



**AMENDMENT TO THE 2020 CORPORATE
GOVERNANCE REPORT**
(as included in the 2020 Universal Registration Document)

Dated 7 May 2021



ENGIE EPS S.A.

French *société anonyme* with a Board of Directors and a share capital of € 2,553,372

Registered office : 28, rue de Londres, 75009 Paris, France

Paris Trade and Companies Register - 808 631 691

AMENDEMENT TO THE 2020 CORPORATE GOVERNANCE REPORT

(as included in the 2020 Universal Registration Document)

This amendment to the 2020 Corporate Governance Report (the “**Amendment to the 2020 Corporate Governance Report**”) completes and should be read in conjunction with the 2020 Corporate Governance Report that was included in the Universal Registration Document filed with the AMF on 7 April 2021 under number D.21-0273 (the “**Universal Registration Document**”).

The Universal Registration Document and this Amendment to the 2020 Corporate Governance Report are available at the registered office of the Company, located at 28, rue de Londres, 75009 Paris, as well as at the premises of the controlled Italian entity (ENGIE EPS Italia S.r.l.), located in Via Anton Francesco Grazzini, 14, 20158 Milan, Italy, and on ENGIE EPS’ website (www.engie-eps.com) and on the website of the AMF (www.amf-france.org/fr).

The English version of this Amendment to the 2020 Corporate Governance Report is a free translation of the original Amendment to the 2020 Corporate Governance Report which was included in the Universal Registration Document.

All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions expressed therein, the original language version in French takes precedence over this translation.

The only binding version is the French language version.

REMUNERATION AND BENEFITS

Compensation policy applicable to the management: principles and criteria for determining, allocating and granting compensation – Ex ante Votes

On 7 May 2021, the Board of Directors of the Company decided to modify the 2021 compensation packages of M. Carlalberto Guglielminotti, Chief Executive Officer of ENGIE EPS, and M. Giuseppe Artizzu, executive member of the Board of Directors of ENGIE EPS, board member and newly appointed General Manager of the controlled company EPS Italia. This decision was taken in the context of the announcement by ENGIE, on 19 April 2021 of the sale to Taiwan Cement Corporation (“TCC”) of its 60.48% stake in ENGIE EPS, which is expected to close during the third quarter of 2021 (the “Transaction”). Following this announcement, the Board examined a proposal for a short and long term retention plan for both the CEO, Mr. Carlalberto Guglielminotti, and the Executive Director, Mr. Giuseppe Artizzu of ENGIE EPS, consisting in an increase of the fixed and variable compensation as well as the introduction of a long term retention bonus. This proposal was made on the basis of a benchmarking analysis conducted by Heidrick & Struggles International Inc., which was approved by the Remuneration and Nomination Committee.

On 7 May 2021, the Board of Directors of the Company approved the revised terms of the new 2021 compensation packages of MM. Carlalberto Guglielminotti (CEO) and Giuseppe Artizzu (Executive Director) set out below, but decided that, if they were approved by shareholders at the next Annual General Meeting ruling on the financial statements for the financial year ending 31 December 2020, they would also be subject to the closing of the Transaction (expected in the third quarter of 2021).

In summary, the proposed changes further described below, are as follows:

- Mr. Guglielminotti’s fixed compensation for 2021 is increased from €235,000 to €300,000.00, his variable compensation is increased from 50% of his fixed compensation to 100% (subject to performance conditions and achievement percentages described below, which are basically unchanged), and he will benefit from a €1,000,000 long term retention bonus if he is still with the Company at the end of 2023.
- Mr. Artizzu’s fixed compensation for 2021 is increased from €180,000 to €200,000.00, his variable compensation is increased from 35% of his fixed compensation to 50% (subject to performance conditions and achievement percentages that are also modified and are described below), and he will benefit from a €300,000 long term retention bonus if he is still with the Company at the end of 2023.

As a result of the foregoing, the description of the Compensation policy applicable to the members of the Board of Directors and of the Compensation policy applicable to the Chief Executive Officer (CEO), that were prepared in accordance with article L.22-10-8 of the Commercial Code and included in the 2020 Corporate Governance Report prepared pursuant to article L.225-37 of the Commercial Code and included in sections 13.1.2 and 13.1.3, respectively, of the Universal Registration Document are replaced in their entirety as set out in paragraphs 1 and 2 below.

These will be submitted to the approval of the shareholders at the next Annual General Meeting ruling on the financial statements for the financial year ending 31 December 2020. It should be noted that the 2021 remuneration policy of MM. Carlalberto Guglielminotti and Giuseppe Artizzu will also be modified subject to the closing of the Transaction.

1 Compensation policy applicable to the members of the Board of Directors

The members of the Board of Directors are appointed for a three-year term.

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 takes into account the date of nomination or resignation as Board Member as well as the effective participation of the Directors to the Board of Directors' meetings and Board committees' meetings. The full compensation is due only if a Board member is appointed for the whole year and attends at least 80% of the meetings. When the Board Member is appointed for a portion of the year, the full applicable attendance fee is proportional to period he or she was actually member of the Board of Directors. When the attendance is less than 80% the applicable attendance fees are proportional to participation.

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.

A fixed compensation, proportionally to the effective period in which the Board Member is part of the Board of Directors during the year, is allocated for the participation to specialized committees.

The total compensation for the Board of Directors related to the financial year 2021 is set to €150,000. The allocation of the remuneration to each board member will be proposed by the Remuneration and Nomination Committee by the end of the financial year considering the following:

- Members of the Board of Directors appointed by ENGIE will not receive any fixed or variable compensation.
- The allocation will consider participation to dedicated committee (please refer to paragraphs 14.3 and 14.4 of the Universal Registration Document).

The table below summarizes the amount of annual attendance fee as well as allocation rules allocated between each committee for the financial year 2021:

Board of directors	Board Member	Audit committee member	Remuneration and Nomination Committee Member	Independence Committee Member
Attendance fees (participation of 80% or more)				
ENGIE representative on the Board of Directors	-	-	-	-
Independent Board Member	40,000			
Fixed annual compensation				
ENGIE representative on the Board of Directors	-	-	-	-
Independent Board Member		5,000	5,000	5,000

As a reminder, in addition to the above information, Mr. Giuseppe Artizzu, receives a compensation as board member in the controlled company EPS Italia. The compensation that Mr. Artizzu will receive in 2021 is detailed as follows:

- Fixed compensation: €200,000;
- Variable compensation: Mr Artizzu is eligible to a bonus based on qualitative and quantitative targets, as appreciated by the Board of Directors at the end of the financial year (or the beginning of the next financial year). For the financial year 2021, the variable compensation is settled to a maximum amount of 50% of his fixed compensation, corresponding to a maximum of €100,000 (subject to a potential over-achievement, as described below). Targets are settled as 70% on quantitative targets (Revenues, EBITDA and Contract secured) and 30% qualitative targets (Talent Management, social and corporate governance objectives).

With reference to the allocation scheme, the variable compensation would be allocated basing on the following achievement percentage which will be counted individually for each objective:

- Below 80%, no allocation
- Between 80% and 100%, allocation proportional to the achievement
- Between 100% and 120%, every 5% achieved correspond to 10%
- Over 120% will be counted as 150% achieved.

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

- Long Term Retention Plan: €300,000 retention bonus to be paid at the end of 2023 if Mr Artizzu is still within the Company at that date.

2 Compensation policy applicable to the Chief Executive Officer (CEO)

Mr. Carlalberto Guglielminotti is the Chief Executive Officer of the Company since 22 December 2014 and of EPS Manufacturing since 14 November 2013. He also held operating and executive functions within all ENGIE EPS Group companies. His compensation is paid pursuant to a Directorship Agreement between him, ENGIE EPS and ENGIE EPS Italia S.r.l. dated 26 June 2018 (and amended on 25 June 2019). As described in paragraph 12.1.2 of the Universal Registration Document, the CEO's mandate will expire at the 2021 Annual General Meeting to approve the financial statements for the year ending on 31 December 2020. The Board of Directors will propose at the 2021 Annual General Meeting to renew Mr Guglielminotti mandate for 3 years, i.e. until the approval of the financial statements for the year ending on 31 December 2024.

Below is a description of the 2021 compensation policy applicable to the CEO, as currently proposed by the Board of Directors.

Starting from August 2020, an external advisor, Heidrick & Struggles International Inc., a leadership advisory firm providing executive search and consulting services worldwide, was consulted by the Remuneration and Nomination Committee of the Company in order to conduct a benchmark analysis on the CEO compensation. The results of the study indicate that Mr. Carlalberto Guglielminotti should be entitled to receive:

- a fixed compensation in a range between 275,000€ and 300,000€, in line with market average;
- a performance bonus (variable compensation) equal to 50% of the fixed compensation. The bonus should be measured against targets tied to operational results (70%) such as reaching budget goals for contract pipeline, Mw of installed capacity, and financial KPIs such as Revenues and Ebitda, and to individual results (30%) connected to talent and cultural elements (with the recommendation to introduce Environmental, social and corporate governance (ESG) goals;
- a long term retention plan.

Fixed compensation

The proposed fixed compensation is €300,000 for 2021. This fixed compensation is paid in 13 monthly instalments.

Variable compensation

The CEO is eligible to a bonus based on qualitative and quantitative targets, as appreciated by the Board of Directors at the end of the financial year (or the beginning of the next financial year). These criteria are aligned with the Company's financial performance over the relevant financial year and, for the qualitative one, on the longer term operational and strategic performance achievements.

For the financial year 2021, the variable compensation of the CEO would represent a maximum amount of 100% of his fixed compensation, corresponding to a maximum of €300,000 (subject to a potential over-achievement, as described below). This percentage, higher than the 50% recommended by Heidrick & Struggles International Inc. as described above, reflects the fact that 2021 will be a very particular year, with the sale by ENGIE of its entire stake into the Company to TCC, which was announced on 19 April 2021: Mr. Guglielminotti contributed to this transaction, and will continue to do so until its closing, which is expected to take place during the third quarter of 2021.

The proposed criteria for the allocation of the variable compensation consist:

- for 70%, of the variable compensation of quantitative criteria that are directly correlated with the Company's performance indicators: revenues, EBITDA, contracts secured. Those indicators weight respectively 20%, 20% and 30% of the variable compensation; and
- for 30%, of qualitative criteria based on Talent Management and Environmental, social and corporate governance objectives. Those indicators weight 15% each of the total variable compensation.

With reference to the allocation scheme, the variable compensation would be allocated basing on the following achievement percentage which will be counted individually for each objective:

- Below 80%, no allocation
- Between 80% and 100%, allocation proportional to the achievement
- Between 100% and 120%, every 5% achieved correspond to 10%
- Over 120% will be counted as 150% achieved

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

Long Term Retention Bonus

The Long Term Retention Plan is the payment of a €1,000,000 bonus to be paid at the end of 2023 if Mr Guglielminotti is still within the Company at that date.

Benefits in kind

The CEO would be entitled to the following benefits:

- a company car is allocated to the CEO (€16,391);
- a private medical, health & care insurance (€8,574);
- a key man insurance (€4,485);
- 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, €4,994). Details of the insurance policy are not available to the CEO. The insurance is related to the whole Board of Directors.

Attendance fees (*jetons de présence*)

For the financial year 2021, the CEO would not receive attendance fees.

Non-compete indemnity post-employment

Mr. Carlalberto Guglielminotti would be 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.