 3 to promote human rights	3.1 Ethics and compliance	68

Information relating to the management report

This Registration Document includes all items of the management report that are required under current laws and regulations.

The following table presents items from the ENGIE Management Report as at December 31, 2015:

Legislative or regulatory reference	Items required	Section of the Registration Document	Page
I – Activity			
L. 232-1-II of the French Commercial Code	Company's situation over the past fiscal year	6.1.1. Management Report	170
		6.2. Financial statements	187
	Foreseeable developments and future outlook	6.1.1.7. Outlook	185
	Significant events, which have occurred between the date the fiscal year ended and the date on which the Management Report was drawn up	6.2. Financial statements – Note 28 (Subsequent events)	
	Research and development activities	1.5. Innovation, research and development policy	48
		6.2. Financial statements – Note 13.2 (Research and development costs)	252
L. 225-102 para. 1 of the French Commercial Code	Activities of the Company and its subsidiaries over the past fiscal year	1.1.1. General presentation	4
		1.1.3. Organization	5
		1.2. Key figures	9
		1.1.4. Strategic priorities	6
		1.3. Description of business lines	13
L. 233-6 para. 2 of the French Commercial Code	Activities and revenues of the Company and its subsidiaries by business line	6.1.1.1. Revenue and earnings trends	171
		6.1.1.2. Business trends	173
L. 225-100 para. 3 (1st sentence) and para. 5 of the French Commercial Code L. 225-100-2 para. 1 of the French Commercial Code	Information relating to business trends, results and financial situation of the Company and the Group (particularly debt situation)	6.1.1. Management Report	170
		6.1.2.1. Borrowing conditions and financial structure applicable to the issuer	185
L. 225-100 para. 4 and 6 of the French Commercial Code L. 225-100-2 para. 2 and 4 of the French Commercial Code	Description of the main risks and uncertainties and indications as to the use of financial instruments, for the Company and the Group	2 Risk factors	51
		6.2. Financial statements – Note 16 (Risks arising from financial instruments)	265
L. 441-6-1 of the French Commercial Code D. 441-4 of the French Commercial Code	Information on terms of payment with suppliers	6.1.1.6. Parent Company Financial Statements	184
II – Financial information			
L. 233-13 of the French Commercial Code	Breakdown and changes in shareholding structure	5.2.2. Breakdown of share capital	165
		5.2.4. Golden share	166
		5.2.3. Disclosure thresholds	166
	Names of controlled companies with a stake in the Company's treasury stock and proportion of capital thereby held	N/A	
L. 233-6 para. 1 of the French Commercial Code	Significant equity stakes over the fiscal year in companies with their head office in France	6.2. Financial statements – Note 4 (Main changes in Group structure)	223
L. 225-102 para. 2 of the French Commercial Code	Table showing the Company's results for each of the last five fiscal years	6.4.4. Five-year financial summary of the Company	353
L. 225-211 of the French Commercial Code	Purchase and sale by the Company of its own shares	5.1.5. Stock repurchase	159
		6.2. Financial statements – Note 17 (Equity)	277

Legislative or regulatory reference	Items required	Section of the Registration Document	Page
L. 225-102 para 1 L. 225-180 of the French Commercial Code	Employees' stake in share capital	5.2.2. Breakdown of share capital 3.2.4 Employee savings plans and employee shareholding	165 72
L. 225-102 para 2 of the French Commercial Code	Equity acquired by employees in an employee buyout	N/A	
L. 225-100 para. 7 of the French Commercial Code	Table summarizing current authorizations granted by the Shareholders' Meeting for capital increases	5.1.3. Authorizations and their utilization related to share capital and share equivalents	155
R. 228-90 and R. 228-91 of the French Commercial Code	Any adjustments for share equivalents in the event of share buybacks or financial transactions	N/A	
III – Legal and tax information			
Article 243 (a) of the French Tax Code	Amount of dividends distributed for the previous three fiscal years	5.2.5. Dividend distribution policy	167
L. 464-2 I para. 5 of the French Commercial Code	Injunctions or financial sanctions for anti-trust practices	6.2. Financial statements – Note 27.2 (Competition and concentration) 2.3.3. Legal risks 7.2. Legal and arbitration proceedings – Competition and industry concentration	302 60 363
L. 225-100-3 of the French Commercial Code	Information potentially impacting a tender offer	4.1.1. Board of Directors: Composition – Terms of office – Information – Independence 4.6. Compensation and benefits paid to members of corporate governance and management bodies 5.1.3. Authorizations and their utilization related to share capital and share equivalents 5.2.2. Breakdown of share capital 5.2.4. Golden share 5.2.3. Disclosure thresholds 7.1. Specific statutory provisions and bylaws 3.2.4 Employee savings plans and employee shareholding	100 130 155 165 166 166 358 72
R. 225-104 of the French Commercial Code	Social Information	3.2. Social Information	70
IV – Information relating to corporate officers			
L. 225-102-1 para. 1 and 3 of the French Commercial Code	List of all terms of office and functions carried out in any company by each corporate officer over the fiscal year	4.1.1.3. Information about the Directors in office at December 31, 2015	103
L. 225-102-1 para. 4 of the French Commercial Code	Compensation and benefits of any kind paid to each corporate officer by the Company, the companies that it controls and its holding company over the fiscal year	4.6. Compensation and benefits paid to members of corporate governance and management bodies 4.6.1. Compensation of executive management and corporate officers	130 130
L. 225-185 para 4 of the French Commercial Code	In the event stock options are awarded, details of information upon which the Board of Directors based their decision: • either to prohibit directors from exercising their options before leaving office; or • to oblige them to hold all or part of the shares resulting from options already exercised until they leave office	4.6.5.1 Availability of shares resulting from the exercise of stock options and of performance shares	142
L. 621-18-2 of the French Monetary and Financial Code Article 223-26 of the AMF General Regulations	Information on transactions by directors and related parties involving the Company's shares	4.6.10. Summary of transactions disclosed by executive management and corporate officers in the fiscal year 2015	152

Legislative or regulatory reference	Items required	Section of the Registration Document	Page
L. 225-197-1, II para. 4 of the French Commercial Code	In the event bonus shares are awarded, details of information upon which the Board of Directors based their decision: • either to prohibit directors from selling shares awarded to them free of charge before leaving office; or • to establish the quantity of such shares that they are obliged to hold until they leave office	4.6.5.1 Availability of shares resulting from the exercise of stock options and of performance shares	142
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This Registration Document includes all items of the Annual Financial Report, as mentioned in Articles L. 451-1-2 of the French Monetary and Financial Code and as required by Article 222-3 of the AMF’s general regulations.

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