



ELECTRO POWER SYSTEMS S.A.

**Société Anonyme with a board of directors
With a share capital of 2,553,372 Euros
Registered Office: 115, rue Réaumur, 75002 Paris
808 631 691 R.C.S. Paris**

(the “Company”)

**REPORT OF THE BOARD OF DIRECTORS
SUBMITTED TO THE ANNUAL ORDINARY AND EXTRAORDINARY
GENERAL SHAREHOLDERS’ MEETING
DATED 25 JUNE 2019**

(the “Report”)

Dear Shareholders,

We have convened this annual mixed shareholders’ meeting, pursuant to the provisions of the French Commercial Code and the Company’s articles of association, to deliberate on the following matters:

I. RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY MEETING OF SHAREHOLDERS

- Approval of the individual financial statements of the Company for the financial year ended on 31 December 2018 and discharge to the members of the board of directors (Resolution n°1);
- Approval of the consolidated financial statements of the Company for the financial year ended on 31 December 2018 (Resolution n°2);
- Allocation of the results of the financial year ended on 31 December 2018 (Resolution n°3);
- Regulated agreements referred to under Articles L.225-38 et seq. of the French Commercial Code (Resolution n°4);
- Approval of the expenses and charges referred to under Article 39-4 of the French General Tax Code (Resolution n°5);
- Determination of the attendance fees (Resolution n°6);
- Ratification of the co-opting of a director, Mr. Alexander Katon (Resolution n°7);
- Appointment of a new director, Mr. Thierry Kalfon (Resolution n°8);
- Appointment of a new director, Mr. Romualdo Cirillo (Resolution n°9);
- Appointment of a new director, Mrs. Csilla Kohalmi-Monfils (Resolution n°10);
- Appointment of a new director, Mrs. Cristina Tommasini (Resolution n°11);
- Appointment of a new director, Mrs. Elise Collange (Resolution n°12);
- Renewal of the Board mandate of Mrs Anne Harvengt (Resolution n°13);
- Approval of the principles and criteria for determining, allocating and granting the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted to the Chairman of the board of directors for the 2019 financial year (Resolution n°14);
- Approval of the principles and criteria for determining, allocating and granting the fixed, variable

and extraordinary components of overall compensation and benefits of all kind that may be granted to the Chief executive officer for the 2019 financial year (Resolution n°15);

- Approval of the fixed, variable and extraordinary components of overall compensation and benefits of all kind granted to the Chief executive officer for the 2018 financial year (Resolution n°16);
- Authorisation to be given to the board of directors for the purchase by the Company of its own shares (Resolution n°17).

II. RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY MEETING OF SHAREHOLDERS

- Delegation of authority to the board of directors for the purpose of reducing the share capital through share cancellation as part of the authorization to purchase its own shares (Resolution n°18);
- Delegation of authority to the board of directors for the purpose of increasing the share capital by issuing ordinary shares or securities giving access to share capital with preferential subscription rights (Resolution n°19);
- Delegation of authority to the board of directors for the purpose of increasing the share capital by issuing ordinary shares or securities giving access to share capital without preferential subscription rights (Resolution n°20);
- Delegation of authority to the board of directors for the purpose of increasing the share capital by issuing ordinary shares or securities giving access to share capital without preferential subscription rights, by way of a private placement (Resolution n°21);
- Delegation of authority to the board of directors in the event of an issuance of ordinary shares or securities giving access to share capital without preferential subscription rights in order to set the subscription price, within the limit of 10% of the share capital per year (Resolution n°22);
- Authorisation to increase the number of securities to be issued by 15% with or without preferential subscription rights (Resolution n°23);
- Delegation of authority to the board of directors to increase the share capital by issuing ordinary shares or securities giving access to share capital, up to the limit of 10% of the share capital per year, in order to remunerate contributions in kind made to the Company, outside of a public exchange offer (Resolution n°24);
- Delegation of authority to the board of directors to increase the share capital by issuing ordinary shares or securities giving access to share capital, in the event of a public exchange offer initiated by the Company (Resolution n°25);
- Delegation of authority to the board of directors to increase the share capital by incorporation of reserves, profits or issuance premiums, merger or contributions premiums or any other amounts likely to be capitalised (Resolution n°26);
- Overall limitation of authorisations (Resolution n°27);
- Delegation of powers to the board of directors to increase the share capital reserved for employees who are members of a company savings plan without preferential subscription rights (Resolution n°28);
- Amendment to article 3 “Company name” of the articles of association of the Company in order to amend the company name (Resolution n°29);
- Powers for formalities (Resolution n°30).

Our report, the auditors' reports, the financial statements and consolidated financial statements have been made available to you in accordance with conditions and deadlines set forth by the Company's articles of association and applicable legal provisions.

I. RESOLUTIONS TO BE SUBMITTED AT THE ORDINARY SHAREHOLDERS' MEETING

1. Approval of the financial statements and allocation of earnings for the financial year ended 31 December 2018 (Resolutions n°1 to 3 and 5)

(a) Financial statements for the financial year ended 31 December 2018

The inventory and financial statements submitted for your approval, under resolution n°1, namely the balance sheet, income statement, statement of cash flows and statement of changes in equity and the annex as at 31 December 2018, have been prepared in accordance with the presentation rules and evaluation methods set forth by the regulations in force in France.

The board of directors presents this set of accounts for your approval.

The financial statements highlight a net loss of 2,386,604 Euros under the financial year ended 31 December 2018, against a net loss of 3,497,783 Euros under the financial year ended 31 December 2017.

For comments on these financial statements, please refer to the management report of the board of directors on this management report of the board of directors which has been made available to you in accordance with the regulations in force.

(b) Amount of non-deductible expenses

In accordance with articles 223 *quarter* and 223 *quinquies* of the French General Tax Code, it is required that you acknowledge, by adopting resolution n°5, that (i) the Company has not incurred non-deductible tax expenses referred to under Article 39-4 of this Code, during the past financial year and (ii) the Company has not incurred general expenses referred to under Article 39-5 of the French General Tax Code.

(c) Consolidated financial statements for the financial year ended 31 December 2018

The consolidated financial statements submitted for your approval, under resolution n°2, namely the balance sheet, income statement, statement of cash flows and statement of changes in equity and the annex as at 31 December 2018, have been prepared in accordance with the IFRS standards.

The board of directors presents this set of accounts for your approval.

The consolidated financial statements highlight a net loss of 8,734,638 Euros under the financial year ended 31 December 2018, against a net loss of 9,009,510 Euros under the financial year ended 31 December 2017.

For comments on these consolidated financial statements, please refer to the management report of the board of directors and to the financial annual report which have been made available to you in accordance with the regulations in force as well as chapters 9 and 10 of the 2018 registration document of the Company filed with the *Autorité des marchés financiers* on 30 April 2019 under number R.19-020.

(d) Proposition as regards the allocation of earnings

The profit of the financial year highlights, in light of the financial statements, a net loss of 2,386,604 Euros, which we propose you to allocate to "Retained Earnings" under resolution n°3. After allocation of this result, the "Retained Earnings" account will represent a loss of 10,352,825 Euros.

There will be no declaration of dividends under the financial year ended 31 December 2018.

In addition, we remind you that, pursuant to Article 243 *bis* of the French General Tax Code, no dividends have been declared in the preceding three financial years.

2. Related-party transactions (Resolution n°4)

We propose under resolution n°4 that you approve the agreements falling within the scope of articles L.225-38 *et seq.* of the French Commercial Code, as well as any previously authorized and concluded agreements performed during the 2018 financial year.

The agreements referred to under Article L.225-38 of this Code that have been duly entered into during the financial year ended 2018 are set out in paragraph 1.15 “Absence of conflicts of interests” of the corporate governance report annexed to the present Report (Annex 1 – Corporate Governance Report 2018).

3. Attendance fees (Resolution n°6)

We invite you in resolution n°6 to vote on the allocation of a maximum amount of 120,000 Euros attendance fees for the benefit of members of the board of directors in the 2019 financial year. The amount of attendance fees proposed remains unchanged in comparison to the amount proposed in the previous financial year.

The board of directors will allocate all or part of this amount amongst its members based on a calculation pertaining to their level of participation during meetings and their responsibility in the different committees. The terms and conditions for allocating these attendance fees and the details regarding the allocation of these fees in the financial year 2018 are indicated in the corporate governance report annexed to the present Report (Annex 1 – Corporate Governance Report 2018).

4. Membership of the board of directors (Resolutions n°7 to 13)

Mr. Alexander Katon has been co-opted during the board of directors’ meeting held on 27 September 2018, in replacement (and for the remaining time of the mandate) of Mr. Antonio Volpin (nominated during the shareholders’ meeting held on 26 June 2018 until the shareholders’ meeting held in 2021 to be called to approve the financial statements for the year ending 31 December 2020) and who himself resigned. Pursuant to article L. 225-24 paragraph 5 of the French Commercial Code, such co-optation must be ratified (even if Mr. Katon is himself resigning – see below). It is the purpose of the resolution n° 7.

The terms of office as directors of Mses. Anne Harvengt, Sophie Mertens-Stobbaerts and Audrey Robot, expire at the end of the present shareholders’ meeting. Furthermore, Mrs. Sabrina Maggio, whose mandate normally expires at the shareholders’ meeting held in 2020 to be called to approve the financial statements for the year ending 31 December 2019, and Mr. Alexander Katon, have informed the Company of their decision to resign from their duties effective at the present shareholders’ meeting.

Finally, the ENGIE group, which holds (through its subsidiary GDF International) 60.48% of the share capital and voting rights of the Company, indicated its wish to see Mr. Thierry Kalfon joining the board of directors as the new Chairman of the board of directors, and to replace some of the members of the board of directors that are employees of the ENGIE group by others employees of this group.

Hence, we propose, under resolutions n°8 to n°13, to modify the board of directors’ membership as follow (some new members being appointed for shorter terms in order to have staggered terms):

#	Criteria	Current Board Composition	Status at AGM 2019	New Board members	Mandate Duration			
					AGM 2019	AGM 2020	AGM 2021	AGM 2022
1				Thierry Kalfon Chairman / Deputy CFO of ENGIE				
2		Carialberto Guglielminotti CEO and Executive Board Member	Will expire in 2021					
3		Jean Rappe Chairman (Engie Solar)	Will expire in 2021	Jean Rappe Non-executive Board Member (ENGIE Solar)				
4		Giuseppe Artizzu Executive Board Member	Will expire in 2020					
5	✓	Massimo Prez Oltramonti Independent Board Member	Will expire in 2020					
6	✓	Alex Katon Independent Board Member	Resigned	Romualdo Cirillo Independent Board Member				
7	✓	Sabrina Maggio Non-executive Board Member (Engie Italy)	Resigned	Cristina Tommasini Non-executive Board Member (Engie Italy)				
8	✓	Anne Harvengt Non-executive Board Member (Tractebel)	Expired	Anne Harvengt Non-executive Board Member (Tractebel)				
9	✓	Sophie Martin-Stobbaert Non-executive Board Member (BU Africa)	Expired	Elise Collange Non-executive Board Member (ENGIE IR)				
10	✓	Audrey Robat Non-executive Board Member (BU Reseaux)	Resigned	Csilla Kohalmi-Monfils Non-executive Board Member (Engie Fab)				

40% Women
20% Independent Board Members

5. Approval of the compensation elements of the Chairman of the board of directors and of the Chief Executive Officer (Resolutions n°14 to 16)

(a) Principles and criteria for determining the compensation granted to the Chairman of the board of directors and the Chief Executive Officer for the 2019 financial year (Resolutions n°14 and 15)

The board of directors invites you, in resolutions n° 14 and 15, to approve the principles and criteria for determining, allocating and granting of the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted for the 2019 year, to Mr. Jean Rappe, Chairman of the board of directors and to Mr. Carialberto Guglielminotti, Chief Executive Officer.

Pursuant to article L.225-37-2 of the French Commercial Code, the corporate governance report, annexed to the present Report (Annex 1 – Corporate Governance Report 2018), sets out the principles and criteria for determining, allocating and granting of the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted for the 2019 year, because of his mandate, to the Chairman of the board of directors (paragraph 2.3.1.2 “Chairman’s compensation”). These items are also laid out in paragraph 15.3.1.2 “Chairman’s compensation” of the 2018 registration document.

Pursuant to article L.225-37-2 of the French Commercial Code, the corporate governance report, annexed to the present Report (Annex 1 – Corporate Governance Report 2018), sets out the principles and criteria for determining, allocating and granting of the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted for the 2019 year, because of his mandate, to the CEO (paragraph 2.3.1.1 “CEO’s compensation”). These items are also laid out in paragraph 15.3.1.1 “CEO’s compensation” of the 2018 registration document.

This information (and the 2018 corporate governance report) are completed as follow and are submitted to your approval:

The remuneration policy of the CEO is based on his role at ENGIE EPS, his experience, his seniority, his performances as well as the market practices. Every year, the Remuneration Committee uses the survey produced by OD&M (GI Group), Executive Compensation 2016 Report, on compensation in Italy, to make proposal to the board of directors on CEO and Management Team. Regarding to the

compensation of the CEO, the Committee refers to a panel of companies with a business activity, market capitalization, sales and workforce similar to those of ENGIE EPS.

The compensation of the CEO includes a fixed part and a variable part. The board of directors decided, during its May 14, 2019 meeting, after assessing the CEO's performance in 2018, to increase the 2019 annual fixed remuneration of the CEO for the 2019 fiscal year to €185,000 (i.e. and increase of €5,000 compared to 2018). This increase will be effective as from 1st January 2019 and because since January 1st, 2019 and until now, the CEO was paid on the basis of his 2018 fixed annual compensation, the retroactive adjustment will be paid in one lumpsum in July 2019. For the variable annual part, the board of directors decided to increase it up to 35% of the fixed remuneration for 2019, subject to the attainment of quantitative targets (50%), as well as qualitative targets (50%).

For 2019, the quantitative targets are based on consolidated sales and EBITDA targets for the ENGIE EPS group (counting each for 25%) and the qualitative targets are based on the integration of the ENGIE EPS group into the ENGIE group, including through the reshaping of certain existing activities. Note that if the EBITDA targets are exceeded, the amount of the bonus can be increased by up to 120% of the initial share of the bonus assigned to the EBITDA target.

Furthermore, 30% of the 216,663 SARs (i.e. 64,999) allocated to the CEO as part of the new incentive plan implemented after the takeover of the Company by the ENGIE group, are becoming exercisable as of 6 December 2019. These are instruments that replicate stock options and replace the stock options that were granted to him in 2014 and fully vested since 23 April 2016, and to which he renounced. Their strike date (vesting) and the decision of their holders to exercise them (which can occur after the vesting) will trigger the payment of the underlying sum (which amount depends on the difference between the strike price and the share price, with a floor price in this case). Consequently, these are not "variable and extraordinary" components of the Compensation as defined to article L. 225-100 II of the French Commercial Code, and the payment of the amount due at the proper moment is therefore not subject to a prior positive vote by the shareholders. Nevertheless, the board of directors intended to recall their mechanism. These elements are submitted for your approval.

(b) Compensation attributed to the Chief Executive Officer for the 2018 financial year (Resolution n°16)

The board of directors invites you to approve the fixed, variable and extraordinary components of overall compensation and benefits of all kind granted to Mr. Carlalberto Guglielminotti, Chief Executive Officer for the 2018 financial year.

Pursuant to Article L.225-100 I of the French Commercial Code, the corporate governance report, annexed to the present Report ([Annex 1 – Corporate Governance Report 2018](#)), sets out the fixed, variable and extraordinary components of overall compensation and benefits of all kind granted during the 2018 financial year, because of his mandate, to the Chief Executive Officer (paragraph 2.3.2 "Compensation of the CEO and the Chairman of the board of directors for 2018 (vote *ex post*)"). These items are also laid out in paragraph 15.3.1.1 "CEO's compensation" of the 2018 registration document.

This information (and the 2018 corporate governance report) are completed as follow and are submitted to your approval:

In its Report to the June 26, 2018 annual shareholders' meeting, the board of directors had proposed to the shareholders to approve a 2018 CEO compensation package and contemplated a fixed annual compensation of €180,000 for the 2018 fiscal year. Following the shareholders' meeting which approved the relevant resolution (n°26), and as described into the same Board Report, the CEO entered into a new employment agreement reflecting his new compensation package. This agreement provided that

the new fixed annual compensation would become effective as from the date of the agreement (June 26, 2018). As a result, and as described in paragraph 15.3.2.1 of the 2018 registration document, this decision resulted in the CEO being paid as fixed annual compensation for 2018 an amount of €155,577, corresponding to the average *pro rata temporis* of his 2017 fixed annual compensation carried over into 2018 and his new 2018 fixed annual compensation as from the date of the agreement.

The board of directors considers that this result is not a fair implementation of what it had proposed to the shareholders, and what they approved, as part of the “say-on-pay – *ex ante*” process, i.e. a fixed annual compensation of €180,000 for the entire 2018 fiscal year.

As a result, the board of directors has decided to amend the agreement with the CEO to provide, retroactively, for a 2018 fixed annual compensation of €180,000 applicable as from January 1st 2018. The difference between this amount and the amount actually paid to the CEO for 2018 will be paid out in one lumpsum in July 2019.

Furthermore, for the 2018 financial year, Mr. Jean Rappe, Chairman of the board of directors since 7 March 2018, did not receive any fixed or variable compensation. Therefore, there will be no “ex post” resolution regarding Mr. Jean Rappe at the shareholders’ meeting.

6. Company share repurchase programme (Resolution n°17)

We propose under resolution n°13 that you authorize the board of directors, in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code, for a period of 18 months, to purchase the Company’s shares at a maximum purchase price which shall not exceed 15.00 Euros as part of the implementation of a share repurchase programme.

The maximum amount that the Company would be able to allocate to the repurchase programme of its own shares may not exceed the amount of 1,500,000 Euros.

This authorization is intended to allow the board of directors to acquire a number of Company shares representing up to 10% of the share capital of the Company, in order to:

- retain the Company’s shares that would have been purchased and ultimately use them in exchange or as payment within the context of potential external growth transactions, in accordance with stock market regulations;
- give shares during the exercise of the rights attached to securities giving access to the share capital of the Company;
- allot shares to employees or officers of the Company, and its subsidiaries in accordance with terms and conditions set forth by law, in particular in respect of the allocation of free shares, participation in the profits resulting from the expansion of the business, stock options plans or via a company savings plan;
- ensure liquidity and promote the secondary market for the Company’s securities, which would be accomplished by an investment services provider acting under a liquidity contract in compliance with the ethics charter recognised by the *Autorité des marchés financiers*;
- cancel all or part of the repurchased securities, provided resolution n°18 is adopted; and
- accomplish all other authorized goals or goals that could become authorized by law or recognised or that would be recognised as market practice by the *Autorité des marchés financiers*, in which case the Company would inform its shareholders by way of a press release.

These purchase, assignment, exchange or transfer transactions may be carried out in any manner, in one or several instalments, or on a regulated market, on a multilateral trading facility, through a systematic internaliser or through an over-the-counter transaction, such as an acquisition or block trades, or by resorting to financial instruments.

It is specified that these transactions may not occur during public tender offers initiated by the Company or aimed at its securities.

No share repurchase program has been implemented during the financial year.

Please see paragraph II.1 “Delegation of authority to the board of directors for the purpose of reducing the share capital through share cancellation as part of the authorization to purchase its own shares (Resolution n°18)” of the present Report for a description of the resolution related to the shares cancellation.

II. RESOLUTIONS TO BE SUBMITTED AT THE EXTRAORDINARY SHAREHOLDERS' MEETING

1. **Delegation of authority to the board of directors for the purpose of reducing the share capital through share cancellation as part of the authorization to purchase its own shares (Resolution n°18)**

Among the objectives of the buy-back program, that is the object of the resolution n° 17, there is the cancellation of the shares acquired. For this purpose, we will ask you, by adopting the resolution n° 18, to grant the board of directors the authorization, for a period of 18 months, to reduce the share capital, in one or more times, in the limit of 10% of the share capital existing at the date of the cancellation decision by 24 months' period, by the cancellation of all or part of the ordinary shares that the Company holds or may hold following redemption through a buyback program.

2. **Financial delegations authorising the board of directors to increase the share capital (Resolutions n°19 to 27)**

It is proposed, in the context of the resolutions n°19 to 27, to grant the board of directors the possibility of increasing the share capital of the Company, to strengthen its equity, and enable the development of its activities and, as the case may be, to realise external growth transactions.

The board of directors specifies that these financial delegations provided for by resolutions n°19 to 27 may not be used during a public offer of the Company.

The main features of these resolutions may be summed up as follows:

In terms of size:

The maximum number of shares that may be issued pursuant to the financial delegations (resolutions n°19 to 21 and 23 to 26) represents approximately 39% of the current share capital. This amount remains unchanged compared to last year (corresponding to 5 million shares). However, it represents a smaller part of the share capital given the capital increase with preferential subscription rights carried out in August 2018.

This overall cap is set out in resolution n°27.

In terms of kind:

You are being asked to grant the Company the tools needed to carry out transactions to fund the activities of the Company.

These increases in capital may be carried:

- with shareholders' preferential subscription rights (resolution n°19),
- without this right, but in the context of public offerings (resolution n°20), or
- without this right, but in the context of an institutional private transaction (resolution n°21)¹ –this kind of transactions enables to raise funds within a short timeframe in order to properly seize market opportunities.

You are also being asked to grant the Company the flexibility enabling it to realise external growth transactions, paid in shares rather than in cash:

¹ In addition to the cap set out by the shareholders for the duration of the delegation, the size of such transactions is limited, by law, to 20% of the share capital.

- through contributions in kind – up to 10% of the share capital (resolution n°24), or
- through an exchange public offer (resolution n°25).

Finally, you are being asked to grant the Company with the necessary authorisations to increase the share capital by incorporation of reserves, profits or issuance premiums, merger or contributions premiums (resolution n°26).

In terms of price:

You are also being asked to grant the Company the flexibility enabling it to:

- Provide for, but only up to the limit of 10% of the share capital per annum, a 20% discount, higher than the legal 5% discount (resolution n°22) – once more, this flexibility enables the Company, in particular in the context of private placement transactions, to successfully complete transactions in a challenging market context.
- Have the possibility of increasing the initial size of the operation by 15% (resolution n°23). This increase is within the cap set for the resolution used for the transaction – it may therefore never lead to a dilution higher than the amount specified above. For transactions carried out with preferential subscription rights, this possibility enables to allocate shares to subscriptions made on a reducible basis that exceed the initial size of the transaction. For transactions carried out without preferential subscription right, this increase in size, the so-called “*green shoe*”, is very important for the successful completion of the transaction: during the hours and days following the first listing of the new securities, the short sellers may exert downward pressure on the stock price, by selling securities, including short-selling. To counter this pressure, the banks that underwrite the transaction need to have the possibility to purchase shares on the market and maintain the stock price at least at the price level of the share capital increase. To do so, they “over allot” to the investors by 15%. If the stock price falls below the transaction price, they may thus repurchase to maintain the stock price (and deliver to the over-allotted investors). If the stock price does not go down, or if their stabilizing transactions have allowed the stock price to go up, they will use the *green shoe* (also called “over-allotment option”) to deliver the over-allotted 15% to investors. The implementation of this mechanism is strictly bound by applicable regulations. From a shareholder’s perspective, it is necessary to remember that the implementation of the green shoe, if this option is used, represents an additional capital increase and thus additional financing raised by the Company at the same price as the initial transaction, and within the envelope adopted by the shareholders’ meeting. If the banks securing the transaction can’t use this option, they won’t perform the transaction. In other words, approving an authorisation to increase the share capital without shareholders’ preferential subscription right while refusing to approve of the resolution enabling to implement a green shoe is contradictory.

In the event of a transaction carried out with preferential subscription right, this power enables to better serve demands subject to reduction, within the cap of the 27th resolution %.

(a) Delegation of authority to the board of directors for the purpose of increasing the share capital, with the preferential subscription right (Resolution n°19)

It is proposed, in resolution n° 19, that the shareholders’ meeting delegates authority to the board of directors to decide, on the issuance, with shareholders’ preferential subscription right, of shares or any other securities giving access to the share capital of the Company.

The overall nominal amount of the share capital increases carried out pursuant to this delegation may not exceed a capped amount of 800.000 Euros (that is approximately 31% of the current share capital

of the Company), it being specified that this cap will be deducted from the overall nominal capped amount set under resolution n°27.

The amount of securities representing debt securities giving access to the share capital of the Company that could potentially be issued pursuant to this delegation will be limited to a maximum amount of 20 million Euros.

This delegation would be granted for a period of 26 months from the date of the shareholders' meeting of 25 June 2019.

(b) Delegation of authority to the board of directors for the purpose of increasing the share capital, without preferential subscription rights, in the context of a public offer (Resolution n°20)

It is proposed, in resolution n°20, that the shareholders' meeting delegates authority to the board of directors to decide, on the issuance, without shareholders' preferential subscription rights, of shares or any other securities giving access to the share capital of the Company, by way of a public offer.

The board of directors will have the option to grant shareholders a priority subscription period on all or part of the issuance of these securities.

The overall nominal amount of the issuances carried out pursuant to this delegation may not exceed a capped amount of 800.000 Euros (that is approximately 31%% of the current share capital of the Company), it being specified that this cap will be deducted from the overall nominal capped amount set under resolution n°27.

The amount of securities representing debt securities giving access to the share capital of the Company that could potentially be issued pursuant to this delegation will be limited to a maximum amount of 20 million Euros.

The issuance price of the shares and securities giving access to the share capital, likely to be issued pursuant to this resolution, would be determined by the board of directors pursuant to the provisions of Article L.225-136 1° of the French Commercial Code, currently a price at least equal to the weighted average price of the shares during the last three stock market trading days preceding the date on which the issuance price is determined, reduced as the case may be, by a 5% maximum discount authorised by law.

This delegation would be granted for a period of 26 months from the date of the shareholders' meeting of 25 June 2019.

(c) Delegation of authority to the board of directors for the purpose of increasing the share capital, without preferential subscription rights, through a private placement (Resolution n°21)

It is proposed, in resolution n°17, that the shareholders' meeting delegates authority to the board of directors to decide on the issuance, without shareholders' preferential subscription rights, of shares or any other securities giving access to the share capital of the Company, through private placement with institutional investors.

The overall nominal amount of the issuances carried out pursuant to this delegation may not exceed a capped amount of 800.000 Euros (that is approximately 31%% of the current share capital of the Company), it being specified that this cap will be deducted from the overall nominal capped amount set under resolution n°27. Furthermore, the amount of the share capital increases carried out or likely to be

carried out may not exceed 20% of the amount of the share capital per year pursuant to Article L.225-136 3° of the French Commercial Code.

The amount of securities representing debt securities giving access to the share capital of the Company that could potentially be issued pursuant to this delegation will be limited to a maximum amount of 20 million Euros.

The issuance price of the shares and securities giving access to the share capital, likely to be issued pursuant to this resolution, would be determined by the board of directors pursuant to the provisions of Article L.225-136 1° of the French Commercial Code, currently a price at least equal to the weighted average price of the shares during the last three stock market trading days preceding the date on which the issuance price is determined, reduced as the case may be, by a 5% maximum discount authorised by law.

This delegation would be granted for a period of 26 months from the date of the shareholders' meeting of 25 June 2019.

(d) Delegation of authority to the board of directors to determine the issuing price (Resolution n°22)

We propose that the shareholders' meeting delegate authority to the board of directors, to decide, for share capital increases without shareholders' preferential subscription rights representing no more than 10% of the share capital per year, carried out pursuant to resolutions n°20 and 21, to derogate from price conditions provided for under these resolutions, and to set the issuance price of the ordinary shares or all securities giving access to the share capital, in accordance with the following conditions: having taken into account market opportunities, the issuance price would at least be equal to the average weighted volumes (in the central order book and excluding over the counter block trades) of the closing price of the Company share on Euronext Paris on the three stock market trading days preceding the day on which the issuance price was set, potentially reduced by a maximum 20% discount.

This delegation would be granted for a period of 26 months from the date of the shareholders' meeting of 25 June 2019.

(e) Authorisation granted to the board of directors to increase by 15% the number of securities to be issued (Resolution n°23)

We propose that the shareholders' meeting delegates authority to the board of directors, to decide, if it receives an excess demand during a share capital increase with or without shareholders' preferential subscription rights carried out pursuant to resolutions n°19, 20 and 21 to increase the number of securities to be issued at the same price as the one retained for the initial issuance.

This option enables, in the context of an issuance of securities, the issuance within 30 days of the closing of the subscription period, of additional securities up to a maximum amount of 15% of the initial issuance, subject to the overall nominal capped amount set under resolution n°27.

This delegation would be granted for a period of 26 months from the date of the shareholders' meeting of 25 June 2019.

(f) Delegation of authority to the board of directors for the purpose of increasing the share capital without preferential subscription rights, as compensation for contributions in kind comprised of equity securities or securities giving access to the share capital (Resolution n°24)

To enable it to develop its activity through potential acquisitions whilst maintaining its cash flow, the Company should be able to pay for these via ordinary shares or securities giving access to the share capital.

It is proposed, in resolution n°24, that the shareholders' meeting delegate authority to the board of directors to issue, without shareholders' preferential subscription rights, shares or any other securities giving access to the share capital of the Company, as payment for contributions in kind made to the Company and comprised of equity securities or securities giving access to the share capital of the Company.

This option would be limited to 10% of the Company's share capital, it being specified that this cap will be deducted from the overall nominal capped amount set under resolution n°27.

The amount of securities representing debt securities giving access to the share capital of the Company that could potentially be issued pursuant to this delegation will be limited to a maximum amount of 20 million Euros.

This delegation would be granted for a period of 26 months from the date of the shareholders' meeting of 25 June 2019.

(g) Delegation of authority to the board of directors for the purpose of increasing the share capital without preferential subscription rights, in the event of an exchange public offer initiated by the Company (Resolution n°25)

The Company should reserve the option to be able to issue equity securities during a potential exchange public offering initiated by the Company.

It is proposed, in resolution n°25, that the shareholders' meeting delegates authority to the board of directors to decide on the issuance, without shareholders' preferential subscription rights, of shares or any other securities giving access to the share capital of the Company, in order to carry out an exchange public offer or a similar transaction on the securities of another company.

The overall nominal amount of the issuances carried out pursuant to this delegation may not exceed a capped amount of 800.000 Euros (that is approximately 31%% of the current share capital of the Company), it being specified that this cap will be deducted from the overall nominal capped amount set under resolution n°27.

The amount of securities representing debt securities giving access to the share capital of the Company that could potentially be issued pursuant to this delegation will be limited to a maximum amount of 20 million Euros.

This delegation would be granted for a period of 26 months from the date of the shareholders' meeting of 25 June 2019.

(h) Delegation of authority to the board of directors to increase the share capital by incorporation of reserves, profits or issuance premiums, merger or contributions premiums or any other amounts likely to be capitalised (Resolution n°26)

It is proposed, in resolution n°26, that the shareholders' meeting delegates authority to the board of directors to decide on the issuance, without shareholders' preferential subscription rights, of shares of the Company by incorporation of reserves, profits or issuance premiums, merger or contributions premiums or any other amounts likely to be capitalised, in the form of free allocation of shares or of increase of the nominal value of the existing shares (or the combination of these two mode of payments).

The overall nominal amount of the issuances carried out pursuant to this delegation may not exceed a capped amount of 800.000 Euros (that is approximately 31%% of the current share capital of the Company), it being specified that this cap will be deducted from the overall nominal capped amount set under resolution n°27.

This delegation would be granted for a period of 26 months from the date of the shareholders' meeting of 25 June 2019.

(i) Overall limitations on authorisations (Resolution n°27)

It is proposed, in resolution n°27, to set the overall limitations on authorisations which may be granted pursuant to resolutions n°19 to 21 and 23 to 26 to an overall nominal amount of 1.000.000 Euros (that is approximately 39% of the current share capital of the Company).

It is specified that these overall amounts do not take into account any adjustments that may potentially be carried out in order to preserve the rights of holders of securities or other rights giving access to the share capital.

3. Delegation of powers to the board of directors to increase the share capital reserved for employees who are members of a company savings plan without preferential subscription rights (Resolution n°28)

Article L.225-129 of the French Commercial Code requires us, taking into account the potential share capital increases which may result from the use of the delegations which you may decide to grant, to propose to the extraordinary general shareholders' meeting a share capital increase plan, by issuance of shares to the benefit only of the members of one or several company savings plans (or any other plans for which the article L.3332-18 *et seq.* of the French Labor Code shall allow to reserve the share capital increase under equivalent conditions). However, given the fact that all our employees are located outside France, they cannot benefit from the associated tax advantages, we suggest that you vote against this resolution.

The resolution n° 28 provides for a maximum nominal amount of share capital increase of 10,000 Euros.

The subscription price of the new shares will be equal to 80% of the average of the first quoted prices of the Company's shares during the twenty stock-exchange market trading days preceding the day of the decision setting the opening date for subscription when the duration of the lock-up period stipulated by the savings plan pursuant to the article L.3332-25 *et seq.* of the French Labor Code is less than ten years, and to 70% if this average when this lock-up period is greater than or equal to ten years.

This delegation would be granted for a period of 26 months from the date of the shareholders' meeting of 25 June 2019.

4. Modification of the Articles of Association: amendment of the company name (Resolution n°29)

It is proposed, in resolution n°29 to modify the articles of association of the Company as follows:

- Article 3 of the articles of association “Company name” is amended in order to amend the company name of the Company for “ENGIE EPS”.

5. Powers to complete formalities (Resolution n°30)

It is proposed that the shareholders’ meeting grants full powers to the holder of an original, a copy, or an excerpt of the minutes of the shareholders’ meeting of 25 June 2019 for the purpose of completing legal formalities.

* * *

The reading of the special report of the auditors will be given to you. This report will contain the opinion on the proposal cancellation of the preferential subscription rights, the choice of elements for calculating the issue price and its amount, the impact of these issuances on the shareholders’ situation determined by reference to equity and to fairness of the information from the Company’s financial statements.

We hope that you will approve these operations, which are in line with the Company’s interests, and we ask you to vote in favor of all the resolutions proposed, except the ones on the capital increase reserved for employees who subscribed to a company pension plan, detailed on point II.3 “Delegation of powers to the board of directors to increase the share capital reserved for employees who are members of a company savings plan without preferential subscription rights (Resolution n°24)” of the present Report.

Paris, 14 May 2019

The board of directors

Annex 1: Corporate Governance Report 2018



2018

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The following definitions and abbreviations are used in this report :

- **ENGIE Acquisition:** acquisition by ENGIE of a strategic ownership interest in ENGIE EPS of around 56.1% of the Company's share capital and voting rights, which closed on 7 March 2018, followed on 29 March 2018 by the filing of a simplified mandatory tender offer which closed on 14 June 2018. As a result of the tender offer, ENGIE (through its subsidiary GDF International) holds 59.89% of the share capital and voting rights of EPS (post-exercise by ENGIE ,through its subsidiary GDF International, of all of the instruments giving access to the capital subscribed in the offer.
- **ENGIE EPS Group** means the Company and the ENGIE EPS Group Companies.
- **ENGIE EPS Group Companies** means as at the date of the Corporate Governance Report, collectively or, when used in the singular form, each of them, EPS Elvi, EPS Manufacturing, EPS USA, MCM and Comores Energies Nouvelles S.a.r.l.
- **SARs** means Stock Appreciation Rights, a "cash" instrument which replaced the existing stock options and warrants, reproducing the economic profile of a stock options or a warrant.

1 INTRODUCTION

Electro Power Systems S.A. (the “**Company**” or “**ENGIE EPS**”) has been incorporated under the form of a société anonyme with a Board of Directors (the “**Board of Directors**”). The Board of Directors has decided to adopt the Corporate Governance Code for Small and Mid-cap companies published by MiddleNext in December 2009 and updated in September 2016 (the “**MiddleNext Code**”) as ENGIE EPS’ reference for corporate governance practices and procedures, and to draft this Corporate Governance Report. The MiddleNext Code is available on the following website: http://www.middlenext.com/IMG/pdf/Code_de_gouvernance_site (in French only).

Since the listing of the shares of the Company on Euronext Paris (occurred on 21 April 2015), the ENGIE EPS Group has been gradually implementing the recommendations contained in the MiddleNext Code and intends to continue this process. In line with this, the members of the Board of Directors have been informed of the items included in the “Points to be watched” (Points de vigilance) sections of the MiddleNext Code, which set out the main issues to be addressed to ensure that the Company’s governance system operates smoothly. In addition, in accordance with AMF recommendation 2013-20 issued on 18 November 2013, this Corporate Governance Report contains a summary table setting out the recommendations in the MiddleNext Code that are not relevant to the Company or which the Company has elected not to apply.

Pursuant to Article L. 225-37 of the French Commercial Code, this report presents, for the financial year ended on 31 December 2018, the information on the corporate governance, including regarding the composition of the Board, the compliance with the principle of balanced representation of men and women within the Board, the conditions of preparation and organization of the works of the Board, and the limitations imposed by the Board of Directors to the powers of the Managing Director (the “**Corporate Governance Report**”).

This Corporate Governance Report has been reviewed and approved by the Board of Directors during its meeting on 19 March 2019.

1.1 Board of Directors and Managing Director

1.1.1 Composition of the Board of Directors

The rules and operating procedures of the Board are provided under French law and further set out in the Company’s articles of association (“**By-Laws**”) and the internal rules of the Board of Directors (“**Internal Rules**”) which has been adopted by the Company on 6 March 2015. The last update of the By-Laws is dated 1er January 2019.

The Company is administered by a Board of Directors composed of at least three (3) and a maximum of eleven (11) members, subject to the exceptions provided for by law.

During the Company’s life, the directors are appointed, renewed or dismissed under the conditions provided for by the laws and regulations in force and in accordance with the articles of association).

Article 14 of the By-Laws provides for the conditions of appointment of the members of the Board of Directors, as well as their duties in performing such functions. The members of the Board were appointed by the ordinary

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Shareholders' meeting for three (3) years. Exceptionally, the ordinary meeting of shareholders may appoint some directors for less than three years or, as the case may be, reduce the term of office of one or several directors, to ensure a staggered renewal of office of the Board members.

As of the date of this Corporate Governance Report, the Board of Directors is composed of nine members, as follows¹ :

- Jean Rappe, Chairman
- Carlalberto Guglielminotti, Managing Director
- Masimo Prelz Oltramonti, Director
- Audrey Robot, Director
- Anne Harvengt, Director
- Sophie Mertens-Stobbaerts, Director
- Sabrina Maggio, Director
- Giuseppe Artizzu, Director
- Alexander Katon, Director

The following table presents the composition of the Board of Directors as of the date of this Corporate Governance Report and the principal mandates and positions held by the directors of the Company during the last five years:

NAME AND PROFESSIONAL ADDRESS	OFFICE HELD WITHIN THE COMPANY	DATES OF THE FIRST APPOINTMENT AND EXPIRATION OF MANDATE	AGE	PRINCIPAL OPERATIONAL DUTIES OUTSIDE THE COMPANY (WITHIN ENGIE EPS GROUP AND OUTSIDE ENGIE EPS GROUP)
Jean Rappe Rue de Réaumur, 75002 Paris (France)	Chairman of the Board of Directors	<u>Appointment:</u> 7 March 2018 by co-optation and ratified on 26 June 2018 <u>Expiration of mandate:</u> at the end of the general meeting called to rule on the accounts for the financial year ended on 31 December 2020	56	<u>Mandates and positions held on the date of this Annual Financial Report within ENGIE EPS Group:</u> None <u>Mandates and positions held on the date of this Annual Financial Report outside ENGIE EPS Group:</u> CEO and Chairman of ENGIE Solar <u>Mandates and positions held within ENGIE EPS Group during the last five years and which are no longer held:</u>

¹ On 7 March 2018 all the Board members resigned from their office as Directors with immediate effect and the Board co-opted the following members: Jean Rappe (appointed as Chairman), Carlalberto Guglielminotti (appointed as Managing Director), Massimo Prelz Oltramonti, Frédérique Dufresnoy (of which the mandate has been ended at the date of the Annual General Meeting), Anne Harvengt, Sophie Mertens-Stobbaerts, Audrey Robot and Sonia Levy-Odier. Such appointments were ratified by the Shareholders during the Annual General Meeting held on 26 June 2018.

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NAME AND PROFESSIONAL ADDRESS	OFFICE HELD WITHIN THE COMPANY	DATES OF THE FIRST APPOINTMENT AND EXPIRATION OF MANDATE	AGE	PRINCIPAL OPERATIONAL DUTIES OUTSIDE THE COMPANY (WITHIN ENGIE EPS GROUP AND OUTSIDE ENGIE EPS GROUP)
				<p>None</p> <p><u>Mandates and positions held outside ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p>Board positions in IPP projects in the Middle East</p>
<p>Carlaberto Guglielminotti</p> <p>Strada Privata Anton Francesco Grazzini 14, 20158 Milan (Italy)</p>	<p>Chief Executive Officer and Director</p>	<p><u>Appointment:</u> co-opted on 7 March 2018 and ratified on 26 June 2018</p> <p><u>Expiration of mandate:</u> at the end of the general meeting called to rule on the accounts for the financial year ended on 31 December 2020</p> <p><u>First appointment:</u> 22 December 2014</p>	35	<p><u>Mandates and positions held on the date of this Annual Financial Report within ENGIE EPS Group:</u></p> <p>Chief Executive Officer of EPS Manufacturing, EPS Elvi, MCM Energy Lab S.r.l., Director of Electro Power Systems Inc and Electro Power Systems India Pvt. Ltd.</p> <p><u>Mandates and positions held on the date of this Annual Financial Report outside ENGIE EPS Group:</u></p> <p>Independent non-executive Chairman and Board member of 360 Capital Partners Italia S.r.l.</p> <p><u>Mandates and positions held within ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p>None</p> <p><u>Mandates and positions held outside ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p>Operating Partner of 360 Capital Partners</p> <p>Co-founder and Chairman of Blackshape Aircraft and Restopolis (today The Fork)</p> <p>Member of the Board of Directors of Eataly Net S.r.l. and Musement S.r.l.</p>

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NAME AND PROFESSIONAL ADDRESS	OFFICE HELD WITHIN THE COMPANY	DATES OF THE FIRST APPOINTMENT AND EXPIRATION OF MANDATE	AGE	PRINCIPAL OPERATIONAL DUTIES OUTSIDE THE COMPANY (WITHIN ENGIE EPS GROUP AND OUTSIDE ENGIE EPS GROUP)
				Associate at Linklaters
Giuseppe Artizzu Strada Privata Anton Francesco Grazzini 14, 20158 Milan (Italy)	Director	<u>Appointment:</u> 26 June 2018 <u>Expiration of mandate:</u> at the end of the general meeting called to rule on the accounts for the financial year ended on 31 December 2019 <u>First appointment:</u> 16 February 2015	44	<u>Mandates and positions held on the date of this Annual Financial Report within ENGIE EPS Group:</u> Executive Director of ENGIE EPS, Director of EPS Elvi, Electro Power Systems Inc., Electro Power Systems India Pvt. Ltd. <u>Mandates and positions held on the date of this Annual Financial Report outside ENGIE EPS Group:</u> Member of the Board of Directors of Cautha S.r.l., Executive of Skill & You (formerly known as Euro Forma Dis) <u>Mandates and positions held within ENGIE EPS Group during the last five years and which are no longer held:</u> Director of EPS Manufacturing <u>Mandates and positions held outside ENGIE EPS Group during the last five years and which are no longer held:</u> Associate Executive Director and Board member of Job & Co
Anne Harvengt Boulevard Simon Bolivar 34-36, 1000 Brussels (Belgium)	Director	<u>Appointment:</u> 7 March 2018 by co-optation and ratified on 26 June 2018 <u>Expiration of mandate:</u> at the end of the general meeting called to rule on the accounts for the financial year ended on 31 December 2018	43	<u>Mandates and positions held on the date of this Annual Financial Report within ENGIE EPS Group:</u> None <u>Mandates and positions held on the date of this Annual Financial Report outside ENGIE EPS Group:</u> None

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NAME AND PROFESSIONAL ADDRESS	OFFICE HELD WITHIN THE COMPANY	DATES OF THE FIRST APPOINTMENT AND EXPIRATION OF MANDATE	AGE	PRINCIPAL OPERATIONAL DUTIES OUTSIDE THE COMPANY (WITHIN ENGIE EPS GROUP AND OUTSIDE ENGIE EPS GROUP)
				<p><u>Mandates and positions held within ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p style="text-align: center;">None</p> <p><u>Mandates and positions held during the last five years and which are no longer held outside ENGIE EPS Group:</u></p> <p style="text-align: center;">None</p>
<p>Sophie Mertens-Stobbaerts</p> <p>7, avenue Herbert Hoover, Bruxelles (Belgium)</p>	<p>Director</p>	<p><u>Appointment:</u> 7 March 2018 by co-optation and ratified on 26 June 2018</p> <p><u>Expiration of mandate:</u> at the end of the general meeting called to rule on the accounts for the financial year ended on 31 December 2018</p>	<p>50</p>	<p><u>Mandates and positions held on the date of this Annual Financial Report within ENGIE EPS Group:</u></p> <p style="text-align: center;">None</p> <p><u>Mandates and positions held on the date of this Annual Financial Report outside ENGIE EPS Group:</u></p> <p style="text-align: center;">None</p> <p><u>Mandates and positions held within ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p style="text-align: center;">None</p> <p><u>Mandates and positions held outside ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p style="text-align: center;">Board member of International Power (Suffolk) Limited</p> <p style="text-align: center;">Board member of International Power (Noorfolk) Limited</p> <p style="text-align: center;">Board member of IP Malaysia</p> <p style="text-align: center;">Board member of International Power (Condor) Limited</p>

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NAME AND PROFESSIONAL ADDRESS	OFFICE HELD WITHIN THE COMPANY	DATES OF THE FIRST APPOINTMENT AND EXPIRATION OF MANDATE	AGE	PRINCIPAL OPERATIONAL DUTIES OUTSIDE THE COMPANY (WITHIN ENGIE EPS GROUP AND OUTSIDE ENGIE EPS GROUP)
				<p>Board member of International Power (Merlin) Limited</p> <p>Board member of National Power Limited</p>
<p>Massimo Prelz Oltramonti</p> <p>2 Rossllyn Hill NW3 1PH London, UK</p>	Director	<p><u>Appointment:</u> 7 March 2018 by co-optation and ratified on 26 June 2018</p> <p><u>Expiration of mandate:</u> at the end of the general meeting called to rule on the accounts for the financial year ended on 31 December 2019</p> <p><u>First appointment:</u> 16 February 2015 as Director; 8 April 2016 as Chairman (until 7 March 2018)</p>	63	<p><u>Mandates and positions held on the date of this Annual Financial Report within ENGIE EPS Group:</u></p> <p>Director of Electro Power Systems Inc.</p> <p><u>Mandates and positions held on the date of this Annual Financial Report outside ENGIE EPS Group:</u></p> <p>Advisory Board member of the risk capital fund DN Capital</p> <p>Chairman of Eveka S.A.</p> <p><u>Mandates and positions held within ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p>Director of EPS Manufacturing</p> <p><u>Mandates and positions held outside ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p>Director of GMT Communication Partners</p> <p>Board member of Bigpoint GmbH</p> <p>Board member of Asiakastieto AS</p> <p>Managing director of Honei III Ltd (Malta), and Honey IV Ltd (Malta) holding held by Melita Capital plc</p> <p>Advisory Board member of Docu group GmbH</p>

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NAME AND PROFESSIONAL ADDRESS	OFFICE HELD WITHIN THE COMPANY	DATES OF THE FIRST APPOINTMENT AND EXPIRATION OF MANDATE	AGE	PRINCIPAL OPERATIONAL DUTIES OUTSIDE THE COMPANY (WITHIN ENGIE EPS GROUP AND OUTSIDE ENGIE EPS GROUP)
<p>Audrey Robat 80 avenue du Général de Gaulle 92800 Puteaux (France)</p>	<p>Director</p>	<p><u>Appointment:</u> 7 March 2018 by co-optation and ratified on 26 June 2018</p> <p><u>Expiration of mandate:</u> at the end of the general meeting called to rule on the accounts for the financial year ended on 31 December 2018</p>	<p>37</p>	<p><u>Mandates and positions held on the date of this Annual Financial Report within ENGIE EPS Group:</u></p> <p>None</p> <p><u>Mandates and positions held on the date of this Annual Financial Report outside ENGIE EPS Group:</u></p> <p>Board member at SMA in Monaco</p> <p>Board member at EDT and Marama Nui in French Polynesia</p> <p>Board member at Unelco in Vanuatu</p> <p>Board EEC in New Caledonia.</p> <p><u>Mandates and positions held outside ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p>None</p> <p><u>Mandates and positions held outside ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p>None</p>
<p>Sabrina Maggio Via Chiese 72 20126 Milano (Italy)</p>	<p>Director</p>	<p><u>Appointment:</u> 26 June 2018</p> <p><u>Expiration of mandate:</u> at the end of the general meeting called to rule on the accounts for the financial year ended on 31 December 2019</p>	<p>49</p>	<p><u>Mandates and positions held on the date of this Annual Financial Report within ENGIE EPS Group:</u></p> <p>None</p> <p><u>Mandates and positions held on the date of this Annual Financial Report outside ENGIE EPS Group:</u></p> <p>Director of Polo Sanitario Sardegna Centrale – Società di Progetto S.p.A.</p>

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NAME AND PROFESSIONAL ADDRESS	OFFICE HELD WITHIN THE COMPANY	DATES OF THE FIRST APPOINTMENT AND EXPIRATION OF MANDATE	AGE	PRINCIPAL OPERATIONAL DUTIES OUTSIDE THE COMPANY (WITHIN ENGIE EPS GROUP AND OUTSIDE ENGIE EPS GROUP)
				<p><u>Mandates and positions held within ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p>None</p> <p><u>Mandates and positions held outside ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p>None</p>
<p>Alexander Katon</p> <p>1 Avenue Road, Craigawon (UK)</p>	<p>Director</p>	<p><u>Appointment:</u> 27 September 2018</p> <p><u>Expiration of mandate:</u> at the end of the general meeting called to rule on the accounts for the financial year ended on 31 December 2020</p>	<p>55</p>	<p><u>Mandates and positions held on the date of this Annual Financial Report within ENGIE EPS Group:</u></p> <p>None</p> <p><u>Mandates and positions held on the date of this Annual Financial Report outside ENGIE EPS Group:</u></p> <p>Executive Director at InfraCo Africa</p> <p><u>Mandates and positions held within ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p>Head of Strategy and Comms of Engie META region (Sep 2011-Feb 2013)</p> <p><u>Mandates and positions held outside ENGIE EPS Group during the last five years and which are no longer held:</u></p> <p>None</p>

Massimo Prelz Oltramonti and Alexander Katon are considered as “independent” directors, pursuant to the criteria defined by the Board of Directors and presented in paragraph 1.14 of this Corporate Governance Report. The fact that Massimo Prelz Oltramonti benefit from an incentive plan is

not sufficient to establish that he has a significant financial relationship with the Company (see paragraph 3.5 of this Corporate Governance Report).

1.1.2 Biographies of the Board of Directors and of the Managing Director

Jean Rappe: Jean Rappe is the CEO at ENGIE Solar. He joined the ENGIE group 30 years ago at the very start of the privatizations in the utility sector. Most of his career has been oriented toward business development outside Europe. He worked and lived in the New York, Singapore and Dubai. Mr. Rappe has been strongly associated with ENGIE EPS Group's power generation activities in the Middle East, a region in which he has helped make ENGIE the leading independent power producer. He holds an engineering degree from the Catholic University of Louvain in Belgium where he also obtained a post-graduate management degree.

Carlaalberto Guglielminotti: he received two JD degrees cum laudae (Paris and Turin) and MBA with merit. More than ten years' experience in the high-technology, energy and digital sectors. He spent more than 3 years as Operating Partner at 360 Capital Partners, the leading venture capital investment fund in Italy and France, specialising in the selection of investments, technologies and management of the companies in the fund's portfolio. He was co-founder of Blackshape Aircraft and Restopolis (now TheFork.it, Trip Advisor group) and has been a board member of various companies, notably Eataly Net and Musement. Prior to his MBA, he spent more than four years as an associate at Linklaters and was seconded to the Royal Bank of Scotland, specialising in industrial and financial restructuring and structured finance transactions in the renewable energy sector.

Giuseppe Artizzu: Executive Director, Global Energy Strategy, degree cum laudae in economics and finance. He spent his entire career focusing on the global energy markets, of which ten years with Lehman Brothers in London, Milan and Rome, as an energy specialist. He was responsible for the utilities sector in Southern Europe and coordinated the bank's corporate finance activities in the European renewable energy field. Thereafter, he focused on the development of greenfield renewable energy projects in Italy. Giuseppe is a visiting professor at Politecnico di Milano, and a member of the board of the Ridef Master Course in renewable energy and energy efficiency. He also maintains a blog on energy-related questions for the Huffington Post and is an occasional contributor to the specialist reviews Qualenergia, Staffetta Quotidiana and Quotidiano Energia.

Anne Harvengt: Anne Harvengt is the Chief of Strategy, Merger & Acquisitions and Communication Officer at Tractebel ENGIE. She joined the ENGIE group in 2004 and is currently part of Tractebel's Executive Committee. Mrs. Harvengt gained broad international experience in Asia Pacific and India from 2009 until 2016 as CFO and CEO in several of ENGIE'S business units. Based in Brussels, she is now driving the change of Tractebel ENGIE'S activities towards a decentralised, decarbonised and digitalised energy world, by creating new business opportunities, adding new competences and co-building a new transformational leadership culture.

Sophie Mertens-Stobbaerts: Sophie Mertens-Stobbaerts joined the ENGIE group in 2016 (GDF Suez) as Vice President of Risk Control and Business

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quality. Mrs. Mertens-Stobbaerts is currently Chief Strategy Officer, in charge of Communication, Institutional relations and Corporate Social Responsibility at ENGIE Africa, after holding various positions in the group. She graduated in Economics at the Université Libre de Bruxelles.

Massimo Prelz Oltramonti: Massimo Prelz Oltramonti began his career in strategic consultancy with the Boston Consulting Group in Paris. He then joined Olivetti, where he worked first in Corporate Development (external growth and venture capital), both in the United States and in Europe, then as Managing Director of the Financial Information Services division (Radiocor s.r.l.). He returned to the venture capital sector with Alta Berkley Associates in London, before turning to private equity, firstly with Advent International, then with Spectrum Equity and later with GMT Communication Partners. He held the positions of chairman of the board of directors of Jazztel Plc, of Deputy Chairman of Primacom AG and of member of the board of directors of a number of listed companies, including ESAT Telecom, SBS SA, Edap-Technomed SA, Esaote SpA, and Cityfibre Holding plc. He is also chairman of the investment committee of the venture capital fund DN Capital and director of Gigaclear plc (UK).

Massimo Prelz Oltramonti has been a director of EPS Manufacturing until 11 April 2016.

Audrey Robot: Audrey Robot is Chief of Strategy, Risk Management and Métier Link Officer at ENGIE France Networks. She began her career as a merger-acquisition analyst for Aforce Finance in Paris.

Mrs. Robot then joined the ENGIE group, where she held various positions within the Finance Department at the Headquarter and at business units for about ten years. Currently she is the Chief of Strategy, Risk Management and Métier Link Officer at the Business Unit ENGIE France Networks. She is the director of various ENGIE group entities in Monaco, French Polynesia, New Caledonia and Vanuatu.

Sabrina Maggio: Graduated in “Economics - Business Management” from the University of Economics and Commerce in Turin (Italy), Sabrina Camilla Maggio began her career in the Italian branch of DIAGEO, UK Food & Drink Corporation, in 1996, as FP&A Financial Analyst, with responsibility of UK GAAP Reporting and Brand Profitability’s Control. In 2000 she joined Lear Corporation, US Global Leader in Automotive Seating and Electrical Systems, where she worked till 2016, in the Finance area, through increasing challenges, from Italy FP&A Manager, to Divisional Controller and finally as Italy Business Group CFO, always with responsibility over Business Management Control, shareholder’s value enhancement, New Business evaluation, and finally Group’s M&A referent for Europe.

In 2016 she joined the ENGIE group, Leader in Energy and Services, as Italy CFO, with responsibility over Financial, Administrative, Business Controlling areas and Procurement.

Alexander Katon: graduated in Economics from the University of Newcastle (UK), Alexander Katon started his career as Business Development director at Globeleq Ltd, he then moved to GDF Suez Energy Internation as Head of

Communication and Strategy and finally to Infracore Africa as Executive Director. He is currently General Manager at Summit Global Power.

1.1.3 Diversity and rationale behind the composition of the Board

The Board takes particular care in the selection of its members. Directors are chosen for their ability to act in the interests of all stakeholders and not only all shareholders, as well as for their expertise, experience and understanding of the strategic challenges in markets where ENGIE EPS operates. The composition of the Board is intended to adhere closely to the principles of diversity and to reflect the geographic mix of the business verticals (insofar as possible), to provide a range of technical skills, and to include individuals with in-depth knowledge of ENGIE EPS' activities.

On the date of this Corporate Governance Report, the Board of Directors consists of 5 men and 4 women. Among the 9 members of the Board of Directors, 8 are foreign nationals. The Company has the objective of ensuring that the choice of members of its Board of Directors provides for a diversity of skills from its members, and has a balanced representation of men and women, in accordance with the applicable legal requirements. Pursuant to article L. 225-18-1 of the French Commercial Code, the proportion of women within the Board of Directors has successfully reached the 40% threshold. At the date of this Corporate Governance Report, the Board of Directors has 9 (nine) members, including 2 (two) independent directors (22.2%) and 4 (four) women (44.4%).

No independent Director has material business ties with the Company or any other ENGIE EPS Group entity.

Directors hold office for a term of three years and may be re-elected. Exceptionally, the ordinary General Meeting may, pursuant to article 14 of the By-Laws, appoint or one or several Directors for a period of less than three years or, depending on the case, reduce the term of office of one or more directors to enable a staggered renewal of directors. To comply with French law and pursuant to the By-Laws, the number of Directors over the age of 70 is limited to one Director.

1.2 Mission of the Board of Directors

The Board of Directors determines the scope of the Company's business and shall ensure its implementation. Subject to the powers expressly granted to the shareholder's meeting and within the limits of the Company's By-Laws, the Board is vested with the powers to ensure the good functioning of the Company and shall address any matters and concerns related thereto.

The Board of Directors defines ENGIE EPS's strategy, long-term objectives and overall policies.

It regularly supervises the management of the business and in particular progress made on metrics it has identified. It appoints corporate officers to manage ENGIE EPS Group policies. It ensures the existence and effectiveness of risk management and internal control procedures and oversees the quality of information provided to shareholders and to the financial markets in the financial statements and in connection with major financial transactions. As required by law, the Board of Directors approves the financial statements for publication, proposes dividends, and makes decisions on significant

investments and financial policy.

At least three days ahead of Board meetings, each Board member receives a pack of documents, so that he or she can review and/or investigate the issues to be discussed.

The ENGIE EPS Group's senior executives make regular presentations to single Board members that require further information, and in particular the Managing Director and the other operations executives in each area of responsibility discuss regularly the potential for growth, competitive positions, the ambition, the strategy for achieving it and the principal elements of their action plans. In particular, independent Board members are also kept regularly informed of questions, comments or critiques from shareholders, whether at meetings with shareholders or by mail, e-mail or telephone.

Upon joining the Board, all directors receive training and sufficient information aligned with their specific needs and which relates to the specific area in which the ENGIE EPS Group operates and its organisation. They meet the Chairman of the Board of Directors, the Managing Director and the ENGIE EPS Group's senior executives. Meetings are also organized with certain executives and external advisors. Site visits are arranged to provide an overview of the ENGIE EPS Group's businesses and a better understanding of each one. Board members continue to receive training for as long as they remain on the Board on a continuous basis.

1.3 Meetings of the Board of Directors

The Board meets as often as necessary in the Company's interest and at least 4 times per year. The dates of the following year's meetings are set no later than one month before the end of the year, except for extraordinary meetings. The independent directors meet at least once a year without the executive directors in attendance, to conduct the performance evaluation of the Managing Director and the executive director.

Calls to Board meetings are sent to directors by email at least five days before each meeting. The Statutory Auditors are invited to attend the Board Meetings called to review the interim and annual financial statements, as provided for in Article L.823-17 of the French Commercial Code.

In 2018, the Board of Directors held 16 meetings, 4 of which on the dates planned in 2018 (28 March, 15 May, 28 September and 11 November) and 12 additional meetings not planned:

- on 22 January, in Milan, on the authorisation to enter into a Sale and Purchase Agreement ("**ENGIE SPA**") with the ENGIE group (through GDF International) for the purchase of a majority stake of the share capital of the Company and all relevant items in relation with the acquisition;
- on 2 March, in Milan, for the approval of the 2018 Budget and of the new Incentive Plan following the signing of the ENGIE SPA;
- on 6 March, in Milan, for the allocation of SARs to Board Members and key employees of the Company;
- on 7 March, in Paris, for the resignation of certain Board members and the co-optation of directors;
- on 15 March, in Paris, for the approval of ENGIE EPS corporate strategy and business strategy highlights: 2018 Budget key targets, 2020 Strategic Plan

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details, Backlog of orders and projects Pipeline highlights and on the cash flow management strategy;

- on 28 March, in Paris, for the review and approval of the Consolidated Financial Statements of ENGIE EPS Group for the financial year ended on 31 December 2017. In addition, it was reviewed all the documents for the filing with the AMF of the draft response offer document;
- on 12 April, in Paris, for the review and approval of the statutory financial statements for the financial year ended on 31 December 2017;
- on 24 April, in Paris, for the review and approval of the 2017 Registration Document and the set of documents to be filed with the Autorité des Marchés Financiers;
- on 9 May, in Paris, for the approval of the EIB Prepayment and for the reiteration of the reasoned opinion (*avis motivé*) on the tender offer and approval of the amended draft response offer document (*projet de note en réponse*);
- on 15 May, in Paris, approval of the report of the Board of directors to be submitted to the annual ordinary and extraordinary general shareholders' meeting and the approval of the remuneration report;
- on 3 July, in Paris, for the approval of the capital increase with preferential subscription rights and delegation of powers;
- on 20 September, in Paris, for the amendment of the Internal Rules of the Board of Directors and of the Market Ethics Charter and for the approval of the change of the Company's name;
- on 28 September, in Milan, for the approval of the 2018 half year consolidated financial statements;
- on 9 November, in Paris, for the approval of the appointment of an independent director and of medium-long term budget (2019-2024);
- on 15 November, in Paris, for the approval of the 2018 Q3 financial results; and
- on 14 December, in Paris, for the presentation of the 2019 Agile organisation and for the recommendation of the Remuneration and Nomination Committee on the 2019 Organization and Compensation Beef-up Plan.

The meetings lasted on average 1.25 hour.

1.4 Major accomplishment of the Board of Directors

The matters discussed by the Board in fiscal year 2018 and the decisions taken covered a wide range of areas, including:

- business developments: during four meetings, the Managing Director and the executive directors presented the ENGIE EPS Group's general position from the previous period: changes in key financial indicators, "key events" in commercial and technical fields, state of competition, growth opportunities, pipeline of projects, update on backlog, business opportunities, operational highlights;

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- 2019-2024 medium term Plan budget: this was discussed during one meeting held on 9 November 2018;
- H1 2017 and yearly consolidated financial statements: they were approved by the Board after hearing the reports of the Audit Committee and the Statutory Auditors;
- governance: the Board approved the 2019 Agile Organisation during the meeting held on 14 December 2018;
- compensation of corporate Directors and officers: the Board allocated Directors' fees to its members and also approved the allocation of SARs to its newly appointed Board member.
- committee reports: the Board heard, for the preparation of its deliberations above in the areas that concern them respectively, reports by the Audit Committee (five reports), and the Remuneration and Nomination Committee (five reports).

1.5 Attendance and participation rate to the Board of Directors

The By-Laws and Internal Rules state that Directors may participate in certain meetings by videoconference or other telecommunications link, with the exception of those cases explicitly stipulated, such as the approval of the financial statements and preparation of the Management Report. Under the Internal Rules, Directors who participate in meetings in this way are included in the calculation of the quorum and voting majority for the meeting.

The Company's Statutory Auditors were invited to attend all the Board Meetings and they participated at 16 out of 16 Board Meetings.

The table below shows the number of Board and Committee Meetings in 2018, as well as their members and the individual attendance at each of these meetings. The average attendance of Directors at Board Meetings was 79,2%.

	Board of Directors	Audit Committee	Remuneration and Nomination Committee
NUMBERS OF MEETINGS in 2018	16	5	5
Massimo Prez Oltramonti	100%	100%	100%
Carlaberto Guglielminotti	92,3%	-	-
David Peiretti	75%	50%	-
Emanuela Banfi	75%	-	-
Giuseppe Artizzu	100%	-	-
Sonia Levy Odier	100%	100%	100%
Cesare Maifredi	75%	-	100%
Michela Costa	100%	-	-

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	Board of Directors	Audit Committee	Remuneration and Nomination Committee
Jean Rappe	100%	100%	100%
Frédérique Dusfresnoy	84,6%	-	-
Anne Harvengt	69,2%	-	-
Sophie Mertens-Stobbaert	69,2%	-	-
Audrey Robat	76,9%	50%	-
Antonio Volpin	0%	-	-
Alexander Katon	50%	-	100%
Sabrina Maggio	100%	100%	-

1.6 The Chairman and the Internal Rules of the Board of Directors

The Chairman of the Board of Directors represents the Board of Directors and organizes and directs its work, on which he reports to the shareholders at the Annual General Meeting. He also represents the Board in matters concerning third parties such as employee representatives, the external auditors and shareholders. The Chairman oversees the functioning of all of the Company's corporate governance structures and, in particular, ensures that the Board members are able to fulfil their mission. The Board of Directors may appoint a Vice Chairman to chair Board meetings in the Chairman's absence.

On 6 March 2015, the Board of Directors adopted its Internal Rules, which sets out the duties of the members of the Board of Directors, their missions and the functioning rules of the Board. It also sets out the respective duties and powers of the Chairman of the Board of Directors and of the Managing Director, and of the special committees set up by the Board of Directors. The Internal Rules have been amended on 20 September 2018.

The full text of the internal rules of the Board of Directors, in their version dated 20 September 2018, is available at the ENGIE EPS website (www.engie-eps.com).

1.7 Assessment of the operations of the Board

The Board of Directors, in accordance with the Internal Rules, assesses and debates about its functioning once a year.

Upon request of the Chairman and following the recommendation of the Audit Committee, a formal assessment of the effectiveness of the Board of Directors' operating procedures was entrusted to the General Counsel under the leadership of the Remuneration and Nomination Committee.

The assessment was performed by the Remuneration and Nomination Committee in December 2018 through individual interviews of each of the non-executive Board members and, in order to strengthen the commitment to the best corporate governance practices, it covered the following objectives:

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- review the operating procedures of the Board;
- ensure that important issues were suitably prepared and discussed;
- measure the contribution of each Director to the Board's accomplishments.

A questionnaire prepared by the Remuneration and Nomination Committee in order to perform such Board assessment had been circulated and completed by the non-executives Board members. The questionnaire was divided into four sections: (i) size and composition of the Board of Directors; (ii) meeting execution and Board of Director Organization; (iii) Chairman's Role, CEO's role and Directors' role; and (iv) Remuneration and Nomination Committee and Audit Committee.

On the 13 December 2018 the Remuneration and Nomination Committee hold a meeting, during which it reviewed the answers given by the Board members, taking note of the overall positive feedback and focusing on the negative comments or evaluations and making recommendations to the Board about the areas of improvement.

As a result of the assessment, the Remuneration and Nomination Committee outlined that an important area of improvement would have been the balance of powers between the Managing Director and the Board with regard to the decisional processes and strategic business decisions.

Upon release by the Remuneration and Nomination Committee of the report of questionnaires, the Board decided that no amendment of the Internal Rules of the Board of Directors was necessary.

A new Board assessment will be performed in 2019.

1.8 Separation of the Managing Director from the Chairman role

On 6 March 2015, the Company chose to separate the positions of chairman of the Board of Directors and managing director. The members of the Board of Directors appointed, among themselves a chairman of the board and a managing director.

On 7 March 2018, Jean Rappe replaced Massimo Prezl Oltramonti as Chairman of the Company. Carlalberto Guglielminotti is Managing Director.

This governance structure creates a clear separation between the strategic planning and oversight functions that are the responsibility of the Board of Directors, and the operational and executive functions that are the responsibility of senior management lead and chaired by the Managing Director and Chairman of the Board of Directors.

The Managing Director is also Managing Director of all the subsidiaries of the ENGIE EPS Group (following the relevant formal resolutions taken by the Board of Directors of any single ENGIE EPS Group company) and has the authority to manage the operations and functions of the ENGIE EPS Group. Limits are placed upon the powers of the Managing Director, and these limits are set by the Board of Directors, based on the recommendations of the Chairman of the Board. The Managing Director has to obtain the prior consent of the Board to take the following decisions:

- any acquisition or sale of an asset, activity, or any transaction with any entity, of whatever nature, which has not been taken into account in the annual budget and which represents an amount (on an individual basis or an accrued basis on a 12-month period) exceeding 500,000 Euros;

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- any acquisition of a shareholding of another entity;
- any conclusion, amendment, or termination of agreements regarding intellectual property rights (namely, any right related to designs, models, inventions, projects, know-how, whether patentable or not) belonging to the ENGIE EPS Group, including the licence agreements, outside of the normal course of business;
- any conclusion, amendment, or termination of agreements whose amount represent an annual amount of 500,000 Euros whose duration exceeds 12 months;
- any loan agreement entered into by the Company and any conclusion, amendment, waiver, renewal or extension of loans granted to the Company, which have not been taken into account in the annual budget and whose amount exceed 1,000,000 Euros;
- besides the provisions of article L. 225-35, al.4 of the French Commercial Code on the grant of security interests, endorsements and guaranties, the grant of any security interest or guarantee under French or foreign law, and any amendment or extension of any such security, for an amount or a value exceeding 500,000 Euros;
- the approval of the annual budget, business plan and their amendments or adjustments; and
- the introduction by the Company of any judicial or administrative proceedings, the conclusion of a settlement of any claim against the Company, when the claimed amount exceeds 500,000 Euros.

1.9 Remuneration of the Board of Directors

The Board of Directors shall allocate attendance fees between the directors at the proposal of the Remuneration and Nomination Committee, on the basis of the global amount of the attendance fees allocated by the annual general meeting. This allocation shall consider the effective participation of the Directors at the Board meetings and their participation in the specialised committees of the Board.

The performance of particular missions may entail a supplementary amount of attendance fees attribution or exceptional remuneration payment, subject to the regime of the regulated agreements.

The shareholder's general meeting, by means of decisions dated 26 June 2018, set the global amount of attendance fees to be allocated among the members of the Board of Directors for the financial year to be ended on 31 December 2018 at 120,000 Euros.

The Board of Directors, on 14 December 2018 decided to approve the Remuneration and Nomination Committee suggestion to allocate the global amount of 104,397.49€ in such a way that (i) Mr Cesare Maifredi, Mr David Peiretti, Mrs Emanuela Paola Banfi and Mrs Michela Costa, Board members from 1 January to 7 March 2018 received 1,875€ each; (ii) Mr Giuseppe Artizzu received an amount for its role as Board member until 7 March 2018 (pre-ENGIE Acquisition), equal to 1,875€; (iii) Mrs Sonia Levy Odier, independent member of the Board and member of the Audit Committee and of the Remuneration and Nomination Committee until 26 June 2018, received 22,314.16€; (iv) Mr Massimo Prelz Oltramonti independent Board member from 1 January to 7 March

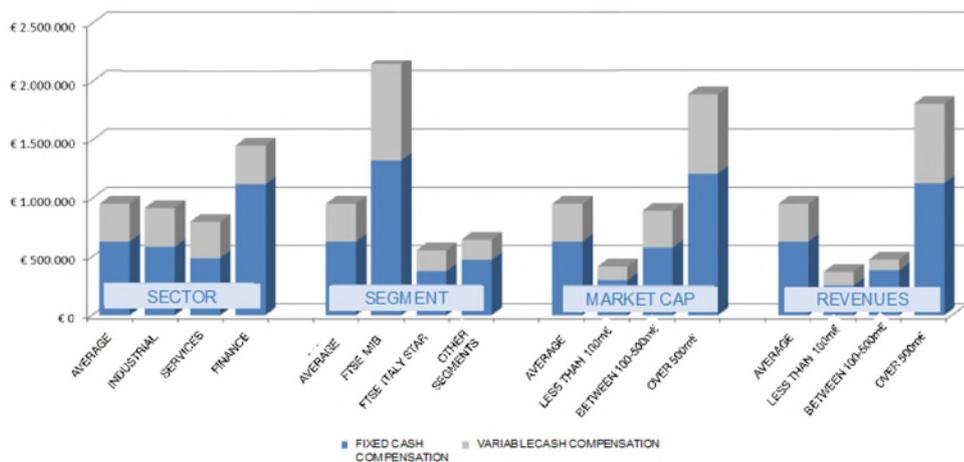
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2018 received 41,875€; (v) Mrs Anne Harvengt, Mrs Sophie Mertens Stobbaert and Mrs Audrey Robat received 7,500€ each; (vi) Mrs Sabrina Maggio, Board member until 26 June 2018 and part of ENGIE until 30 October 2018 received 1,666.66€; and (vii) Mr Alexander Katon, independent member of the Board and member of the Audit Committee and of the Remuneration Committee received 6,666.66€.

1.10 Remuneration of the Managing Director and top management

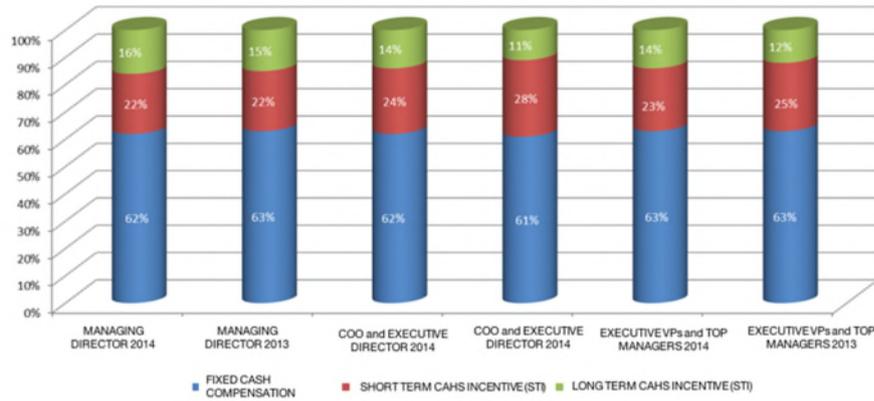
In 2016, the Remuneration and Nomination Committee examined the Executives Compensation 2014 Report issued by OD&M (GI Group) and identified a number of recommendations to guide the preparation of the renewal of the mandates in the coming years. It also provided an opinion to the Chairman of the Board on remuneration issues utilizing as annual report the Executives Compensation 2014 Report issued by OD&M (GI Group) as a basis for its recommendations made to the Board of Directors on 25 February 2016. The analysis was particularly based on a benchmark approach, in accordance with the MiddleNext Code.

According to these recommendations, the Remuneration and Nomination Committee firstly analysed the cash compensation level for Managing Directors in listed companies in Italy, by sector, segment, market capitalization and revenues generated. The geographical choice has been mainly driven by a conservative approach, in particular by the fact that salaries in Italy are below the French standard and that the ENGIE EPS management is resident in Italy.



In addition, the Remuneration and Nomination Committee analysed the mix between fixed cash compensation, short term cash incentives (STI) and long-term incentives (LTI) for Managing Directors and Executive Directors in listed companies in Italy.

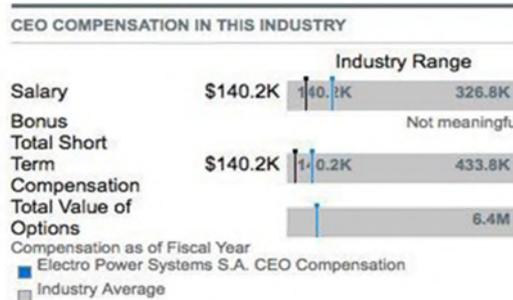
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The first outcome of the analysis performed by the Remuneration and Nomination Committee has been an evident inconsistency between the market practice and the ENGIE EPS remuneration policy for executive directors and key managers, which does not contemplate any STI and LTI based on performance and to be paid in cash.

However, the Remuneration and Nomination Committee outlined two main reasons as logical rationale behind this inconsistency. The first reason is the fact that the cash LTI and STI have been replaced by a stock grant, in the form of warrants and stock options plans with a minimal strike price, which in particular for the Managing Director accounts approximately 42% of the equity based incentive plan.

The second reason for that inconsistency is mainly driven by the fact that the remuneration level of the Chief Executive Officer compared to the industry for Small and Mid-Cap listed companies with a market cap below 100m€, is at the low end of the industry.



MARKET PRACTICE LONG TERM INCENTIVES			MANAGING DIRECTOR EQUITY BASED INCENTIVE PLANS		
LONG TERM INCENTIVES (LTI)	Compensation %	Coverage	MANAGING DIRECTOR	Average Listed Companies Distribution %	EPS CEO distribution
LTI CASH	39.10%	21.10%	STOCK OPTION PLAN	42.30%	29.15%
LTI EQUITY BASED	44.50%	24.10%	STOCK GRANTS	29.50%	70.85%
LTI CASH + LTI EQUITY BASED	16.40%	8.90%	PHANTOM OPTION PLAN	6.40%	0.00%
TOTAL	100%	54%	MULTIPLE EQUITY BASED PLANS	21.80%	0.00%
			TOTAL	100%	100%



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In other terms, the analysis made by the Remuneration and Nomination Committee highlights that the absence of an LTI and STI plan cash based, is not a breach of the recommendation of the MiddleNext Code in terms of excessive fixed remuneration, but rather a lack in cash based on incentives for the Managing Director's activity.

In the short term this peculiarity, in light of the early stage of development of the ENGIE EPS Group in terms of financial performance and the recent raise of new equity on the market, seems to be counterbalanced by a compelling equity-based incentive plan.

At the same time, from the retention perspective, the Remuneration and Nomination Committee noted in Chart 3 (Compensation clusters) above that in absolute terms:

- Post graduates are paid in line with average listed companies (“ALC”);
- EPS key managers are paid better than middle-management positions (Quadri) in ALC; and
- EPS Executives are paid in line with top managers (Dirigenti) according to market practise but significantly less than roles with equivalent positions and responsibilities in ALC.

The analysis carried out by the Remuneration and Nomination Committee benchmarked the pay ratios with the average listed company – where the absolute remuneration values are significantly higher than small and mid-cap companies – exclusively because of a better granularity in terms of data available for all top management functions.

The pay ratios assessed by the Remuneration and Nomination Committee outlined the ENGIE EPS Group's remuneration policy balance compared to ALC. In particular, the report outlines the balance between:

- Managing Director pay versus:
 - post graduate entry salary: 5.2 times vs. 36.5 times for ALC
 - top executives (Executive Director and COO) level: 18% higher, in line with ALC
- top executives (Executive Director and COO) pay: 4.4 times the post-graduate entry salary vs. 31 times for ALC, but 45% higher than other top management roles, significantly below the ALC level.
- Top management (Executive VPs and “Chief” roles): 3 times the post-graduate entry salary vs. 17 times for ALC.

With reference in particular to the transparency principle mentioned in the MiddleNext Code, the Remuneration and Nomination Committee stressed the fact that the directorship agreements of the Executives, except for the remuneration, have exactly the same format, terms and conditions and fully comply with the recommendation of the Remuneration and Nomination Committee made to the Board of Directors on 26 November 2015 (the “Remco Guidelines”).

In particular, the Remco Guidelines, strictly in compliance with the MiddleNext Code, led the Board to:

- limit the pension and social security regimes of the Executives;
- exclude any severance indemnity (TFR) for the Executives;

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- limit benefits of the Executives to insurance policies and a company car with a monthly renting fee in line with traditional managerial positions (and not C-level positions); and
- exclude any other benefits in kind or particular benefits, except for traditional working tools and reimbursement of expenses.

In addition, in order to increase the stability of the management on the one hand, and implement an appropriate retention plan for the Executives from the other hand, the Remco Guidelines, as complied with by the Board in the approval of the directorship agreements, recommended a 1-year:

- prior notice for the Board to remove or revoke the Executives without cause; and/or
- prior notice for the Executives to resign without good reasons.

1.11 Executive Committee

The senior management of the Company is organized in the form of an Executive Committee which meets on a regular basis to discuss decisions to be taken by the management of the Company. Its composition may evolve depending on the evolution of the structure of the Company's senior management and its functioning is not subject to the Internal Rules.

To ensure a proper information flow between the Board members and the senior management, the Chairman of the Board is also a member of the Executive Committee. All Board members can attend the meetings and Vice Presidents and key managers of the ENGIE EPS Group are usually invited either as observers or to report on specific matters.

The ENGIE EPS Group's gradual transition from a product manufacturer of storage products to a provider of turn-key energy storage solutions has led to a realignment of responsibilities and change in the composition of the Executive Committee. As of 31 December 2018, the Executive Committee was composed as follows:

- Carlalberto Guglielminotti, Managing Director;
- Giuseppe Artizzu, Executive Director;
- Stefano Terranova, General Manager;
- Michela Costa, Executive Vice President of Corporate Operations;
- Andrea Rossi, Chief Business and Financial Officer;
- Giovanni Ravina, Chief Innovation Officer;
- Daniele Rosati, Executive Vice President of Engineering;
- Nicola Vaninetti, Executive Vice President Systems & Products;

The Executive Committee meets once a month and is the linchpin of the management structure. It is responsible not only for discussing and developing strategies to be recommended to the Board of Directors, but also for monitoring implementation of these strategies once the Board has approved them. The Executive Committee tracks implementation of action plans, monitors business unit performance, and assesses the potential benefits of growth opportunities and the risks inherent in its business

operations. It implements the strategy developed by the Board of Directors and the Chief Executive Director. It helps to shape strategy, coordinate and share initiatives and track cross-functional projects to ensure the alignment of action plans deployed by ENGIE EPS Group companies.

1.12 Information provided to the Board of Directors

All necessary documents to inform the Board members about the agenda and any matters to be discussed by the Board are enclosed with the notice of meeting or sent, handed to or otherwise made available to them before every meeting with a reasonable advance.

Each Board member is required to ensure that he or she has all the information they deem essential for the Board and the Board special committees in order to properly perform their duties. If any information is not provided or if a Director believes that information may have been withheld, he or she should request it to be provided. Board members' requests are submitted to the Chairman of the Board or to the Managing Director since the two positions are separated, who should ensure that Board members are able to fulfil their duties.

Before any meeting, all Board members also receive a complete Board Pack, which contains all useful as well as business-critical information about all events or transactions that are material to the Company. In addition, they receive copies of all press releases published by the Company.

Board members have been informed of the standard black-out periods for 2018, during which they may not trade in ENGIE EPS shares or any instruments that have ENGIE EPS shares as their underlying, either directly or through a third party. On 25th February 2016, the Board approved the Market Ethics Charter, which extended the duration of the standard blackout periods to 30 days preceding the publication both of the annual/half year results and any quarterly result and states that Board members are considered as permanent insiders because they regularly receive price-sensitive and other confidential information. On 15 November 2018, the Board of Directors resolved to adopt the Market Ethic Charter of ENGIE. The full text of the Market Ethics Charter is available at the ENGIE EPS website (www.engie-eps.com).

Directors may, if they deem it necessary, receive additional training in the specifics of the Company, its business and its industry. Upon their appointment, the members of the Audit Committee are provided with specific details about the Company's accounting, financial and operational practices.

1.13 Independence Criteria and Committees

Under the terms of article 15 of the By-Laws, the Board may decide to create specialized committees responsible for assisting it with its works.

On 6 March 2015, pursuant to article 11 of the Internal Rules, two committees were established: an Audit Committee and a Remuneration and Nomination Committee. The composition, attributions and operating rules of such committees are described in paragraph 3.3 of this Corporate Governance Report.

1.14 Independence criteria of the members of the Board

In accordance with the Internal Rules, the Board ensures the presence of at least two

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independent Directors among the Board Members.

Currently, the term "independent Director" has no definition under French law. However, Internal Rules of the Board has set a definition which reflects the MiddleNext Code and which specifies that four criteria allow to justify the independence of Board members, which is characterized by the absence of significant financial, contractual or family ties which may impair the independence of judgment. These criteria are:

- (i) not being an employee or corporate officer of the company or its group company, and not having been in the last three years;
- (ii) not be a significant customer, supplier or banker of the company or its group or for which the company or its group represents a significant part of the activity;
- (iii) not be a company's reference shareholder;
- (iv) not have close family ties with a corporate officer or a reference shareholder; and/or
- (v) not be an auditor of the company over the last three years.

Based on this definition, the Board of Directors, in accordance with the report of the Remuneration and Nomination Committee presented during the Board meeting held on 25 February 2016 (which debated and assessed these criteria) and published in the 2016 Annual Report, considers that the two following Directors are independent:

- Massimo Prelz Oltramonti (Chairman of the Board from 8 April 2016 to 7 March 2018); and
- Alexander Katon.

To comply with the recommendations stated in the MiddleNext Code mentioned above, the Remuneration and Nomination Committee periodically provides the Board of Directors with a list of Directors considered independent under those criteria.

1.15 Absence of conflicts of interests

To the best of the Company's knowledge, with the exception of the elements described below, there is no potential conflict of interest between the duties regarding the Company of the members of the Board of Directors and their private interest:

- certain members of the Board of Directors of the Company are direct or indirect shareholders of the Company and/or holders of SARs, as described in paragraph 2.5 "Allocation of SARs to the corporate officers in 2018" of this Corporate Governance Report;
- the regulated agreements concluded by the Company are:
 - i. **Agreement with 360 Capital Partners** (shareholder until 7 March 2018): on 1 January 2017 the Company renewed the sublease agreement with 360 Capital Partners for the occupation of its registered office in Paris (1st Arrondissement), 13, avenue de l'Opéra, for a monthly rent of one thousand (1,000) € excluding taxes and for the duration of one year renewable for the same additional period. The annual rent for 2017 was 12 K€. Such agreement terminated on 28 May 2018, as per termination notice sent by the Company to 360. On 28 May 2018, the agreement has been renewed at the same terms and conditions, for the

duration of 7 months, and had expired on 31 December 2018;

- ii. **Agreements with the company Prima Electro S.p.A.** (shareholder of the ENGIE EPS Group until 7 March 2018): Prima Electro S.p.A. is one of the ENGIE EPS Group's principal shareholders and the preferential supplier of electronic components for electricity and control, specially developed for the ENGIE EPS Group's products. EPS Manufacturing has established various agreements with Prima Electro S.p.A., relating to supply, R&D and a leasing agreement for commercial use.

A strategic partnership agreement entered into on 24 September 2015 (and approved by the Board of Directors on July 2015) in order to set out the arrangements for the development, manufacturing and supply by Prima Electro of certain products which EPS Manufacturing agrees to purchase. This agreement supplants and extends a previous supply and cooperation agreement entered into on 16 October 2009.

With the new agreement, EPS Manufacturing, in continuity with the past, confirmed Prima Electro as strategic and preferred partner for the co-development of power and control electronics related to both energy storage and back-up applications and, the manufacturing of the products by utilising manufacturing expertise, facilities and know-how of Prima Electro. This agreement shall be effective for an initial period of 7 years, being excluded the possibility of an early termination during the first 7 years, unless by mutual agreement or for default. The amount related to this agreement in 2017 was 104 K€. The amount related to this agreement in 2018 was 65 K€.

- iii. **Agreement with ENGIE SOLAR S.a.S.** (a company belonging to ENGIE, the majority shareholder of the Company): since the 1st January 2019 a sublease agreement with ENGIE EPS, for a duration of two years, has been entered for the sublease of its registered office at 115, rue Réaumur, 75002 Paris. The annual rent (excluding taxes) is equal to € 2,400.
- iv. **Agreement with Cautha S.r.l.** (a company for which Giuseppe Artizzu, Executive Director of the ENGIE EPS Group as of 7 March 2018, is a director): EPS Manufacturing concluded on 10th of July 2015 a one-year sublease agreement with Cautha S.r.l., renewed for an additional year and expiring on July 2018, for the occupation of its registered office in Piazza del Tricolore 4 Milan (Italy). The annual rent (excluding taxes) is € 17,642.89.

- there was no pact or agreement of any kind concluded with the shareholders, clients, suppliers or others, by virtue of which, one of the members of the Board of Directors of the Company was appointed in this capacity, or which imposes a restriction applicable to the persons who are part of the executive bodies of the Company, concerning the assignment of their holding in the share capital of the Company;
- no restriction has been accepted by the members of the Board of Directors regarding the assignment of their holding in the Company's share capital.

The Internal Rules provides under Article 18 that Directors have an obligation to inform

the Board of any conflict of interest, even potential, and must refrain from participating in the deliberations related thereto.

With the exception of Mr. Carlalberto Guglielminotti, who signed an employment contract with EPS Elvi on 26 June 2018, no other member of the Board of Directors has entered into any employment contract with any member of the ENGIE EPS Group and granting any benefits as a result of such contract.

1.16 Other agreements

In addition to the above, the ENGIE EPS Group signed the following agreements:

(i) **Agreement with Elvi Fin S.p.A.** (sole shareholder of Elvi Elettrotecnica Vitali, shareholder of the ENGIE EPS Group until 7 March 2018): EPS Elvi concluded a sublease agreement with Elvi Fin S.p.A. for the occupation of its Manufacturing & Systems R&D offices in Delebio, Sondrio (Italy) for a duration of 6 years (starting from 1st January 2016), to be tacitly renewed for another 6 years. In 2017 the amount referred to this agreement was 55 K€. In 2018 the parties terminated the agreement as the production and manufacturing have been moved to the Cosio plant. In 2018 the rent paid for the lease has been equal to 95 K€.

(ii) **Agreement with Elvi Elettrotecnica Vitali** (shareholder of the ENGIE EPS Group as part of the reserved capital increase of 1.4 million euros announced on 14 December 2015 and implemented on 4 August 2017, until 7 March 2018): The agreement with Elvi Elettrotecnica Vitali (once composed by Elvi Automation and EPS Elvi) reflects in its total the two service agreements in force between EPS Manufacturing and Elvi Automation on the one hand and between EPS Elvi and Elvi Automation on the other hand. The ENGIE EPS Group can count on highly-qualified workforce, skills and equipment, activating in outsourcing the following services: technical office, warehouse, workshop, project management and logistics, procurement.

The manufacturing process is handled as follows. The arrangement (wiring and balance of systems) of the container where our power-to-power systems are housed takes place in Cosio. The container is then shipped to Rivoli where the mechanical and electrical completion is carried out and we perform the Factory Acceptance Test ("FAT") in accordance with the clients approved test plans and specifications to show that system is at a point to be installed and tested on site. Once the FAT is completed, the container is then shipped to the client. In 2018 the costs borne by the ENGIE EPS Group related to the agreement was 564 K€.

(iii) **Agreement with ENGIE Lab Singapore** (a company belonging to the ENGIE group, the majority shareholder of the Company): On 21 September 2017, EPS Elvi entered into an agreement with ENGIE Lab Singapore for the supply of a P2P hydrogen system (its articles, materials, equipment, design and drawings, data and other materials) on the island of Semakau (Singapore). The value of the agreement is € 663,458.

(iv) **Agreement with ENGIE EEC** (a company belonging to the ENGIE group, the majority shareholder of the Company): Engie EEC, as electricity grid operator on Lifou island (New Caledonia), entered into agreements with local government to install and operate an Energy Storage System (ESS) in the

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framework of the Renewable Energy strategy “Lifou 100% in 2020”. On 5 December 2018, EPS Elvi signed into an agreement as a contractor for the engineering, procurement and construction of 4.8 MW / 5.06 MWh battery energy storage system. The contract price is € 2,478,232.

- (v) **Agreement with ENGIE Storage** (a company belonging to the ENGIE group, the majority shareholder of the Company): EPS Elvi concluded on 17th of December 2018 sales agreement for the supply of 144 Samsung Mega E2 Battery modules, 16 Mega E2 Switchgear, Associated Accessories for usage of the assets. The contract price is \$ 330,000.

1.17 Absence of convictions or official sanctions, or disqualification decision

The members of the Board of Directors currently in office have indicated to the Company that they have never been convicted, have not been associated to any bankruptcy proceedings, liquidation proceedings or any similar proceedings, have not been subject to any public sanction or any disqualification decision, as provided for under section 14.1 of Annex I of the Commission Regulation (EC) 809/2004 dated 29 April 2004.

1.18 Information referred to under article L. 225-37-5 of the French Commercial Code

Pursuant to article L. 225-37-5 of the French Commercial Code, the following elements may be potentially relevant in the event of a public offer:

- Structure of the Company's share capital:
 - the Company is controlled by ENGIE (through its subsidiary GDF International), which holds 60.48% of the Company's share capital and voting rights at the date at this Corporate Governance Report.
- Restrictions provided for under the bylaws related to the voting rights and share transfers – provisions of agreements brought to the Company's knowledge pursuant to article L. 233-11 of the French Commercial Code:
 - the By-Laws do not provide for any restriction related to the voting rights or the share transfers. No provision referred to under article L. 225-37-5, 2° of the French Commercial Code has been disclosed to the Company. The Company, pursuant to articles L. 233-7 and L. 233-13 of the French Commercial Code (crossing of thresholds and treasury shares) has knowledge of direct and indirect shareholdings.
- List of holders of shares to which are attached specific control rights:
 - there are no specific control rights attached to the shares issued by the Company.
- Control mechanism provided for in employees' shareholding system:
 - the Company has not set up any participation agreement.
- Shareholders' agreements brought to the Company's knowledge and including restrictions on share transfers and the exercise of voting rights:
 - to the Company's knowledge, there are no shareholders' agreements between the shareholders of the Company.

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- Rules applicable to the appointment and replacement of the members of the Board of Directors and to the amendment of the bylaws:
 - there are no specific rules in the By-Laws or in any other agreement entered into between the Company and another entity regarding the appointment and replacement of the members of the Board of Directors and the amendment of the By-Laws which will be relevant in the event of a public offer.
- Powers of the Board of Directors in the event of a public offer:
 - the delegations granted by the shareholders' meetings to the Board of Directors which are still ongoing are detailed in paragraph 4 of the Corporate Governance Report.
- Agreements entered into by the Company which may be amended or terminated in the event of a change of control, and agreements entered into by the Company which provide for specific indemnities to be granted to the members of the Board of Directors or to employees, if they resign or are dismissed without good cause, or if their position is terminated because of a tender offer:
 - the employment agreement signed with Mr. Andrea Rossi and EPS Elvi Energy;
 - the employment agreement signed with Ms. Michela Costa and EPS Elvi Energy;
 - the directorship agreement signed with Mr. Giuseppe Artizzu and EPS Elvi Energy S.r.l.;
 - the directorship agreement signed with Mr. Nicola Vaninetti and EPS Elvi Energy S.r.l.;
 - the directorship agreement signed with Mr. Daniele Rosati and EPS Elvi Energy S.r.l.

2 REMUNERATION AND BENEFITS

2.1 Remuneration and benefits paid to the members of the management of the Company

The Company has not paid any direct compensation to the members of the management (*dirigeants mandataires sociaux*)². The compensation of directors and corporate officers is set by the Board which allocates attendance fees to its members and sets the compensation of the Managing Director. With the exception of Mr. Carlalberto Guglielminotti, who signed an employment contract with EPS Elvi on 26 June 2018, no other member of the Board of Directors has entered into any employment contract with any member of the ENGIE EPS Group.

The table below summarizes the remuneration, shares and options granted to each

² The executive corporate officers are considered those who have been formally empowered by the shareholders to manage the company through power of attorneys and/or delegated powers. With regards to ENGIE EPS they are identified only with the Chairman of ENGIE EPS Group, Jean Rappe, and the Chief Executive Officer, Carlalberto Guglielminotti. On the other hand, simple directors are appointed by the Board of Directors and may or may not have an active role and the directors are all persons who are related to the Company by a contract of employment.

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executive officer:

Summary table of the remuneration and options granted to each executive director			
	2018	2017	2016
Carlalberto Guglielminotti (CEO)			
Remuneration due annually	155,577	140,000	151,371
Pluri-annual variable compensation decided during the financial year	50,750	0	0
Valorisation of stock options/warrants granted during the financial year	0	0	0
Valorisation of benefits granted during the financial year	8,400	8,400	0
TOTAL	214,727	148,400	151,371
Jean Rappe (Chairman since 7 March 2018)			
Remuneration due annually	0	0	0
Pluri-annual variable compensation decided during the financial year	0	0	0
Valorisation of stock options/warrants granted during the financial year	0	0	0
Valorisation of benefits granted during the financial year	0	0	0
TOTAL	0	0	0
Massimo Prezl Oltramonti (Chairman since 8 April 2016 to 7 March 2018)			
Remuneration due annually	41,857	50,000	50,000
Pluri-annual variable compensation decided during the financial year	0	0	0
Valorisation of stock options/warrants granted during the financial year	0	0	86,775
Valorisation of benefits granted during the financial year	0	0	0
TOTAL	41,875	50,000	136,775

The table below presents a summary of the remuneration paid by the ENGIE EPS Group to Mr. Carlalberto Guglielminotti, CEO of the Company since 22 December 2014 and of EPS Manufacturing since 14 November 2014. He also held operating and executive functions within all ENGIE EPS Group companies. The variable compensation represents 25% of the fixed compensation of the CEO subject to the vote of the shareholders at the upcoming annual general meeting called to rule on the

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accounts for the financial year ended on 31 December 2018.

(€)	2018		2017		2016	
Carlalberto Guglielminotti (CEO)	Due	Paid	Due	Paid	Due	Paid
Fixed remuneration	155,577	155,577	130,000	130,000	130,000	130,000
Variable remuneration	0	0	0	0	0	0
Multi-year variable remuneration	0	0	0	0	0	0
Exceptional remuneration ⁽¹⁾	50,750	50,750	0	0	0	0
Attendance fees	0	0	10,000	10,000	10,000	10,000
Benefits in kind ⁽²⁾	8,400	8,400	8,400	8,400	11,371	11,371
TOTAL	214,727	214,727	148,400	148,400	151,371	151,371

(1) Exceptional compensation tied to ENGIE acquisition

(2) Car

The table below presents a summary of the remuneration paid by the Company to Mr. Jean Rappe, Chairman of the Board of Directors of the Company from 7 March 2018.

(€)	2018		2017		2016	
Jean Rappe (Chairman since 7 March 2018)	Due	Paid	Due	Paid	Due	Paid
Fixed remuneration	0	0	0	0	0	0
Variable remuneration	0	0	0	0	0	0
Multi-year variable remuneration	0	0	0	0	0	0
Exceptional remuneration	0	0	0	0	0	0
Attendance fees	0	0	0	0	0	0
Benefits in kind	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

The table below presents a summary of the remuneration paid by the Company to Mr. Prelz Oltramonti, chairman of the Board of Directors of the Company from 8 April 2016 to 7 March 2018.

(€)	2018	2017	2016
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Massimo Prezl Oltramonti (Chairman up to 7 March 2018)	Due	Paid	Due	Paid	Due	Paid
Fixed remuneration	0	0	0	0	0	0
Variable remuneration	0	0	0	0	0	0
Multi-year variable remuneration	0	0	0	0	0	0
Exceptional remuneration	0	0	0	0	0	0
Attendance fees	41,875	41,875	50,000	0	50,000	50,000
Benefits in kind	0	0	0	0	0	0
TOTAL	41,875	41,875	0	0	50,000	50,000

The table below presents a summary of the remuneration and benefits granted to the corporate officers of the Company (*dirigeants mandataires sociaux*).

Jean Rappe, Chairman of the Board of Directors since 7 March 2018

(€)	2018	2017	2016
Remuneration during the year	0	0	0
Pluri-annual variable compensation decided during the financial year	0	0	0
Valorization of warrants granted during the financial year	0	0	0
Valorization of bonus shares granted during the financial year	0	0	0
TOTAL	0	0	0

Carlaberto Guglielminotti, Managing Director

(€)	2018	2017	2016
Remuneration during the year	155,577	148,400	151,371
Pluri-annual variable compensation decided during the financial year	50,750	0	0
Valorization of stock option granted during the financial year	0	0	0
Valorization of bonus shares granted during the financial year	0	0	0

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TOTAL	206,327	148,400	151,371
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Massimo Prezz Oltramonti, Chairman of the Board of Directors since 8 April 2016 to 7 March 2018

(€)	2018	2017	2016
Remuneration during the year	41.875	50.000	50.000
Pluri-annual variable compensation decided during the financial year	0	0	0
Valorization of warrants granted during the financial year	0	0	86.775
Valorization of bonus shares granted during the financial year	0	0	0
TOTAL	41.875	50.000	136.775

2.2 Fees and other remuneration paid to the members of the Board of Directors

Table on directors' fees and other remuneration received by non-executive corporate officers, members of the Board of Directors:

<i>Mandataires sociaux non dirigeants</i>	Paid on 2018	Paid on 2017	Paid on 2016
Davide Peiretti⁽¹⁾			
Attendance fees	1,875	10,000	10,000
Other remunerations	0	0	0
Emanuela Banfi⁽¹⁾			
Attendance fees	1,875	10,000	10,000
Other remunerations	0	0	0
Giuseppe Artizzu⁽¹⁾			
Attendance fees	1,875	10,000	10,000
Other remunerations	140,000	135,611	110,000
Sonia Levy Odier⁽¹⁾			
Attendance fees	22,314	10,000	10,000
Other remunerations	0	0	0
Cesare Maifredi⁽¹⁾			
Attendance fees	1,875	10,000	10,000
Other remunerations	0	0	0
Michela Costa⁽¹⁾			
Attendance fees	1,875	8,000	0
Other remunerations	120,000	116,338	0
Anne Harvengt			
Attendance fees	7,500	0	0
Other remunerations	0	0	0
Sophie Mertens-Stobbaerts			
Attendance fees	7,500	0	0

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Other remunerations	0	0	0
Audrey Robat			
Attendance fees	7,500	0	0
Other remunerations	0	0	0
Sabrina Maggio			
Attendance fees	1,667	0	0
Other remunerations	0	0	0
Alexander Katon			
Attendance fees	6,667	0	0
Other remunerations	0	0	0
TOTAL	322,522	309,949	160,000

⁽¹⁾They are no longer member of the Board of Directors at the date of the Corporate Governance Report

The shareholders during the Annual General meeting held on 26 June 2018 resolved upon the allocation of a maximum amount of €120,000 attendance fees for the benefit of members of the Board of Directors for the 2018 financial year. The total amount of attendance fees proposed by the Board and approved by the Annual General Meeting has remained unchanged in comparison to the amount approved in the previous financial year.

Allocation of SARs to the mandataires sociaux is mentioned in paragraph 2.5 of this Corporate Governance Report.

2.3 Compensation of the CEO and the Chairman of the Board of Directors

2.3.1 Principles and criteria for determining the compensation of the Managing Director and the Chairman of the Board of Directors for 2019 (vote *ex ante*)

The Company's principles and criteria for determining, allocating and granting the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted to the Chief Executive Officer and the Chairman of the Board of Directors for the financial year ending 31 December 2019 have been submitted to the vote of the shareholders at the upcoming annual general meeting called to rule on the accounts for the financial year ended on 31 December 2018.

2.3.1.1 CEO's compensation

Fixed compensation

The CEO will receive a fixed compensation of 180k€ euros for the financial year 2019. This fixed compensation has been paid in 13 monthly instalments.

The fixed compensation of the CEO may be reviewed on the long-term, outside of any overall salary review that could be applied to all the other Company's employees and except for exceptional events

Variable compensation

The CEO is eligible to a bonus based on his performance, as appreciated by the Board at the end of the fiscal year (or the beginning of the next) and with a cap of 25% of the fixed compensation.

The structure of the variable compensation is broken down into two components: a quantitative component (50%) and a qualitative component (50%).

For the quantitative component of the 2019 fiscal year, as established by the Board of Directors of 19 March 2019, the performance criteria will be the performance of the analysts' expectations in terms of continuous double-digit of revenues, Order Intake, installed base and EBITDA achievement. For the qualitative component of the 2019 fiscal year, the criteria are the continuation of the successful implementation of the collaboration principles with ENGIE, and the pursuit of the deployment of the ENGIE EPS Group's technology within the different ENGIE business units.

The full details of the targets for each criterion and sub-criteria and the details of their assessment cannot be fully disclosed for reasons of confidentiality.

Benefits

For the whole duration of his agreement, the CEO will be granted the following benefits:

- a company car is allocated to the CEO;
- a private medical, health & care insurance;
- a private insurance policy for all the potential liabilities arising from and/or in connection to the office and to the exercise of the relating powers (D&O - Directors' & Officers' Liability);

Attendance fees (*jetons de présence*)

For the financial year 2019, the CEO will not receive attendance fees.

Non-compete indemnity post-employment

Pursuant to his employment agreement, Mr. Carlalberto Guglielminotti is entitled to an indemnity equal to 60% of the fixed compensation for the prohibition to perform any competitive activities during the two years following the termination of his employment agreement.

2.3.1.2 Chairman's compensation

Mr. Jean Rappe was appointed as Chairman of the Board of Directors by co-optation on 7 March 2018, succeeding Mr. Massimo Prelz Oltramonti, Chairman of the Board of Directors since 8 April 2016.

Mr. Jean Rappe has no employment contract (contrat de travail) with the Company.

Fixed and variable compensation

For the financial year 2019, the Chairman of the Board of Directors will not receive any fixed or variable compensation.

Attendance fees (*jetons de présence*)

For the financial year 2019, the Chairman of the Board of Directors will

not receive attendance fees.

2.3.2 Compensation of the CEO and the Chairman of the Board of Directors for 2018 (vote *ex post*)

2.3.2.1 CEO's compensation

For the financial year 2018, the CEO has received:

- a fixed compensation of 155,577 euros;
- SARs in exchange of his vested Stock-Options (options de subscription d'actions) and Additionnal SARs;

He will receive a variable compensation of 19,447 euros of his fixed compensation euros after the vote *ex post* of the shareholders at the upcoming annual general meeting called to rule on the accounts for the financial year ended on 31 December 2018 (vote *ex post*).

2.3.2.2 Chairman's compensation

For the financial year 2018, the Chairman of the Board of Directors has not received any fixed or variable compensation.

2.4 Provisional amounts reported by the ENGIE EPS Group and its subsidiaries for the purposes of payment of pensions, retirement or other benefits

The ENGIE EPS Group has not provisioned amounts for the purposes of payment of pensions, retirement or other benefits for Company representatives. The ENGIE EPS Group did not pay any arrival or departure bonus to its directors.

2.5 Allocation of Stock Appreciation Rights to the corporate officers in 2018

On 6 March 2018, in the context of the ENGIE SPA, a new incentive plan was adopted by the Board of Directors (the "**New Incentive Plan**"), that replaced the existing Stock-Options (options de subscription d'actions) and warrants (bons de souscription d'actions) that have been granted to Directors, managers and employees since the IPO, by a "cash" instrument, i.e. SARs, which reproduces the economic profile of a stock option or a warrant.

Following this new plan:

- the existing vested stock options and warrants shall be exercised or waived by their beneficiaries, except for 200,000 vested stock options granted to the CEO which were replaced by SARs;
- the unvested stock options and warrants were replaced by SARs on a one-to-one basis – different SARs matching the strike prices of the different existing stock options or warrants;
- in addition, "Additional SARs" with special characteristics, including performance conditions, linked to the achievement of revenue and EBITDA levels consistent with the 2020 Strategic Plan and the Company's retention rates for 2018 to 2020 (the "**Additional SARs**"), were distributed to the CEO and other managers.

The SARs and the Additional SARs benefit from a floor price of €9.50 adjusted to 8.87€ as a result of the price adjustment following the capital increase occurred in August

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2018.

The Board of Directors of ENGIE EPS during the meeting held on 28 September 2018 resolved upon the adjustment of the reference price and of the floor price following the capital increase that have occurred and its dilutive effects. The adjustment amounts to 0.63€ with respect to the original reference price and the original floor price.

The SARs are not subject to any performance conditions and are only linked to the condition of presence within ENGIE EPS Group.

The table below summarises the allocation of SARs decided by the Board of Directors on 6 March 2018 to the Chief Executive Officer, the Chairman of the Board of Directors and the other members of the Board of Directors, in replacement of the existing unvested stock-options or warrants.

Allocation of Stock Appreciation Rights to Carlalberto Guglielminotti (CEO)					
N° of plan and strike price	Number of allocated SO	Number of vested SO	Number of unvested SO	Number of SARs allocated	Exercise terms
Plan n°1 March 2015 Strike price: € 0,20	319,476	319,476	0	107,970	30% of SARs from 7 March 2020, 70% of SARs per quarterly tranches of 17,5% in the following two fiscal years
Plan n°2 21 April 2015 Strike price: € 5,11	131,472	92,030	39,442	131,472	
TOTAL	450,948	411,506	39,442	239,442	
Number of Additional SARs allocated: 291,096 Reference price: €3.66 Exercise terms: Subject to the completion of the condition of presence within ENGIE EPS Group, 100% from 7 September 2021					

Allocation of Stock Appreciation Rights to Massimo Prezl Oltramonti (Chairman of the Board of Directors at the date of allocation)					
N° of plan and strike price	Number of allocated BSA	Number of vested BSA	Number of unvested BSA	Number of SARs allocated	Exercise terms
Plan n°2 21 April 2015 Strike price: € 5,11	32,868	23,008	9,860	9,860	Same as for the original BSA plans
Plan n°5 9 September 2016 Strike price: € 3,66	40,000	0	40,000	40,000	Same as for the original BSA plan
TOTAL	72,868	23,008	49,860	49,860*	

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* Pursuant to their terms 29,209 SARs (6,409 related to Plan n°1 and 22,800 related to Plan n°2) have been exercised by Massimo Prelz Oltramonti during 2018. The number of SARs held by Massimo Prelz Oltramonti is now amounting to 20,651.

Allocation of Stock Appreciation Rights to the Directors (excluding the CEO and the Chairman of the Board of Directors)						
Directors (at the date of allocation)	N° of plan and strike price	Number of allocated SO/BSA	Number of vested SO/BSA	Number of unvested SO/BSA	Number of SARs	Exercise terms
Giuseppe Artizzu	Plan n°2 21 April 2015 Strike price: € 5,11	98,604	69,022	29,582	29,582	Same as for the original SO or BSA plans
	Plan n°3 26 November 2015 Strike price: € 5,81	45,236	25,785	19,451	19,451	
	Plan n°6 20 December 2016 Strike price: € 4,56	30,000	0	30,000	30,000	
	Plan n°4 22 April 2016 Strike price: € 4,56	0	0	0	11,933	
	Plan n°2 21 April 2015 Strike price: € 5,11 ^(*)	0	0	0	22,779	
	TOTAL	173,840	94,807	79,033	113,745	
	<p>(*) SARs transferred by Carlalberto Guglielminotti to Giuseppe Artizzu according to the Annex 10 of the SPA ENGIE.</p> <p>Number of Additional SARs allocated: 42,808 Reference price: €3.66 Exercise terms: Subject to the completion of the condition of presence within ENGIE EPS Group, 20% from 7 March 2020, 30% of SARs per two tranches of 15% in the following fiscal year</p>					

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Allocation of Stock Appreciation Rights to the Directors (excluding the CEO and the Chairman of the Board of Directors)						
Directors (at the date of allocation)	N° of plan and strike price	Number of allocated SO/BSA	Number of vested SO/BSA	Number of unvested SO/BSA	Number of SARs	Exercise terms
Michela Costa	Plan n° 5 9 September 2016 Strike price: € 3,66	60,000	0	60,000	60,000	Same as for the original SO or BSA plan
	Plan n° 8 15 May 2017 Strike price: € 5,43	11,802	0	11,802	11,802	Same as for the original SO or BSA plan
	TOTAL	71,802	0	71,802	71,802	

2.6 Free shares

No free shares were assigned to any member of the management. Consequently, the table n° 6, 7 and 10 provided in the AMF recommendation n° 2014-14 are not applicable.

2.7 Employment contract and additional information

With the exception of Mr. Carlalberto Guglielminotti entered, who signed an employment contract with EPS Elvi on 26 June 2018, no other member of the Board of Director has entered into any employment contract with any member of the ENGIE EPS Group and none of them benefits from any pension scheme, indemnities or benefits due because of termination or change of function or any contractual non competition clause.

Executive Directors	Employment contract		Supplementary pension plan		Indemnities or benefits due or likely to be due because of termination or change of function		Indemnities relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean Rappe , Chairman of the Board of Directors		X		X		X		X
Carlalberto Guglielminotti , Managing Director	X			X		X	X	
Massimo Prelz Oltramonti , Chairman of the Board of Directors until 7 th March		X		X		X		X

3 FUNCTIONING OF ADMINISTRATIVE AND EXECUTIVE BODIES

3.1 Management of the Company (members of the management and of the Board of Directors)

The composition and information relating to the members of the Board of Directors are presented in paragraph 1.1.1 of this Corporate Governance Report.

3.2 Information on the agreements binding on the directors and the Company

To the best of the Company's knowledge, there are no agreements binding one of the members of the Board of Directors (including the managing director) and the Company or one of its subsidiaries.

3.3 Specialised committees

On 6 March 2015, pursuant to article 15 and to article 11 of the Internal Rules, the Board of Directors created two committees: the Audit Committee and the Remuneration and Nomination Committee, the composition, attributions and operating rules of which are described below.

3.3.1 Audit Committee

(i) Membership

According to the Internal Rules, the Audit Committee is composed of at least three members. The members of the Audit Committee are designated from among the members of the Board and, as far as possible, two thirds of them are independent Directors.

The Audit Committee was chaired by Massimo Prezz Oltramonti and as of 31 December 2018 was composed of three members as follows:

- Massimo Prezz Oltramonti;
- Sabrina Maggio; and
- Audrey Robot.

All members of the Audit Committee had remarkable expertise in financial and/or accounting matters necessary for carrying out their duties and at least one of them have specific expertise in financial or accounting matters.

The duration of the mandates of the members of the Audit Committee coincided with that of their mandate as member of the Board of Directors. Therefore it may be renewed at the same time as this latter mandate.

On 7 March 2018 Davide Peiretti resigned from his office as Board and Audit Committee member. The Board of Directors, on 15 March 2018, appointed Jean Rappe as new member of the Audit Committee.

(ii) Role and functioning

The Audit Committee assists the Board with its mission regarding the monitoring and preparation of the annual company and consolidated financial statements and of the information submitted to the

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shareholders. It is also responsible for ensuring the monitoring of issues relating to the preparation for auditing of the accounting and financial information, as well as of the legal audit of the accounts.

The Audit Committee shall notably carry out the following tasks:

- (a) monitoring the elaboration process for financial information;
- (b) monitoring the effectiveness of internal controls, internal audits and risk management systems relating to financial and accounting information;
- (c) monitoring the legal control of the Company and consolidated accounts by the statutory auditors of the Company; and
- (d) monitoring the independence of the statutory auditors.

In order to carry out its mission, the Audit Committee may consult the statutory auditors other than the Company's representatives, the other Directors or the members of the finance department. The Audit Committee may also invite the statutory auditors to attend its meetings.

It may also consult the employees of ENGIE EPS Group responsible for drawing up the accounts and internal controls, notably the Administrative Director, ENGIE EPS Group Internal Controller and the CFO. The Audit Committee shall be able to consult external experts as required.

The Audit Committee, under the same conditions provided for the Board of Directors, may take valid decisions during its meetings, either physically or by means of teleconference or videoconference, provided that each meeting should be attended by at least half of the Committee's members. Notices of calling shall include an agenda and may be transmitted either verbally or by any other means.

The Audit Committee shall take its decisions with a majority of members having voting rights and taking part in the meeting, with each member holding one vote.

The Audit Committee shall meet as often as it is deemed necessary and, in any event, at least twice a year on the occasion of the preparation of the Company's annual and half-yearly accounts. As far as it is possible, these meetings shall be held before the meetings of the Board of Directors called to approve the accounts and at least two days before these Board meetings.

The Audit Committee shall submit its conclusions, recommendations, proposals or opinions to the Board on a regular basis, in order to support the Board in taking its decisions.

In the event the Audit Committee, performing its duties, detects a significant risk, which have not been dealt with adequately, it shall alert the Board immediately.

(iii) Major accomplishment in 2018

The work of this committee is based on the recommendations of the AMF Audit Committee Working Group of June 14, 2010.

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In 2018, the Audit Committee met 5 times (with a participation rate of 93,3%) and, in addition, single Audit Committee Members heard ENGIE EPS Group's Managing Director, Chief Financial Officer, ENGIE EPS Group General Counsel, and the Statutory Auditors in dedicated meetings.

The following topics were discussed at these various meetings:

- financial statements: review of the financial statements and of the consolidated financial statements for the financial year ended on 31 December 2017 (this examination was performed with sufficient time before the relevant meetings of the Board of Directors) and review of the related press releases;
- review of the financial statements for first and third quarter 2018 and of the related press releases;
- review of the financial statements for the 2018 first half and of the related press release; and
- new approach on internal audit and internal control: review of all the data from the corporate governance report and internal control and risk management procedures and the 2018 budget.

3.3.2 Remuneration and Nomination Committee

(i) Membership

According to the Internal Rules, the Remuneration and Nomination Committee is composed of at least three members. The members of the Remuneration and Nomination Committee are designated from among the members of the Board and, as far as possible, two thirds of them are independent Directors.

The Remuneration and Nomination Committee was chaired by Jean Rappe and as of 31 December 2018 was composed of three members (two of which were independent), as follows:

- Jean Rappe;
- Massimo Prelz Oltramonti; and
- Alexander Katon.

The Remuneration and Nomination Committee members have been appointed in consideration of their independence and competences regarding selection and remuneration of listed companies' representatives.

The mandate of the Remuneration and Nomination Committee members has the same duration of the mandate as Board members and may be renewed contextually.

On 7 March 2018 Cesare Maifredi resigned from his office as Board and Remuneration and Nomination Committee member. The Board of Directors, on 28 March 2018, appointed Jean Rappe as new member of the Remuneration and Nomination Committee.

(ii) Role and functioning

The Remuneration and Nomination Committee, in its capacity as “nomination committee” has the following mission: examination and proposal to the Board of Directors concerning candidates for the position of Directors, of Managing Director, of deputy Managing Director, of Chairman of the Board of Directors, of members and of chairman of the Audit Committee.

In that respect, the Committee shall assess that the candidates have the competence, knowledge and experience required to be appointed for each position, considering the interests of the shareholders. The Committee shall establish and update a succession plan for the members of the Board of Directors, the Managing Director and the principal Directors of ENGIE EPS Group, in order to propose a prompt succession solution to the Board of Directors in the event of an unforeseen vacancy.

With regard to the appointment of the Board members, the Committee shall notably consider the following criteria:

- (i) desirable balance in the composition of the Board of Directors with a view to the composition and evolution of the shareholding structure of the Company;
- (ii) desirable number of independent Directors;
- (iii) proportion of men and women required by current regulations;
- (iv) opportunity for renewing mandate; and
- (v) integrity, competence, experience and independence of each candidate.

The Remuneration and Nomination Committee shall also organise a meeting intended to select the future independent Directors and carry out its evaluation on the potential candidates before any selection.

When the Remuneration and Nomination Committee issues its recommendations, it shall insist on:

- (i) the minimum number of independent Directors of the Board and of the specialised committees, in compliance with the principles of governance adopted by the Company.
- (ii) Annual assessment, on a case-by-case basis, of each Director situation with regard to the independence criteria listed in the internal regulations and submission of related opinions to the Board of Directors.

The Remuneration and Nomination Committee, in its capacity of “remuneration committee” shall notably carry out the missions summarised below:

- (a) examination and proposal to the Board of Directors concerning the remuneration of the Directors, the Managing Director and deputy Managing Director of ENGIE EPS Group.

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- (b) Provision of recommendations on the remuneration of the Directors. These recommendations on remuneration shall include fixed and variable remuneration, but also, as appropriate, the share purchase or subscription of warrants, the attributions of actions of performance, the pension and social security regimes, departure indemnities, benefits in kind or particular benefits and any other element of direct or indirect remuneration (also in the long term) which may constitute remuneration of the Directors. The Committee shall be informed of the principal ENGIE EPS Group executives remuneration and of the remuneration policies implemented within ENGIE EPS Group.

When the Remuneration and Nomination Committee issues its recommendations, it shall consider the principles of MiddleNext Code to which ENGIE EPS Group adheres.

- (a) Assessment of the amount of attendance fees and of their system of allocation among the Board members, as well as the reimbursement conditions related to any costs in which they have incurred.
- (b) Ensuring the observance by the Company of its obligations regarding the remuneration transparency. On this point, it shall prepare an annual report on the remuneration, to the attention of the Board of Directors, and shall review the Company's draft annual report on the remuneration of the Directors.

The Remuneration and Nomination Committee, under the same conditions provided for the Board of Directors, may take valid decisions both during a meeting and by telephone or videoconference, provided that each meeting should be attended by at least half of the Remuneration and Committee's members.

Notices of calling shall include an agenda and may be transmitted verbally or by any other means.

The Remuneration and Nomination Committee takes its decisions with a majority of members having voting rights and attending the meetings, which take place at least twice a year. These meetings are preferably held before the meetings of the Board of Directors convened to set the Directors' remuneration and to allocate the attendance fees.

The Remuneration and Nomination Committee shall submit its conclusions, recommendations, proposals or opinions to the Board on a regular basis, in order to support the Board in taking its decisions.

(iii) Major accomplishment in 2018

In 2018 the Remuneration and Nomination Committee met 5 times (with a participation rate of 100%), and the single members had a series of individual meetings with the Managing Director and the Executive Directors.

The following topics were discussed at these various meetings:

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- (a) proposal to the Board of Directors held on 6 March 2018 to allocate SARs to Board members and key employees, in accordance with Schedule 10 of the ENGIE SPA;
- (b) review of the CEO's compensation package and of the Say on Pay Report;
- (c) proposal for a Talent Strategic Program to be implemented within the ENGIE EPS Group;
- (d) proposal of the amount of attendance fees and of their system of allocation among the Board members, as well as the reimbursement conditions related to any costs in which they have incurred;
- (e) annual assessment of the Board of Directors, performed on a case-by-case basis, through a questionnaire fulfilled by the non-executive Directors. The Committee reviewed the answers given by the Board members, taking note of the overall positive feedback and focusing on the negative comments or evaluations and made recommendations to the Board about the areas of improvement.

3.4 Transactions by members of the Management or of the Board of Directors on the shares of the Company (or persons related to them)

Pursuant to article L. 621-18-2 of the French Monetary and Financial Code and article 223-26 of the AMF Regulation, the transactions below have been disclosed by members of the management or of the Board of Directors as of 31 December 2018:

DATE OF TRANSACTION	NAME	NATURE OF THE TRANSACTION	PRICE OF THE SHARE	TOTAL OF THE AMOUNT OF THE TRANSACTION
06/06/2016	Massimo Prelz Oltramonti	Share Acquisition	4.70	16,462.95
07/06/2016	Massimo Prelz Oltramonti	Share Acquisition	4.62	25,410.00
08/06/2016	Massimo Prelz Oltramonti	Share Acquisition	4.59	5,505.72
09/06/2016	Massimo Prelz Oltramonti	Share Acquisition	4.45	4,446.37
10/06/2016	Massimo Prelz Oltramonti	Share Acquisition	4.50	10,342.57
15/06/2016	Massimo Prelz Oltramonti	Share Acquisition	4.43	11,523.46
15/06/2016	Massimo Prelz Oltramonti	Share Acquisition	4.32	16,836.30
27/09/2016	Giuseppe Artizzu	Share Acquisition	5.59	27.95
28/09/2016	Sonia Levy-Odier	Share Acquisition	7.23	36.15
14/10/2016	Carlalberto Guglielminotti	Share Acquisition	0.02	278.72
27/12/2016	Cesare Maifredi	Share Acquisition	7.03	7,030.00
29/12/2016	Cesare Maifredi	Share Acquisition	7.17	6,266.58
29/12/2016	Cesare Maifredi	Share Acquisition	6.23	404.95
30/01/2017	Cesare Maifredi	Share Acquisition	6.23	3,694.39
30/01/2017	Cesare Maifredi	Share Acquisition	6.23	1,059.10
30/01/2017	Cesare Maifredi	Share Acquisition	6.23	1,071.56
30/01/2017	Cesare Maifredi	Share Acquisition	6.12	5,140.80
10/02/2017	Cesare Maifredi	Share Acquisition	6.12	979.20
15/02/2017	Cesare Maifredi	Share Acquisition	5.66	3,543.16

3.5 Corporate governance

In order to comply with the relevant governance and transparency principles applicable to a company whose shares are listed on a regulated market, and with the applicable obligations in terms of information of the public, the Company has decided to refer to and comply with the MiddleNext Code. Copies of such code have been made available to the members of the Board of Directors.

The Company has the objective to comply with the recommendations set forth in the MiddleNext Code and the table below explains the way that the Company applies recommendations R 3 and R 15:

MiddleNext Recommendations	EPS' Practice and explanations
<p>Recommendation R 3: Composition of the Board – Independent directors</p>	<p>According to recommendation R 3 of the MiddleNext Code, the directors' independence criteria are:</p> <ul style="list-style-type: none"> • not to have been, during the five past years, and not to be an employee or corporate officer of the company or a subsidiary of it; • not to have been, during the two past years, and not to be in a business relationship (customer, supplier, competitor, service provider, creditor, bank etc.) with the company or any of its subsidiaries; • not to be a reference shareholder of the company or own a significant voting right percentage; • not to have a personal or close familial family tie with a corporate officer or a reference shareholder; • not to have been, during the six past years, an auditor for the company. <p>In footnote n°24, under the table of remuneration of corporate officers (Recommendation R 19), the MiddleNext Code provides that the table should cover the chairman of the board, the CEO, executive officers (for Companies managed by a Board of Directors), members of the supervisory board (for Companies with an executive board appointed by the supervisory board) and the managers (for partnerships limited by shares).</p> <p>According to this definition, the chairman of the board is a “managing corporate officer” (<i>mandataire social dirigeant</i>) and may not respect the first of the five criteria hereabove.</p> <p>Meanwhile, recommendation R 3 of the MiddleNext Code provides that:</p> <p>“Independence is also a state of mind, which is embodied in a person who is fully capable of using his own freedom of judgment and, if necessary, to resisting or dismissing. Independence is a way to understand and approach responsibilities, so it is a question of personal ethics and a question of loyalty vis-à-vis the company and the other directors. That is why it falls to the board of directors to analyse, case per case, the situation of each of its members regarding the criteria hereabove. The independence is judged, at the first appointment of a director, and each year at the review and approval of the CEO's report. If it justifies its position, the board can even consider that one of its members who does fit all the criteria is independent; on the contrary, the board can also consider that one of its members who does fit all the criteria is not independent.”</p> <p>As mentioned in the Government Report of 2017 adopted by the Board, M. Prelz-Oltramonti has been considered as independent. He fits four of the five criteria hereabove stated. Regarding the first criteria – that he does not fit because at the time he was CEO— the Board used the ad hoc judgment ability hereabove described to determine that he was nevertheless independent. This judgment is founded on the criteria below:</p> <ul style="list-style-type: none"> – experience and standing of Mr. Prelz-Oltramonti;

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MiddleNext Recommendations	EPS' Practice and explanations
	<ul style="list-style-type: none"> – his age (64 years old – senior member of the Board) and the independence of his personal situation; and – the way, since his appointment to the Board in 2015 and as Chairman of the Board since 2016, he accomplished his director's duties – and in particular his freedom of speech.
Recommendation R 15: Concurrent terms of office between an employment agreement and a corporate office	<p>According to Recommendation R 15 of the Middenext Code, the board of directors, in accordance with the law, should review and authorize or not the concurrent terms of office of the employment agreements of the chairman of the board, the CEO, executive officers (for Companies managed by a Board of Directors), members of the supervisory board (for Companies with an executive board appointed by the supervisory board) and the managers (for partnerships limited by shares) and justify its decision in a detailed way.</p> <p>In respect of the decision of the Board of managers date on 24 April 2018, an employment agreement was signed on 26 June 2018 with EPS Manufacturing. Carlalberto Guglielminotti, concurrently with his responsibilities as CEO, has some executive and operational functions in each of the subsidiaries of ENGIE EPS Group, in particular the Italian subsidiaries:</p> <ul style="list-style-type: none"> – chief executive officer of EPS Manufacturing – historical operational subsidiary of ENGIE EPS Group; – chief executive officer of EPS Elvi; – chief executive officer of MCM Energy Lab S.r.l.; – director of Electro Power Systems Inc.; and – director of Electro Power Systems India Pvt Ltd. <p>Considering his operational functions, distinguished from his responsibilities as CEO of the Company, the board of directors judged that it was justified that he signed an employment agreement, concurrently with his corporate office.</p> <p>This element has been approved by the shareholders at the general meeting held on 26 June 2018, through the “say-on-pay” vote.</p> <p>With such new employment agreement, Carlalberto Guglielminotti shall be entitled to receive compensation equal to 60% of his fixed pay, justified by the prohibition in his contract of engaging in any competing activity during the two next years after the end of his employment agreement.</p>

4 Additional Information

The issuance resolutions approved by the general meetings of shareholders of 26 June 2018, ruling in an extraordinary capacity, are summarised below:

Delegations granted by the General Meeting of June 26 June 2018 to the Board of Directors	Duration of validity / expiry	Ceiling in nominal value terms	Use	Price determination procedures
Delegation of authority granted to the Board of Directors for the purchase by the Company of its own shares (resolution No. 31)	18 months	€ 1,000,000	-	€ 9.90
Delegation of authority to the Board of Directors for the purpose of reducing the share capital through share cancellation as part of the authorization to purchase its own shares (resolution No. 32)	18 months	up to the limit of 10% of the actual share capital as of the cancellation date	-	-

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Delegations granted by the General Meeting of June 26 June 2018 to the Board of Directors	Duration of validity / expiry	Ceiling in nominal value terms	Use	Price determination procedures
Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to the share capital with preferential subscription rights (Resolution No. 33)	26 months	€ 800,000	-	(1)
Delegation of authority granted to the Board of Directors with a view to increasing the share capital by issuance of ordinary shares or securities granting access to the share capital, without preferential subscription rights (Resolution No. 34)	26 months	€ 800,000 up to 20% of the share capital on a 12 months period	-	(1)
Delegation of authority granted to the Board of Directors with a view to increasing the share capital by issuance of ordinary shares or securities granting access to the share capital, without preferential subscription, rights through a private placement (Resolution No. 35)	26 months	€ 800,000	-	-
Delegation of competence to the Board of Directors in the event of issuance of ordinary shares or securities granting access to the share capital, without preferential subscription with a view to setting the issue price, up to the limit of 10% of the share capital (Resolution No. 36)	26 months	up to the limit of 10% of the share capital per year	-	(2)
Authorization to the Board of Directors to increase the number of securities issued, with the maintenance or suppression of the pre-emptive subscription right in the event of excess demands (Resolution No. 37)	26 months	up to the limit of 15% of the initial issue	-	Same price as the initial issue
Delegation of authority granted to the Board of Directors with a view to increasing the capital by issuance of ordinary shares or of securities granting access to the share capital, up to the limit of 10% of the share capital, for communicating contributions in kind granted to the Company outside of a public exchange offer (Resolution No. 38)	26 months	up to the limit of 10% of the actual share capital as of the cancellation date	-	-
Delegation of authority granted to the Board of Directors with a view to increasing the share capital by the issuance of ordinary shares or of securities granting access to the share capital, in the event of a public exchange offer initiated by the Company (Resolution No. 39)	26 months	€ 800,000	-	-
Delegation of authority granted to the Board of Directors with a view to a capital increase through the	26 months	€ 800,000	-	-

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Delegations granted by the General Meeting of June 26 June 2018 to the Board of Directors	Duration of validity / expiry	Ceiling in nominal value terms	Use	Price determination procedures
incorporation of reserves, profits or issue premiums, of merger or contribution, or any other amount for which the capitalization would be accepted (Resolution No. 40)				
Delegation of authority granted to the Board of Directors with a view to a capital increase reserved for employees who are members of the company savings plan, without preferential subscription rights (Resolution No. 42)	26 months	€ 10,000	-	(3)

- (1) *The issue price of the shares issued under this delegation shall be at least equal to the minimum authorized by the legislation (i.e. to the weighted average of listed prices over the last three stock exchange sessions preceding its fixing and, when appropriate, reduced by a maximum discount of 5%).*
- (2) *The issue price shall be at least equal to the average weighted by volumes (in the central order book and excluding off-market blocks) of closing price of the Company's share on Euronext Paris for the last three stock exchange sessions preceding its fixing and, when appropriate, adjusted to take into account enjoyment date differences and reduced by a maximum discount of 20% with the understanding that in any case it will not be inferior to the nominal value of the Company's shares at the issue date of such issued shares*
- (3) *The exercise price must be obtained from the weighted average of the last twenty days of stock price before the allocation date reduced by the discount authorized by the legislation (currently 20% when the period stipulated by the savings plan is less than 10 years, and 30% when this duration is equal to or greater than 10 years).*

5 General meetings (article 21 of the articles of association)

The general meetings are called and held under the conditions, in the form and within the deadlines provided by the law, at the registered office or in any other place in France or outside it, indicated in the calling of the meeting.

(i) Access and voting at the general meetings

Every shareholder shall have the right to attend the general meetings and to participate in its decisions, whether in person or through a representative.

The right to participate in the meetings is subject to the entry of the shareholder in the into a security account, on the second business day preceding the meeting in midnight, Paris time, either in the registered securities accounts held by the Company to the shareholders owning registered shares, or in the bearer securities accounts held by the authorized bank or financial intermediary, for shareholders who own bearer shares.

If the Board of Directors takes a decision, published in the notice of meeting or notice of calling, to use such telecommunications resources, for the calculation of the quorum and majority, shareholders shall be considered to be present who participate in the general meeting by video conference or by telecommunication or remote transmission resources, including internet, permitting their identification under the conditions provided by the regulations in effect.

Any shareholder may vote remotely or issue a power of attorney pursuant to the regulations in effect, through a form drawn up by the Company and addressed to the Company under the conditions foreseen by the regulations in effect, including by electronic or remote transmission resources, by decision of the Board of Directors. This form shall be received by the Company under the regulatory conditions, so that it is taken into account.

(ii) Holding of the general meetings

The agenda of the general meeting shall appear on the notices and letters of calling of the meeting; it shall be drawn up by the author of the calling of the meeting.

The meeting may only decide on issues appearing on its agenda; it may nevertheless dismiss one or several directors under any circumstances and proceed with their replacement.

One or several shareholders representing at least the proportion of the share capital provided by law, and acting under the conditions and within the legal deadlines, shall have the right to request the entry on the agenda of draft resolutions.

An attendance sheet shall be kept at each meeting, containing the indications provided by law.

The meetings shall be chaired by the chairman of the Board of Directors, or, where he fails to act, by the board member specially delegated for this purpose by the board. Failing this, the general meeting shall itself elect its chairman.

The duties of scrutineers shall be performed by the two members of the general meeting, being present and accepting these duties, with the largest number of votes, in their own right or as representatives.

The bureau shall appoint the secretary, who may be chosen from outside the shareholders.

The members of the bureau shall have the mission of verifying, certifying and signing the attendance sheet, of ensuring the proper conduct of the discussions, of settling incidents during the session, of monitoring votes cast, of ensuring their regularity and of ensuring that the minutes are drawn up.

The minutes of the meeting shall be drawn up and copies or extracts of them shall be certified and issued pursuant to current regulations.