

MAKE GAS AN ACCELERATOR OF THE FUTURE



2018 Activity and Sustainable
Development Report

A key regional and national operator in the field of energy, for more than 70 years Teréga has been making use of its exceptional knowledge and expertise in the development and exploitation of transport and gas storage infrastructures. A central link in a chain connecting energy producers and consumers, our infrastructures are vital for the security of supply to both private individuals and companies. Located at the crossroads of major European gas flows, we also hold a key strategic position in the rise of a great Europe of energy.

Gas, at the heart of our jobs and our expertise, is an energy of the future.

The diversity of its forms and its applications, its flexibility and all of the innovative technological drivers that it is able to activate make it an indispensable ally for planning a controlled energy transition.

Being convinced of the need for a new energy system where carbon neutrality is possible thanks to a more diverse mix with a majority of renewables, we are banking on new technologies and new ways of doing things. Every day, thanks to our expert and dedicated teams, we are therefore devising new solutions for growing sectors such as biomethane, or those yet to be invented such as “multi-energy” networks.

Privileged partners in the management of our regions, we are continuing our investments in the safety and security, maintenance and strengthening of our infrastructures, so as to make a network that is constantly becoming safer, more effective and better integrated into its environment available to all.

Our ambition (embodied and piloted by our IMPACTS 2025 strategic plan) is to allow gas to fully play out its role as a key driver in the energy transition.

Table of contents

- 03 EDITORIAL
OF DOMINIQUE MOCKLY
- 04 THE TERÉGA NETWORK
- 06 OUR GOVERNANCE

FUTURE

- 10 GAS, THE CORNERSTONE
OF THE ENERGY TRANSITION
- 12 RESEARCH & INNOVATION:
LET'S EXPLORE INNOVATION TOGETHER!
- 14 THE NEW FRENCH LOW-CARBON ROAD MAP,
A MIXED RESULT FOR GAS
- 16 TERÉGA IS SUCCESSFULLY ADAPTING TO THE NEW
REGULATORY CONDITIONS REGARDING STORAGE

- 18 OUR BUSINESS MODEL
- 20 IMPACTS 2025: A STRATEGIC
PLAN FOR AN ENERGY
SOURCE OF THE FUTURE
- 22 MANAGING
NON-FINANCIAL ISSUES



REGIONS

- 26 THE TRADING REGION FRANCE
- 28 THE RENFORCEMENT GASCOGNE MIDI
- 30 STEP PROJECT
- 32 TRANSPORT AND NETWORK OPERATIONS
- 34 AN EXPANDING ROLE FOR THE TECHNICAL COORDINATION
- 36 OPTIMISING STORAGE IN LUSSAGNET

NETWORK

- 40 CUSTOMER RELATIONSHIPS
- 42 PURCHASING POLICY
- 44 REGIONAL AND SOCIETAL INVOLVEMENT
- 46 TERÉGA'S COMMITMENT TO THE ENVIRONMENT
- 50 "ZERO ACCIDENT" OBJECTIVE

- 52 STAFF ENGAGEMENT AND SUPPORT
- 55 CULTURE AND VALUES
- 56 DIGITISATION SERVING
THE ENERGY TRANSITION



INDICATORS

- 58 FINANCIAL INDICATORS
- 59 MARKET INDICATORS
- 60 HEALTH & SAFETY INDICATORS
- 62 ENVIRONMENTAL INDICATORS
- 64 HR INDICATORS
- 67 CSR STRATEGY
- 70 REPORT BY THE INDEPENDENT
THIRD PARTY



DOMINIQUE MOCKLY

CHAIRMAN AND CHIEF EXECUTIVE
OFFICER OF TERÉGA

REINVENT OURSELVES, WHILE ADAPTING TO AN ENVIRONMENT THAT IS ITSELF IN THE COURSE OF A MAJOR TRANSFORMATION

2018 WAS A BUSY YEAR FOR TERÉGA. WHAT WERE THE HIGHLIGHTS?

For Teréga, 2018 was a year of changes.

A change of brand first of all. At the end of March last year, TIGF adopted a new name to become “Teréga”. This development was necessary to affirm the modern nature of our industrial strategy, our innovative strength and our environmental requirements, embodied notably in our IMPACTS 2025 and BE POSITIF programs. Welcomed by both the staff at Teréga and by our external stakeholders, this change of brand finally shows our ambition: namely to assert ourselves as a major player in the energy transition and an “energy driver in the regions”. I am certain that this new identity has already strengthened our outreach capability, as demonstrated by the launch this year of *Teréga Open Pau-Pyrénées*, a high-level sporting tournament showcasing our colours and values.

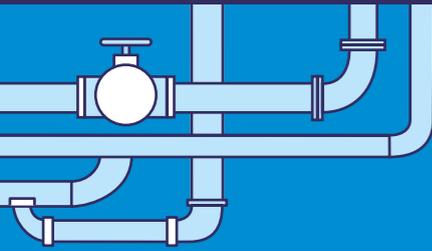
In 2018, the environment in which we are developing underwent two major changes: the entry into force of a new regulation concerning storage and the implementation of a single market area for gas. Operational since 1 November last year, Trading Region France (TRF) guarantees a single price to consumers everywhere throughout the country and facilitates the construction of a true Europe of energy. This is the outcome of a long period of work in which Teréga played a key role, notably with the realisation of the Renforcement Gascogne Midi (RGM) project, which makes it possible to increase transit capacities and thereby makes the network more fluid and more homogeneous. These achievements would not have seen the light of day without the involvement, courage and professionalism of all of the company’s employees. Teréga once again showed its ability to adapt to make full use of the new rules in force. We were able to reinvent ourselves, while adapting to an environment that is itself in the course of a major transformation.

HOW DO YOU ENVISION 2019?

This is a strategic year, in the course of which we will continue to strengthen our operational effectiveness. **The dominant theme for 2019 will be “Business Excellence by Teréga”,** that is to say simply an original performance approach which we have defined together. This is because, in order to safeguard our business and extend our activities, we must generalise and promote a culture of excellence. We are doing so by improving our methods of working and by paying attention to the expectations of our clients at all times. In this way we will be in a position to achieve our long-term goals. Looking towards 2022, we want to have accomplished three priorities: making Teréga a recognised player in the energy transition, having rolled out the growth centres and, finally, having all of our employees onboard in the transformation of the company. I have complete confidence in those who are working on these objectives day in, day out, from the teams to the members of the Executive Committee. **2019 is also a year in which we will continue to play our part and to make our voice heard in energy debates,** at a time when the government is set to implement the new Multi-Year Energy Program (PPE), a road map which will determine choices for the next decade. We will remain involved to ensure that the potential of both natural gas and renewable gases are fully recognised, while continuing to bring a rational and balanced view to these topics. —

5,080 KM OF PIPELINE

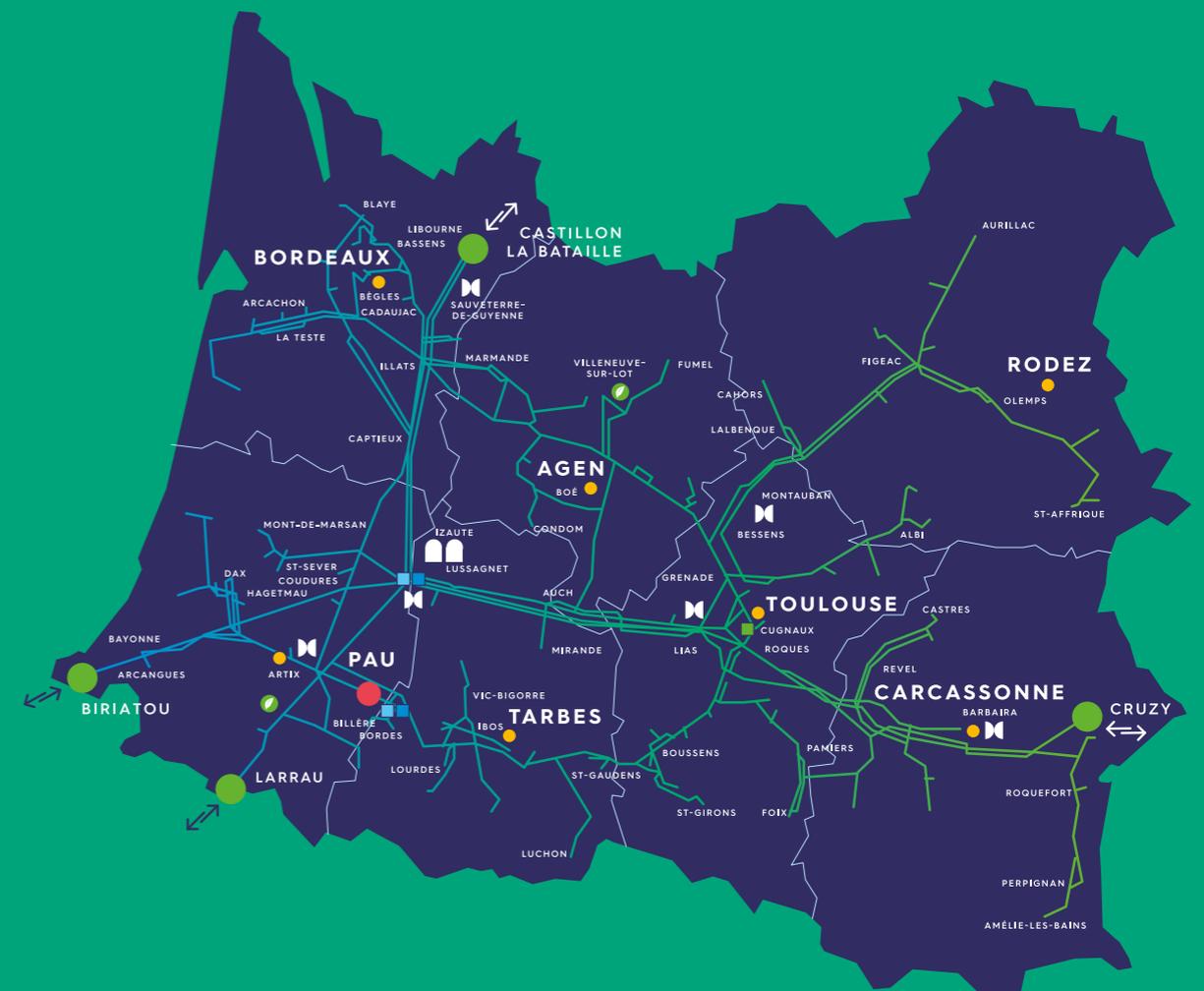
15.6% OF THE FRENCH GAS TRANSPORT PIPELINE NETWORK
16% OF THE TOTAL VOLUME OF FRENCH GAS IN THE TERÉGA NETWORK



6.5 GM³ TOTAL GAS STORAGE CAPACITY

24.5% OF THE NATIONAL STORAGE CAPACITIES
2.84 GM³ MARKETABLE VOLUME

TERÉGA HAS BEEN BASED IN THE SOUTH WEST OF FRANCE FOR OVER 70 YEARS



- EXISTING NETWORK
- HEAD OFFICE
- REGIONS
- OPERATIONAL COORDINATION
- SPECIALIZED OPERATIONS
- REGIONS FRAGMENTATION
- MAIN ENTRY/EXIT
- STORAGE
- COMPRESSOR STATIONS
- BIOMETHANE INJECTION STATION

OUR GOVERNANCE

A THREE-LEVEL ORGANISATION

The organisational structure of the Teréga group includes three levels of companies. The holding Teréga Holding owns 100% of the shares in Teréga SAS, a simplified joint-stock company, which in its turn owns the limited company Teréga SA. The capital of Teréga Holding is held by four shareholders: SNAM with a 40.5% share, GIC with 31.5%, EDF Invest with 18% and Predica with 10%. By means of ownership unbundling, this three-level structure ensures compliance with the rule of separation between the energy production or supply activities and the activities involving management of a transport network. It has been certified by the French Energy Regulation Commission.

OPERATION OF THE BOARD OF DIRECTORS

The rules and operating methods of the Board of Directors are set out by the law and by the company's Articles of Association. Each Director has a mandate to serve for three years. The Board of Directors draws on the principles of the AFEP MEDEF Corporate Governance Code for its composition. Its aims are to maintain diversity, ensure that the technical skills and experience within the company complement one another, and guarantee equal representation of men and women. The Board of Directors takes on the role of strategic reflection that is incumbent upon it, and exercises this role to its full extent. Throughout the year, the Board members are kept informed of the company's activity and results, as well as of the market development and the evolution of the regulatory framework. In 2018, a day of strategic planning was dedicated specifically to the IMPACTS 2025 transformation plan. The Board of Directors is supported by the work of an Audit Committee. The structure of this committee means that it holds the financial and accounting competency stipulated in Article L 823-19 of the French Commercial Code. The Audit Committee assists the Board of Directors in its assignment of reviewing and drawing up annual and quarterly accounts, as well as within the framework of any operation that could have a significant impact on the situation of Teréga SA in terms of commitment and/or risk. The Chairman and Chief Executive Officer is not a member of the Audit Committee. —

IN THE COURSE OF 2018

- the Board of Directors met on 7 occasions, with the Directors having an attendance rate of 99%;
- the Audit Committee met on 6 occasions, with an attendance rate of 99%.

BOARD OF DIRECTORS

The Board of Directors of Teréga SA is made up of six members:

- 2 Directors representatives the company SNAM;
- 1 Director representing the fund of the Government of Singapore GIC;
- 2 representatives of the employees;
- having been Chief Executive Officer since 31 July 2016, Dominique Mockly has been appointed as Chairman of Teréga SA on 19 October 2017.



PAOLA BOROMEI
SNAM



NICOLAS MACHTOU
GIC



DOMINIQUE MOCKLY
Teréga



PAUL PERONA
Teréga



FRANCO PRUZZI
SNAM



HÉLÈNE SEGUIS*
Teréga

CODE OF ETHICS

A Code of Ethics was adopted in February 2015 and circulated to all staff. The code is designed to apply to all Teréga staff, but also to any person contributing, whether in France or overseas, to achieving the objectives of the Teréga group. This reference document reminds us of the ethical principles and values that must inspire and guide the actions of all Teréga staff. One particular focus is the prevention of corruption and the defence of human rights. It is made up of directives and policies. In the areas of prevention and corruption, Teréga is putting in place measures consistent with the law of 9 December 2016 on transparency, the fight against corruption and the modernisation of economic life, also known as the Law Sapin II.

* Mrs Hélène SEGUIS was made a Member of Teréga SA's Board of Directors on 20 December 2018, replacing Mr Christophe Le Cornec.



THE EXECUTIVE COMMITTEE

MARIE-CLAIRE AOUN

Head of Institutional Relations

①

OLIVIER BÉATRIX

Corporate Secretary

②

MICHEL BOCHE

Chief Officer Infrastructure & Projects

③

DOMINIQUE BOQUILLON

Chief Communication Officer

④

GILLES DOYHAMBOURE

Chief Business and Regulation Officer

⑤

PATRICK HAMOU

Chief Operating Officer

⑥

VALÉRIE LE GARS

Chief Human Resources Officer

⑦

DOMINIQUE MOCKLY

Chairman and Chief Executive Officer

⑧

JÉRÉMY PERROT

Head of Strategy and Innovation

⑨

BRUNO TOSTAIN

Chief Security - Health - Safety - Environment Officer

⑩

DANIEL WIDERA

Chief Transformation, Digital and Performance Officer

⑪

ROBERTO ZINGONI

Chief Financial and Purchasing Officer

⑫

A NEW BRAND

On 30 March 2018, TIGF became Teréga, a name that sounds powerful, and which is contemporary and easy to remember. This new brand evokes our foothold in the regions where the company operates, the networks that it is developing, and gas, the key energy in the energy transition. Teréga embodies industrial knowledge and experience and the company's dynamic of change to become a driver of the energy transition and a major contributor to tomorrow's energy model. This reflects our vision and our ambition to play an active role in making gas an answer in the future.

CERTIFICATIONS

- ISO 14001 – Environmental management system
- ISO 50001 – Energy management system
- ISO 9001 – Quality management system (odorisation of supplied gas, maintenance and regulatory audit of volume conversion devices)

1

FUTURE

Placing gas at the heart of the energy transition



GAS, THE CORNERSTONE OF THE ENERGY TRANSITION

The energy transition is based on enhanced complementarity and significant integration between the different energies. At the heart of this new paradigm, the gas networks will play a central role in balancing the demand for energy. The networks and renewable gas production technologies are vital in ensuring that renewable energies are integrated in the gas infrastructures and in usage.

2018 was marked by the publication of the report from the Intergovernmental Panel on Climate Change (IPCC) regarding the impact of global warming.

This report warns of the climate emergency that is threatening our planet, our economy and our civilisation. The international commitments that have already been undertaken are not sufficient to attain the objective of carbon neutrality in 2050.

In order to uphold the goal of the Paris Agreement on climate and to limit global warming to 1.5°C, experts estimate that global emissions should reach a peak before 2030. **The current undertakings entered into by the various countries do not make it possible to comply with this objective.** Effective reduction of greenhouse gas emissions (GHG) will be made possible by reducing global energy consumption and increasing the share of renewable energies. We therefore need a revolution to create new synergies and make energy compatible with the challenges of tomorrow, while taking advantage of the increase in renewable energy sources.

MOVING TOWARDS A GLOBAL ENERGY ECOSYSTEM

The different existing types of energy that exist are still considered as being distinct, with no connection between one another. The development of digitisation and decentralised production facilities foreshadow structural changes in tomorrow's energy system. Energies will be more and more interconnected and linked with one another. This structural development

1.5°C
GLOBAL
WARMING LIMIT.

2050
CARBON
NEUTRALITY
TARGET.

may lead to a system in which the different systems (gas, electricity and heat) form the same single, integrated energy package. As the permanent link between producers and consumers, the networks are indispensable tools in this energy revolution. In particular, their flexibility enables them to deal with demand fluctuations. **Interconnected networks, also known as smart grids, will therefore play a central role in constructing tomorrow's energy world, by creating new synergies between heat, electricity, water, CO₂ and gas.**

GAS SERVING THE ELECTRICITY NETWORKS

Whether natural or renewable, gas is easy to store, and thus perfectly suited to fluctuating demand. Directly connected to the storage sites, the gas networks make it possible to ensure security of supply for the region. They therefore play a crucial role in the energy transition. The question of storage is the key issue for the electrical system. The power-to-gas technology is a solution to this problem. This process makes it possible to convert electricity into hydrogen and synthetic methane. These two compounds can be injected into the gas network, and can then provide long-term assistance in balancing out the electrical network, by optimising surpluses of wind or solar renewable energy. **The considerable capacities of the gas system not only permit the injection of gas from the power-to-gas process, but also the injection of biomethane or synthetic gas produced by pyrogasification.** These three production chains for renewable gas are and will be crucial for the sustainability of gas infrastructures.

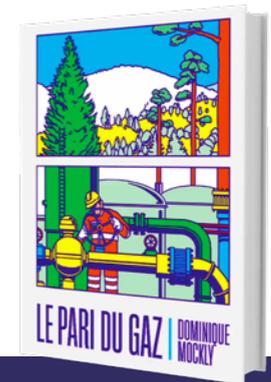
CLEAN MOBILITY WITH NATURAL GAS FOR VEHICLES (NGV)

If production of green energy is vital to reach international climate objectives, **focusing use on renewable methods of consumption is equally crucial.** Among the different uses, mobility alone accounts for almost 30% of French GHG emissions (source EEA, 2018). This sector must therefore undergo an energy revolution where natural and renewable gases will play an important role. Natural gas for vehicles (NGV) in particular offers an appropriate response to the issues of climate change and public health. NGV is also fully in line with the dynamic of the circular economy advocated in the virtuous world of tomorrow. —

WE NEED
A REVOLUTION
TO MAKE
ENERGY
COMPATIBLE
WITH THE
CHALLENGES
OF TOMORROW.

THE CHALLENGE OF GAS

Will we be able to meet our objectives in terms of combatting climate change? Not without collectively facing up to the "Challenge of gas"! In this original essay, full of international comparisons, Dominique Mockly, Chairman and Chief Executive Officer of Teréga, decodes the major energy choices made by global decision makers in recent years, deconstructs received ideas about gas and describes the tremendous technological changes that will make this energy increasingly "clean". His bold vision of an European energy policy suggests a way of reconciling economic rationality and environmental ambition, by presenting pragmatic solutions where no one expected them, notably to step up the "mobility revolution", in which gas is called on to play a major part.



RESEARCH & INNOVATION: LET'S EXPLORE INNOVATION TOGETHER!

Faced with the challenges of lowering the carbon intensity of the economy and minimising its environmental footprint, the energy system must develop towards a lower carbon energy mix that is renewable, diversified and drawn from sources that are increasingly decentralised. Teréga is meeting these expectations with an adapted Research & Innovation (R&I) approach.

Responsive to operational requirements, Teréga's R&I seeks to develop solutions that have a practical application in the infrastructures and services offered to its customers. Rolled out in 2018, the IMPACTS 2025 Innovation Plan focuses, across nine programs, on a broad-spectrum approach based on optimising the performance of installations, the energy transition and digital transformation. The R&I dynamic contributes to the aims of these programs by supporting the innovation projects through to their industrial maturity, at the end of a development process of approximately three years. During the industrialisation and operational deployment phase, the project is supported by the professional teams involved.

Teréga's R&I relies on around forty partners with complementary skills to strengthen the competence of its own teams, support the development of innovative solutions and sustain the innovation dynamic: universities, start-ups, industrial companies, players in the gas sector, experts, etc. The group and its partners conduct joint research and collaborate closely on projects, promoting the contribution of specialisms and territorial appropriation. Teréga consolidates the diversity of these partnerships via Open Innovation, involving its clients, suppliers and future partners in a more collaborative manner. The company also participates in the CITEPH program alongside eleven other industrial sponsors, and in the Challenges Open Innovation scheme with GRTgaz. —

60 EMPLOYEES

from all departments are involved in the innovation initiative—equivalent to almost 10% of the company's workforce.

€5 MILLION

This is the average annual budget allocated to the R&I activities.

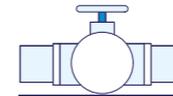
40 PROJECTS

The IMPACTS 2025 Innovation Plan incorporates over 30 projects concerning transport activity and more than 10 projects connected to storage activity.

1.7

Innovative activity (number of incoming projects/number of outgoing projects).

THE NINE PROGRAMS MAKING UP THE IMPACTS 2025 INNOVATION PLAN



INTEGRITY OF INFRASTRUCTURES

Teréga is constantly improving its techniques for protecting and inspecting pipelines so as to ensure faultless operation and safety. R&I strives to better understand the factors involved in corrosion and to improve the effectiveness of cathodic protection. The teams working in this sector explore innovative technologies for inspecting inaccessible workpieces, detecting faults and optimising repair methods.



INTEGRATION OF MULTI-ENERGY NETWORKS AND SYSTEMS

The gas and electricity networks must be more integrated into multi-energy provision than ever before. This change will take place by means of power-to-gas. Teréga is participating in the JUPITER 1000 project, the first French industrial demonstrator program for this technology. Teréga is interested in the concept of multi-energy smart grids for a new and more efficient way of managing the methods of storage, transport, production and energy consumption.



OPERATIONAL PERFORMANCE AND SAFETY

Teréga is working on new methods of surveillance, maintenance and operation, in order to automate real-time monitoring of the network. The R&I team is developing predictive maintenance solutions to warn of possible malfunctions several days in advance, and tools such as augmented reality to better prepare for maintenance operations.



PERFORMANCE AND INTEGRITY OF UNDERGROUND STORAGES

Teréga is improving its knowledge of geoscience regarding geological structures and storage aquifers to enable rigorous and controlled management of these natural resources. For more than fifteen years, the company has been conducting research to show that it is safe to store natural gas and the new gases in aquifers. R&I is also developing new monitoring methods for optimal security and perfect airtightness of the reservoirs.



NEW GASES

Teréga is preparing for the increasing integration of biomethane and hydrogen in gas networks. The company is studying the composition of various types of biomethane, the acceptable rate of hydrogen mixed with the natural gas, and the compatibility of these gases with its installations. Its teams participate actively in collaborative projects aiming to produce synthetic methane through various methanation procedures and to prepare for integrating this gas into the networks.



HUMAN SAFETY

Teréga is looking to develop cutting-edge technologies to ensure optimal safety of persons, for example by means of technologies that make it possible to secure man-machine interactions on the work site, as such interactions are often the cause of serious accidents.



CAPTURE, STORAGE AND RECOVERY OF CO₂

Teréga is participating in the roll-out of these technologies to meet the challenges posed by carbon neutrality, by taking part in national and European R&I projects concerning the Carbon Capture Utilisation & Storage (CCUS) value chain.



ENERGY EFFICIENCY AND EMISSIONS MANAGEMENT

Teréga is looking to limit the carbon footprint of its activities by working on innovative technologies for energy efficiency and flow optimisation. Teréga wishes to contribute to the French objective of reducing greenhouse gas emissions (GHG) by 40% between 1990 and 2030 (published in the Law on Energy Transition for Green Growth - LTECV). This approach is reinforced and consolidated by the company's BE POSITIF program which aims to achieve a neutral environmental track record in 2020, and then a positive one in 2025.



REGIONAL INTEGRATION AND REDUCTION OF THE ENVIRONMENTAL FOOTPRINT.

Teréga is looking for effective solutions to limit its environmental impact on biodiversity and better integrate its infrastructures and activities in the regions. The R&I team is studying new methods of promoting societal acceptance of the company's activities.

THE NEW FRENCH LOW-CARBON ROAD MAP: A MIXED RESULT FOR GAS

In 2018, France set out new ambitious objectives for reducing greenhouse gas emissions. This climate endeavour is only partly based on the increase in the share of renewable gases.

The new low-carbon national strategy (SNBC) set out in 2018 reviews France's road map for taking its policy for mitigating climate change toward 2050. This strategy defines emissions ceilings for greenhouse gases over a period of five years, which should make it possible to reach the goal of cutting emissions by a factor superior of six by 2050, compared to 1990.

AN AMBITIOUS OBJECTIVE

This energy trajectory aims to achieve carbon neutrality in 2050 through redoubled efforts: totally removing carbon from energy production and from the transport and construction sectors, cutting energy consumption by half, developing technologies for carbon capture and storage, etc. In line with the ambitious objectives set out in the COP 21, this scenario, based on electrifying a large part of the energy systems, has not been substantiated by evaluations looking at the economic and social consequences of this transition, and does not appear to take European and international energy policies into account. The Multi-Year Energy Program (PPE) drawn up in 2018 by the French government spaces out this effort over the periods 2019-2023 and 2024-2028. The PPE, a management tool, defines several medium-term targets for reducing our final energy usage, increasing the share of renewable energies or cutting the consumption of fossil fuels.

BIOGAS WINS THE RIGHT TO INJECTION

In early 2018, the working group on methanisation set up by the government with the main players in the sector issued fifteen measures to accelerate the development of biomethane. The Law of 30 October 2018 enshrines the "right to injection" and facilitates the connection of biogas installations to transport and distribution networks. A decree adopted in January 2019 makes it possible to include 40% of the connection costs in the transport tariffs, up to a limit of 400,000 euros.

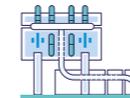
BIOMETHANE HELPS TO REDUCE ATMOSPHERIC POLLUTION.

A COMMITTED PLAYER, SPECIFIC ACTIONS



CONVINCE

Fully committed to the discussions at the European, national and regional level, Teréga expects to play a leading role in the energy transition. The company is contributing to the debates by making the case to the various stakeholders for a low-cost energy transition model, based on the existing infrastructure and on a meshed network for transport, storage and efficient distribution of gas.



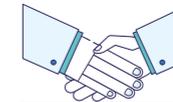
ACT

The gas infrastructures offer a high level of flexibility for responding to variations in energy demand, particularly with the reduction in the available power of the nuclear power stations or with peak demand in winter. The gas storage facilities also make it possible to manage seasonal fluctuations in demand. Thanks to a smaller environmental footprint than coal or petrol combustion, gas is innovative and is used as a renewable energy, with methanisation, pyrogasification, hydrogen, methanation or power-to-gas.



CONTRIBUTE

While preparing the PPE in 2018, Teréga took part in various workshops organised by the Directorate General for Energy and Climate, as well as in the public consultation led by the French National Commission for Public Debate, publishing a "c" booklet setting out its opinion of the issues, with reasons (<https://ppe.debatpublic.fr/cahier-dacteur-ndeg33-terega>) and participating in a debate on gas, referred to as the "controversial workshop" (<https://ppe.debatpublic.fr/ateliers-dinformationcontroversse>).



SUPPORT

Teréga is supporting the regions of Occitanie, Nouvelle-Aquitaine and Auvergne-Rhône-Alpes in creating Regional Land Management Schemes (SRADDET) and Regional Climate-Air-Energy Plans (PCAET) for the inter-municipal bodies, in order to give green gases a greater place in their energy mix and to promote the "greening" of gas to benefit the regions.

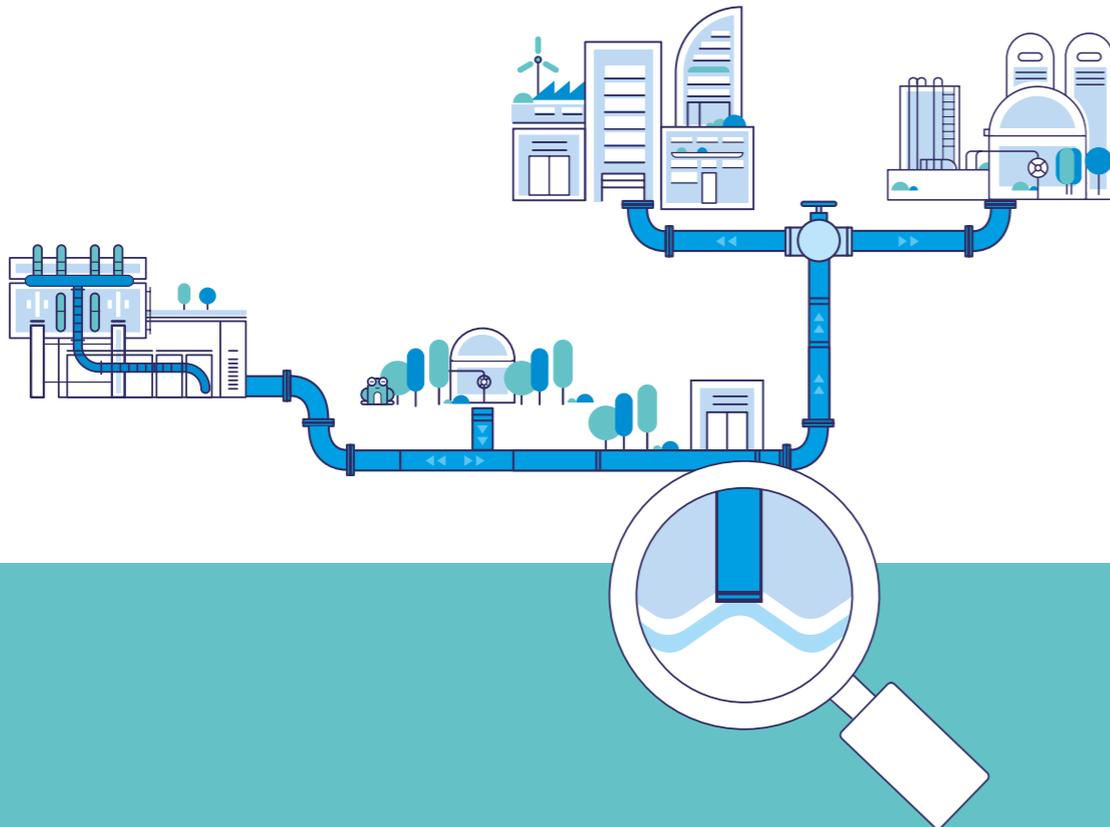
This gradual lifting of the legislative and regulatory barriers is accompanied by a notable acceleration in the number of connections of biomethane installations in mainland France: the figure doubled between 2017 and 2018.

The growing number of injection projects should make it possible to achieve, and even exceed, the capacity objective of 8 TWh set out in the first PPE from 2016. However, two decisions risk impeding the development of this rapidly-growing sector: the withdrawal planned in 2019 by the government of the objectives of 10% of green gas within gas usage in 2030, as included in the Law on Energy Transition for Green Growth (LTECV), and the conditioning of public support to ambitious efforts in lowering production costs.

However, over and beyond the benefits of reducing greenhouse gas emissions, **biomethane brings many positive ancillary advantages.** It promotes a cleaner mobility, helps to reduce atmospheric pollution, and forms part of a circular economy dynamic with waste recycling. What is more, it generates additional revenue for farmers, creates new jobs in the regions which cannot be transferred out of the area, and improves our energy autonomy. —

TERÉGA IS SUCCESSFULLY ADAPTING TO THE NEW REGULATORY CONDITIONS REGARDING STORAGE

Since December 2017, underground gas storage capacities have been marketed at public auctions. Teréga has been able to effectively adjust its offer in line with these new regulatory conditions, thereby affirming its role as a major player in the developments of the natural gas market. In 2018, 100% of its storage capacities have found buyers.



Third-party access to underground natural gas storage facilities in France was modified by Article 12 of Law No. 2017-1839 of 30 December 2017.

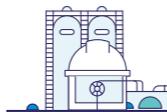
This reform of the Energy Code resulted in a shift in how our infrastructures are managed in 2018.

THE NEW LEGISLATIVE FRAMEWORK THAT IS IN FORCE INTRODUCES A REGULATION OF ACTIVITY

An outline of the natural gas underground storage infrastructures said to be “essential”, as they are considered necessary for France’s security of supply, was drawn up in the Multi-Year Energy Program (PPE).

The operators of these essential infrastructures are obliged to keep them in operation. They must offer third parties access to the installations under transparent and non-discriminatory conditions. From now on, their storage capacities will be marketed within the framework of public auctions. The terms of these auctions are set out by the French Energy Regulatory Commission (CRE). The CRE regulates operators by determining the revenues that enable them to cover all of the costs that they incur in operating these essential infrastructures. In the event that the revenues from public auctions are not sufficient to cover the costs incurred by the operators of these infrastructures, coverage of said costs will be ensured by the natural gas transport network use tariff. —

TERÉGA TAKES ADVANTAGE OF MARKETING AT AUCTIONS



ESSENTIAL INFRASTRUCTURES

The storage sites at Lussagnet and Izaute are included in the list of essential infrastructures drawn up by the PPE. In 2018, Teréga thus benefited from revenue authorised by the CRE, fixed at 153.4 million euros, for exploiting its storage capacities and making them available to the market through public auctions supervised by the CRE, equivalent to a usable volume of 33.1 TWh and a withdrawal rate of 555 GWh/day.



AUCTION PLATFORM

Teréga has chosen to put in place its own digital platform for storage auctions, known as “STOREPLACE”. Developed in just a few months, this platform offers its clients a customised service that is tailored to their needs. In March 2018, the first auctions organised on the platform within the new regulatory framework enabled Teréga to sell 100% of its storage capacities for the 2018-2019 gas year, with these capacities being reserved by 21 different clients. This is an increase of 5 clients compared to the previous year.



POSITIVE FEEDBACK

Market players praised the reliability, simplicity and modern look of STOREPLACE, and were therefore not in favour of proposals to replace it by a joint platform shared with Storengy.

OUR BUSINESS MODEL

RESOURCES

Financial

- Share ownership
 - SNAM (40.5%)
 - GIC (31.5%)
 - EDF Invest (18%)
 - PREDICA (10%)
- Investments: €184 million

Industrial

- 5,080 km of transport pipelines
- 6.5 Gm³ of total gas storage capacity

Human

- 611 staff

Customers

- 59 shippers (Transport)
- 21 shippers (Storage)
- 114 industrial customers
- 151 public distribution systems

Technological

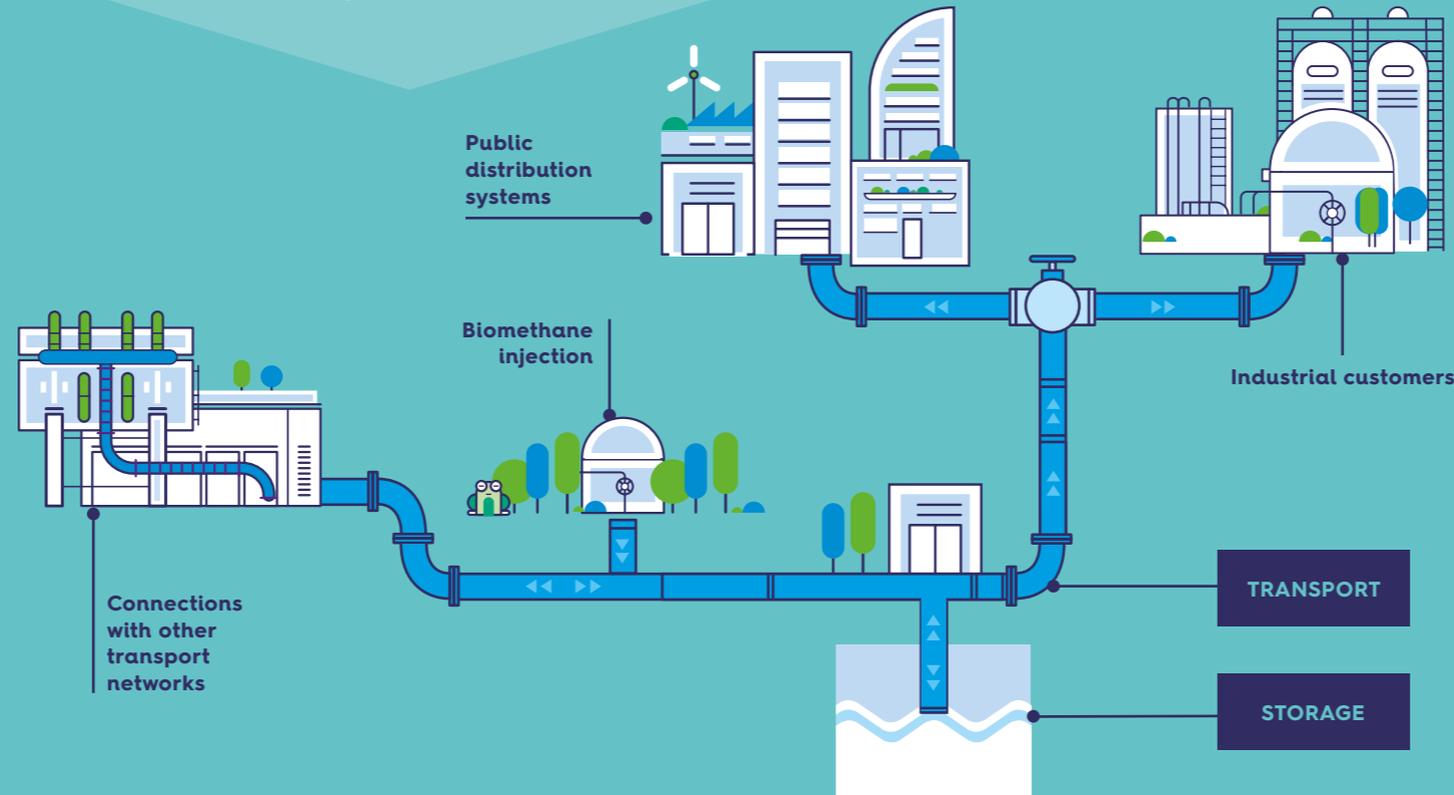
- 60 staff integrated into the R&I network
- Average annual budget for R&I: €5 million

Environmental

- ISO 14001 (environmental management) and ISO 50001 (energy management) certifications

A REGULATED SECTOR

The French Energy Regulatory Commission (Commission de Régulation de l'Énergie, CRE) oversees the effective functioning of the gas market in France.



ENERGY TRANSITION

New uses for gas, new production models, new networks, etc.

RÉSULTS

Financial

- €476 million in turnover

Industrial

- 123,987 GWh of gas transported
- 33,100 GWh of subscribed storage capacity
- 27,758 GWh consumed in the Teréga area (industrial customers + public distribution systems)

Human

- 80 new recruits
- 20,195 hours of training
- 94% of staff trained
- 7/10 engagement score
- TRIR for Teréga: 4.3

Customers

- 100% satisfied customers (2018 survey)

Technological

- Around 40 R&I Projects

Environmental

- 0.95 tCO₂e/GWh transported*
- *calculated using methane GWP = 34.

OUR MISSION: TO MAKE GAS A CATALYST FOR ENERGY TRANSITION

Our commitment

To work responsibly by guaranteeing the safety of individuals, infrastructure and supplies and by respecting our environment.

Our state of mind

To cultivate innovation and agility so as to anticipate new gas challenges.

Our conviction

To cooperate in mutual respect and progress together.

Our forecast

To share our ambitions to build the future of gas and its infrastructure into tomorrow's energy model.

IMPACTS 2025

AN AMBITIOUS, STRATEGIC PLAN INVOLVING 5 PRIORITIES:



To guide consumers and the market



To improve efficiency and responsibility



To increase our visibility



To secure and accelerate



To reinvent the company's DNA

OUR REGIONS

15 departments in the South-West



IMPACTS 2025: A STRATEGIC PLAN FOR AN ENERGY SOURCE OF THE FUTURE

Amid the radically changing energy market and uses of gas, Teréga has launched the IMPACTS 2025 plan to achieve its ambitions in tomorrow's energy landscape. This strategic roadmap is structured around five priorities designed to establish the company as a key player in the European energy sector.



PRIORITY 1

TO GUIDE CONSUMERS AND THE MARKET

As the energy transition unfolds, the gas market is undergoing major changes. Whether shippers, distributors or adjacent operators under contract, customers are faced with a wide range of energy options, in a context of increased competition.

That is why Teréga has set itself the target of improving

the quality of its customer relationships and of pre-empting their future energy needs to build long-term business relationships with them. Guiding consumers and the market also means being more effective in attracting new customers. How? By improving our understanding of their expectations and by developing

an "à la carte" service offering with the aim of proposing global solutions to tomorrow's energy challenges. By improving our offer and optimising the cost of the infrastructures for our clients, we will succeed in increasing the number of connections and safeguarding the existing infrastructures.



PRIORITY 2

TO IMPROVE EFFICIENCY AND RESPONSIBILITY

To become an energy source of the future, natural gas must maintain its competitiveness with other energies, in particular by effectively managing the costs of developing and operating infrastructures. Teréga is striving to become a leading light in effective resource management and management of its environmental impact. This should enable us to continue improving our competitiveness, by promoting our core business activities, while developing new activities with a sustainable and responsible approach.

This sense of responsibility also involves establishing effective rules for the prevention of industrial accidents and hazards to achieve our target of "zero accident, zero incident", from our PARI 2025 program. Finally, our sense of responsibility also extends to a concern for the environment. That is why, through the BE POSITIF program, we are seeking to reduce the CO₂ emissions generated by our activities, our aim being to reduce as far as possible our impact on the planet and biodiversity.



PRIORITY 4

TO SECURE AND ACCELERATE

At present, regulated gas transport and storage activities make up Teréga's core business. Recent developments in the gas market, with the regulation of storage and the implementation of Trading Region France (TRF) represent opportunities to reinforce the company's position as a national and European player. Faced with the new horizons that are opening up, Teréga needs to accelerate the enhancement of its infrastructures and expertise. Indeed, the energy infrastructures will have to evolve to result in the emergence of multi-energy smart

grids that are capable of optimising relations between producers and consumers in a permanent manner. The changing uses of gas also presage a real mobility revolution. As such, the sector of natural gas for vehicles (NGV) is banking on 250 refuelling points for this fuel type in 2020, compared to approximately 120 at the end of 2018. In this context of the energy transition, the work of the Research & Innovation team should enable the company to anticipate future technological developments.



PRIORITY 3

TO INCREASE OUR VISIBILITY

While remaining attached to its area of operation and convinced of the central role of gas in the energy transition, Teréga is consolidating its position on the national stage and in the public debate with a view to increasing its standing and influence. The company also needs to make a name for itself at a European level because that is where the major

challenges of the energy market lie. In this radically changing market, Teréga's ambition is to develop new uses of gas and to capitalise on its infrastructures and the gas networks which supply a large part of France and Europe. All of this requires increased visibility among political and institutional decision-makers, in both Paris and Brussels.



PRIORITY 5

TO REINVENT THE COMPANY'S DNA

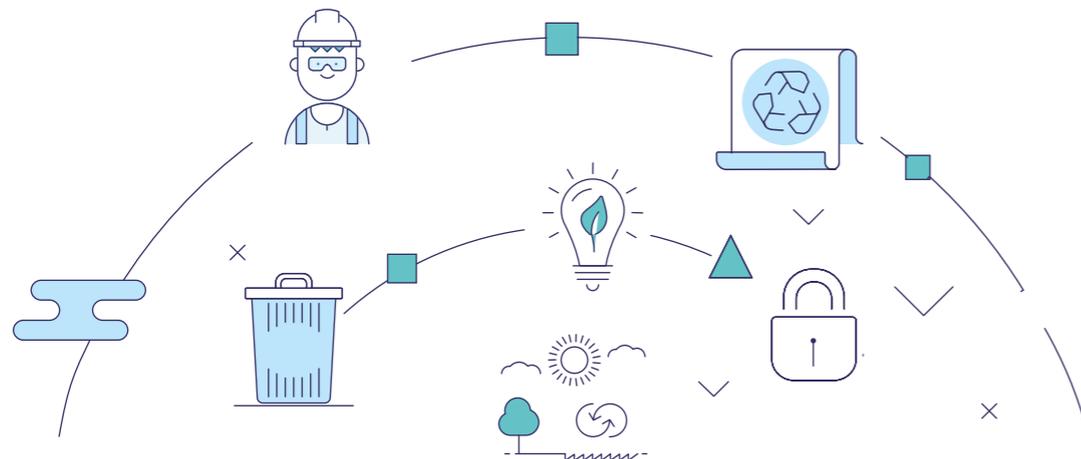
In order to meet all of these challenges and play its full part in tomorrow's energy landscape, Teréga needs to carry out its own internal revolution. We need to rethink our ways of working and move towards greater agility. To do so, we are going to reinvent the company's DNA, as well as renewing our management style

and the approach used in dealing with human resources. Specifically, this means giving more leeway to individual initiatives, promoting horizontal schemes, integrating individual career paths in skills development programs and developing working methods that take full advantage of the potential of digital tools.

MANAGING NON-FINANCIAL ISSUES

As a responsible industrial player, Teréga draws no distinction between its global policy and its CSR commitments, taking the view that all of the company's commitments should contribute to the sustainable development of all its business activities and its development strategy.

The creation of Teréga's Non-Financial Performance Declaration therefore forms part of the company's overall approach. The non-financial risks have been identified based on the Teréga group's Risk Benchmarking Exercise, which is carried out annually. The Environment - CSR Department has analysed the risks from this benchmarking exercise with regard to the categories of information mentioned in Article L.225-102-1 of the Commercial Code (namely social/societal aspects, the environment, respect for human rights and prevention of corruption and tax evasion), as well as Teréga's materiality matrix. This analysis, presented and approved by the Executive Committee, enabled the 11 non-financial issues to be determined (see the box opposite). The policies and actions implemented to manage these risks, as well as the results obtained, are presented throughout this report. —



NON-FINANCIAL ISSUES	ASSOCIATED POLICY
<p>Managing legislative and regulatory changes</p> <p>Teréga's future sustainability hinges on its response to regulatory changes, particularly following the revision of the French Multi-Year Energy Program (PPE).</p>	<p>Legislative changes are anticipated with the aid of the Institutional Relations Center and through our involvement in the various bodies. Monitoring and implementation of published texts that apply to Teréga is carried out via a Monitoring Committee that draws together representatives from the departments and meets once a month.</p>
<p>Anticipate the evolution of the energy market, notably through Research and Innovation</p> <p>A suitable Research & Innovation (R&I) program is required to prepare for the changes afoot in the energy market.</p>	<p>By means of a dedicated governance structure, the Research & Innovation Centre organises a cross-functional in-house network that implements the IMPACTS 2025 Innovation Plan. This approach is consolidated by an innovation policy. Teréga's innovation approach involves approximately 60 in-house employees.</p>
<p>Guarantee the safety of personnel and of third parties</p> <p>Risk prevention measures that are suitable for Teréga's staff and subcontractors and for third parties need to be established to operate a high-pressure gas network.</p>	<p>The multi-year PARI 2025 program is intended to guarantee the safety of our employees, partners, local residents and installations on a day-to-day basis. The PARI 2025 program is subject to regular reviews carried out by COMEX. This program deals with the frames of reference, organisation and human factors as well as the equipment. It is arranged by the Health and Safety at Work, Quality of Life at Work, and Industrial Safety and Security Departments, as well as by the Coordination, Authorisation and Third-Party Regulations Department, for prevention of Undeclared Works to protect the network of pipelines.</p>
<p>Work with suppliers in accordance with our societal commitments</p> <p>Teréga selects subcontractors and suppliers that respect its CSR commitments, particularly those relating to Health, Safety and Environment (HSE).</p>	<p>The Purchasing rules are defined by the Purchasing Department in order to meet the requirements of the professional bodies, but also to ensure fairness towards our suppliers. We comply with the rules concerning invitations to tender and consult with our suppliers on the basis of the technical specifications and HSE. For services and works that present risks, we implement an HSE certification system that is applicable to third-party companies and constitutes a guarantee that the HSE risks are correctly managed.</p>
<p>Minimise our environmental footprint and act in a responsible manner towards society</p> <p>Everything that Teréga does must conform to the expectations held in society regarding energy policy and environmental impact.</p>	<p>From a broader point of view, the IMPACTS 2025 plan was developed to meet societal expectations in terms of integration of energy needs (Multi-Year Energy Program, low-carbon national strategy). The multi-year objectives of the BE POSITIF program, managed by the Environment SER Department, are to achieve zero environmental footprint by 2020 and to generate value by 2025. In particular, these objectives involve commitments from the Operations and Infrastructure Projects Departments.</p>
<p>Guarantee the continuity of service of our information infrastructures</p> <p>Teréga's increasing use of digital tools must maintain the level of reliability required for its continued operations</p>	<p>An Activity Continuity Plan, subdivided into procedures, is managed by the Digital Transformation and Performance Department.</p>

NON-FINANCIAL ISSUES	ASSOCIATED POLICY
<p>Maintain a peaceful social environment</p> <p>During these changing times, Teréga intends to maintain a continuous, high-quality level of social dialogue.</p>	<p>The Employment Law Department establishes the social agenda with the social partners (staff representative body and Charitable Works Committee), and leads the social dialogue during consultation phases, notably those regarding reorganisation measures, including with the experts appointed by the Works Council or Health, Safety and Working Conditions Committee. Company agreements constituting the social foundation of the company are negotiated and signed on a regular basis.</p>
<p>Master and develop skills</p> <p>Teréga's staff must possess a level of expertise that is consistent with the challenges that the company faces, with regard to both support and operational functions.</p>	<p>The training plan is formulated by the Training and Skills Department so as to satisfy the company's strategic focuses in terms of jobs and skills.</p> <p>In 2018, the capacity of the staff in the Operations Department in terms of skills possessed was one of the validation criteria for the feasibility of the forthcoming reorganisation. It was validated individually against the benchmark of the skills required for new jobs and by specific bodies. Postings were determined based on the individual skills and situations and were accompanied by a skills development plan.</p>
<p>Respect ethical guidelines</p> <p>Nowadays, ethical conduct ranks among the requirements of a company such as Teréga if it wants to remain sustainable and succeed in business and industry.</p>	<p>Under the aegis of the Corporate Secretary, Teréga has had an ethical code since 2015. Every year, an ethics report is submitted to the Board of Directors. The organisation of anti-corruption measures is enshrined in the Sapin II law. In 2018, the staff received training in corruption prevention.</p>
<p>Promote the acceptance of our installations in the regions</p> <p>The success of infrastructure projects is intrinsically linked to adopting a positive and accommodating approach towards stakeholders (residents, farmers, elected representatives, etc.).</p>	<p>As part of pipeline projects, the Federal Affairs Department is in contact with the owners of the areas of land crossed by Teréga's pipelines. The aim is to obtain the maximum number of signatures on an amicable basis.</p> <p>Depending on the size of the projects, public information meetings and technical meetings may be organised by the project managers to notify the local residents and stakeholders, respectively, of the impacts connected with the establishment of the work site.</p>
<p>Have a strong organisation in place to achieve our objectives</p> <p>A stable and fluid organisational structure is required if the IMPACTS 2015 strategic plan is to succeed.</p>	<p>Teréga is a <i>société anonyme</i> (public limited company) governed by a Board of Directors, which reflects its shareholding. The rules and operating methods of the Board of Directors are set out by the law and by the company's Articles of Association. It is managed by the Corporate Secretary, which defines an exact calendar with annual meetings. The governance arrangements are set out in the Group directives.</p>

2

REGIONS

Take action on the ground, in the regions



THE TRADING REGION FRANCE

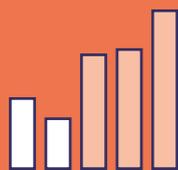
The Trading Region France has been operational since 1 November 2018. Its opening marks the completion of a huge technical, regulatory and commercial project undertaken jointly with GRTgaz. With this new single area for gas in France, Teréga is now operating at the heart of an interconnected market that is more robust and more competitive, where the gas flows should increase significantly.

A greater contribution - thanks to record filling of our storages - to the security of supply.

€872 MILLION INVESTED IN GAS TRANSPORT NETWORKS

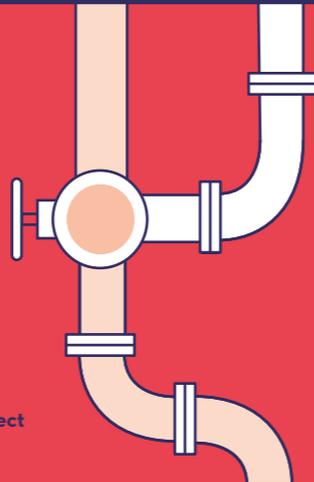


€152 million for Teréga's Renforcement Gascogne Midi project and €720 million for GRTgaz's Val de Saône project



AN INCREASE OF 42% IN NORTH-SOUTH FLOWS

An increase in gas flows on the France-Spain border, at the PIRINEOS interconnection point operated by Teréga, which quickly established themselves at the firm capacity of 165 GWh/day from the entry into force of the TRF 1 GEP (Gas Exchange Point) price, the single wholesale market for gas in France



↑ Since 1 November 2018, there has only been one market area in France – Trading Region France (TRF) – linked to a marketplace.

The Trading Region France (TRF) was launched on 1 November 2018, on schedule, in complete transparency for the market and without any operational incidents requiring to be reported. This performance is due to the quality of the cooperation previously established between Teréga et GRTgaz to put in place the information systems and operational mechanisms required for correct functioning of the new gas flow exchange interfaces between the North and South geographical areas.

INTENSIVE MOBILISATION

Heavily involved in the work of the gas consultation, Teréga's teams set out to adapt the contractual and commercial environment to the new rules for access to natural gas transport networks introduced by the TRF. The construction stage for the single gas market ended in the devising of new mechanisms for market management, congestion management, network status monitoring, etc.

Teréga's middle-office technicians received specific training to master operational management of client contracts in compliance with the new procedures, regulations, operating conditions and operational instructions. In October 2018, the inaugurations of GRTgaz's Val de Saône and Teréga's Renforcement Gascogne Midi gas pipelines marked the final step in the meticulous preparation of this project, which transforms the wholesale gas market.

RECORD SUBSCRIPTIONS

Coupled with the reform of the storage regulation, the TRF strengthens the security of supply for the region and brings greater flexibility in the use and arbitration of gas flows. *"Above all, from now on our infrastructures will be developed directly at the heart of the French*

energy landscape," stresses Gilles Doyhamboure, Teréga's Trading and Regulation Director. *"The TRF also enables us to better contribute, via our storage facilities, to the security of supply for the Iberian Peninsula."*

Since 1 November 2018, the gas flows on the France-Spain border, at the PIRINEOS interconnection point operated by Teréga, have recorded a significant increase in the quantities outgoing towards Spain. During the second fortnight in December, these flows reached an average level of 190 GWh/day, with several peaks above 200 GWh/day due to additional subscriptions for interruptible capacities.

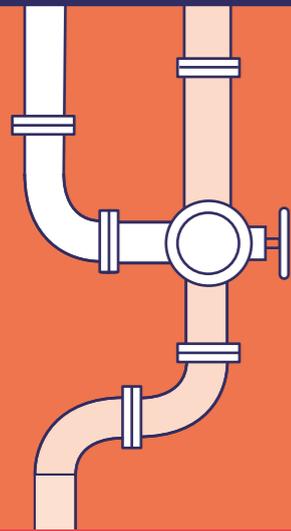
At the end of 2018, subscribed volumes in the French storage facilities reached a level that had not been seen since 2010, with Teréga's storages being called on heavily during this period. The dimensioning of the networks and the TRF flow diagrams made it possible to meet this demand without resorting to the contractual congestion management measures. This robustness shows the reliability of the new model, which is a prospective solution for the grouping of other market places in Europe. —

"Teréga's teams worked to the deadlines and within budget to deliver a major industrial site that strengthens the national gas market, the security of supply for the region, and our place within the French energy landscape."

GILLES DOYHAMBOURE, CHIEF BUSINESS AND REGULATION OFFICER

THE RENFORCEMENT GASCOGNE MIDI

16 months after the start of extensive works, at the end of October 2018, Teréga commissioned its new underground gas pipeline, the Renforcement Gascogne Midi (RGM), which connects Lussagnet (Landes) to Barran (Gers). Delivered on time, the structure is a key link in the creation of the TRF. The new infrastructure makes it possible to increase transit capacities and improve exchange flows within the framework of this single market area for gas in France.



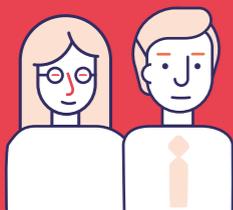
61.8 KM OF UNDERGROUND GAS PIPELINE

Maximum pressure of 85 bars
900 mm in pipe diameter

20 COMMUNES CROSSED



1 additional compressor at the Barbaira compressor station, with a power of 7 MW



460 PERSONS AT PEAK TIMES



↑ The gas pipeline of the Gascogne Midi Reinforcement project was an essential factor behind the creation of TRF.

A major infrastructure project for Teréga, the Renforcement Gascogne Midi (RGM) brings a strategic solution to the congestion of the gas network between the North and South areas.

This project also contributes to the security of supply. Being in touch with the market, Teréga's project teams have realised a major structure that has high quality standards, is on budget, in accordance with the regulations and respects the regions it crosses.

TEAMWORK UPSTREAM

The "gas-in" stage for the pipeline is the culmination of five years of collaborative and multi-disciplinary work by Teréga's teams. Following commitment to the project in 2014, the preparatory and study phase was conducted in close cooperation with service providers and various administrative bodies. Teréga was thus able to obtain the various ministerial authorisations in just 18 months, a crucial timeframe to ensure delivery of the project on the planned date and launch the TRF on 1 November 2018.

A DEMANDING WORK SITE

Set in action in July 2017 after the required authorisations had been obtained, during peak periods the work site for the RGM project mobilised almost 460 people across its different locations. Works were conducted in the face of exceptionally rainy weather conditions. These

difficult conditions delayed realisation of the structure. Ultimately, the involvement and professionalism of Teréga's teams and of the subcontracting companies made it possible to meet the deadlines and to ensure delivery and commissioning of the project by the end of October 2018.

AN EXEMPLARY CONSULTATION

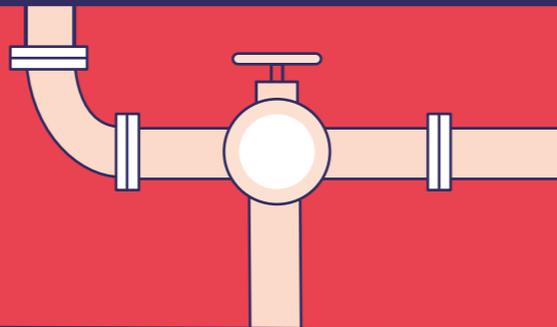
The success of the RGM project is due to the consultation conducted by Teréga and to its close commitment. The multiple studies, site investigations and visits conducted with the various stakeholders made it possible to draw up and propose the route that had the least impact, guaranteed safety and respected the environmental issues. Throughout the project, Teréga used the ARO methodology (Avoid, Reduce, Offset), promoted dialogue with all of the stakeholders (elected representatives, local residents and administrative bodies), and established partnerships with the local associations. These constant exchanges of information made

it possible to establish a climate of trust and closeness. An essential element in the process, the federal department developed a privileged relationship with the 202 private owners of the areas of land crossed by the pipeline and with the public authorities. Its teams took into account all the constraints linked to the works, ensuring that the undertakings entered into with the owners, site operators and managers of the structures crossed were observed. All of the owners affected by the route agreed to sign an amicable easement agreement. Two weeks before the start of the works, owners and operators drew up an "initial summary of the situation", a report that served as the baseline for restoring the plot of land to its original condition and for the payment of compensation at the end of the work. —

STEP PROJECT

To the East of the Aude and Pyrénées-Orientales departments, Teréga is studying the STEP (South Transit East Pyrenees) project, a cross-border underground pipeline designed as part of a major gas transmission network that will connect the networks of France and Spain. This infrastructure achieves the objectives set for energy solidarity and the construction of a true European energy market, while also contributing to securing the gas supply and strengthening operation of the regional network.

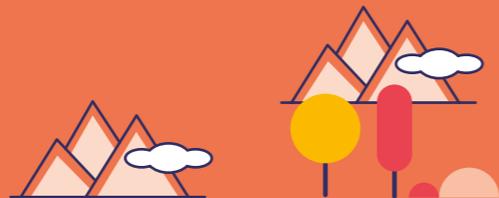
120 KM
OF GAS PIPELINES
in the French part



**ESTIMATED COST OF €290 MILLION
FOR THE FRENCH PART**

**2 DEPARTMENTS
CROSSED**

(Aude and Pyrénées-Orientales)



7 or 8 block-valve stations



↑ Throughout the duration of the STEP project, Teréga maintained constant dialogue with the various stakeholders in the areas affected.

The STEP cross-border project was designed with the Spanish operator Enagás. STEP benefits from being classed as a PIC "Project of Common Interest", a status granted by the European Commission in late 2017 as STEP meets the priority objectives of European energy policy. The maturity of the project was declared by the European Commission in its High Level Group (HLG) meeting on 22 January 2018.

A PROJECT BRINGING OPPORTUNITIES FOR THE REGIONS...

This interconnection project was designed to benefit the regions that it crosses. The project will make it possible to secure, strengthen and improve the operation of the regional gas network of the Aude and Pyrénées-Orientales. STEP could also enable new communes to be connected to a natural gas network. Teréga has also finalised a feasibility study for biomethane deposits as part of efforts to promote the development of other local projects. This study was presented to the regions in question in September 2018.

...DESIGNED IN CONSULTATION WITH THE REGIONAL STAKEHOLDERS

Teréga places consultation at the heart of the development process for its projects. Regional dialogue is an integral part of the preliminary studies stage.

- For the STEP project, a process of ongoing exchange was undertaken as soon as the studies were commenced. From November 2017 to March 2018, Teréga chose to involve the French National Commission for Public Debate (CNDP) voluntarily, in order to organise a preliminary consultation under the aegis of an independent sponsor. Based on the lessons learned from that consultation, Teréga continued its studies, taking into account the recommendations made in the sponsors' report from the CNDP and the concerns expressed by the stakeholders, while involving the later in improving the project.

- To this end, between June and October 2018, Teréga organised local themed workshops with the responsible bodies and figures. These guests helped to identify the special features and concerns for the regions crossed, on the topics of water, fire and the Albera Massif

mountain range. From May 2018 onwards, scoping meetings were held to complete the list of participants, identify the subjects to be tackled, and integrate them into the studies. For each subject, a program of work, a defined methodology and a list of partners to be consulted were drawn up. In October 2018, a second stage of meetings meant that it was possible to notify participants of the progress of the actions undertaken, to discuss the running of the studies and to list the additional actions to be carried out.

- In July 2018, Teréga and Enagás submitted an application for investment to the French, Spanish and Portuguese regulators. The decisions pertaining to this application will be taken in 2019 by the competent authorities.

- In parallel with the themed workshops, during the second quarter of 2018, Teréga commenced the technical studies, the survey of flora and fauna, the seismic risk assessment, the environmental evaluation and the federal topographical studies. These studies, along with the contributions yielded by the preliminary consultation and the themed workshops, will make it possible to determine the best options for the pipeline's route.

- Together, Enagás and Teréga drew up a concept for public participation with the aim of organising a public consultation on both sides of the border. This consultation will be organised during 2019 and will form part of the extension of the voluntary consultation undertaken by Teréga in France with the support of a sponsor named by the National Commission for Public Debate in late 2017. —

TRANSPORT AND NETWORK OPERATIONS

Faced with the challenges of tomorrow, in 2018 Teréga commenced work on an in-depth reorganisation of its transport and network operations business activities, in order to optimise its resources. The business excellence project, which was given the name ACE (Operational Activities, Skills and Efficiency) consolidates and enhances the key skills of the professional roles within the Operations Department (DOP). The new model will make it possible to improve operational efficiency.

7 regions operating in a harmonised manner



An ambitious training program carried out over 18 months, enabling certain activities to be brought in house

APPROXIMATELY **180** EMPLOYEES IN AN ORGANISATIONAL MODEL that consolidates and enhances key skills



A ROLL-OUT THAT STARTED ON 7 JANUARY 2019

Our priority is to ensure: the safety of people and goods; the integrity of our network, guaranteeing the response capacity for our equipment and the robustness of our on-call duty model; the availability of our network and the continuity of service.



↑ Maintenance work.

“In the midst of the energy transition, the gas ecosystem is evolving and emerging technologies are changing the situation,” explains Uttaro Kim, Head of the Transport Department at Teréga. *“With the ACE project, we launched a process of integrating, harmonising practices and increasing the importance of skills so as to raise the consistency and effectiveness of our activities across the entire operational chain.”*

A PARTICIPATIVE APPROACH

The new model was constructed between January and May 2018, based on a participative approach. Six working groups and more than 50 workshops for redesigning the processes brought together all the representatives of the operational activities, with the contribution of the supporting functions. The priorities for improvement that were selected concerned grouping by homogeneous skills, development of skills relating to the core business, better integration between the operations and maintenance teams, simplification of processes and development of shared services between storage and maintenance. Operational safety

was strengthened, with improvement of local support, the risk prevention chain and the crisis management and on-call duty models.

HOMOGENEOUS SKILLS

Launched in early 2019, the roll-out of the new organisation is based on three homogeneous skill areas. An Operational Coordination Department oversees all the activities. Its team defines priorities, prepares the interventions, ensures administrative support, and coordinates all of the schedule and the follow-up work. Centralised within an Ongoing Operations Department, the regional teams ensure interventions grouped in a multi-disciplinary manner by reinforcing their knowledge of the installations. The creation of a Specialised Operations Department makes it possible to carry out

technical operations with high added value in storage and transport, while developing in-house the key activities involved in inspection, repair and maintenance. The division into seven intervention regions brings homogeneous and optimum regional coverage, favouring practical experience of the job and effectiveness of the on-call duty organisation. Management of equipment stocks was reorganised around this perimeter: one centralised warehouse serves the seven regions.

THE KEY CONTRIBUTION MADE BY DIGITISATION

The success of the new organisation is partly due to the effectiveness of the new “Click” digital scheduling and mobility tool. Designed during 2018 in agile mode with iterative testing of the functions with users, this SaaS platform covers all of the DOP activities as close as possible to the installations. Thanks to its ClickPlanning and ClickMobile modules, this solution makes it possible to centralise scheduling of all of the interventions that are to be carried out and to ensure that they are transmitted remotely on mobile devices to the regional teams, with traceability of operations in real time and optimisation of the routes. —

“Operations management is becoming more centralised, with better anticipation of priorities and ongoing monitoring of interventions. The ACE project has been well received. Our staff see it as an opportunity to develop their skills.”

UTTARO KIM, HEAD OF TERÉGA'S TRANSPORT DEPARTMENT

AN EXPANDING ROLE FOR THE TECHNICAL COORDINATION

In 2018, Teréga decided to expand the role of "Technical Support", making it more proactive. This new ambition was underlined by the change in the name of the department, which became "Technical Coordination". Its teams are positioned upstream of operations, defining the rules for the design, construction and operation of infrastructures and ensuring local support for the operational staff. This proactive expertise helps to increase the efficiency and safety of operations on the network.



12 MEMBERS OF STAFF
directly involved in the ACE project

Over 50 maintenance training modules (rotating machinery, electricity, automated processes, instrumentation, OQG and industrial analysis, gas equipment, technical diagnostics) created in collaboration with the Skills Training section for the ACE project

AROUND 50 STAFF SPREAD ACROSS 7 SECTIONS



8,212 ranges and maintenance plans reviewed for the ACE project (Operational Activities, Skills and Efficiency)



Steering of 3 of the 9 R&I programs

In 2018, Teréga developed the task assigned to its Technical Support Department, taking it towards a proactive role of Technical Coordination. The aim of this step was to improve the efficiency of the technical solutions deployed upstream of requirements, against the background of increased competition. Efficiency is no longer

limited to ensuring the robustness and integrity of the installations, but rather said installations themselves should also be competitive in terms of costs, especially in the new biogas projects. This criteria will become decisive and condition, in part, the development of the technical baseline. The Technical Coordination Department, in collaboration with the other bodies at Teréga, is working notably on a new method of connecting biomethane injection units with low-pressure polyethylene and on the creation of a dedicated reference work.

PROACTIVE MONITORING

"We are changing our focus in moving towards added value from the technical design," explains Thierry Reynaud, Head of the Technical Coordination Department at Teréga. "Our objective is to continue providing high-quality support where required by the operational staff, but we are also looking to improve our upstream positioning. This increased anticipation and source of proposals should influence the technical solutions or organisational processes which improve our operating procedures, the efficiency and the safety of interventions carried



↑ The technical coordination work must make it possible to improve the efficiency and safety of the work carried out by the operatives.

out by the operational staff, centred on their day-to-day job. They build on our closeness to operations and on technological monitoring."

SUPPORTING OPERATIONAL CHANGES

The Technical Coordination Department also enables operators to benefit from its knowledge and expertise through tailored training sessions, implemented directly or via the Human Resources Department. The large-scale insourcing, within the framework of the ACE project (Operational Activities, Skills and Efficiency), of certain maintenance operations that were previously subcontracted and, consequently,

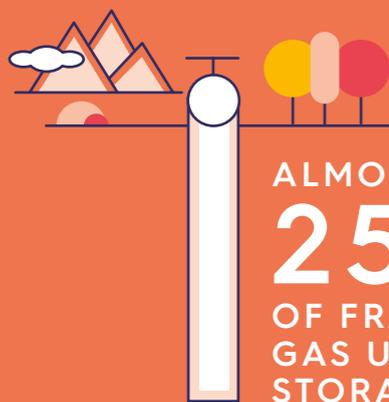
of the related skills, thus led the department to undertake, in 2018, together with Human Resources, a major training program, a project involving structuring the documentary database, a thorough review of the ranges and maintenance plans, and the roll-out of new tools. The organisation of the Technical Coordination Department has also been adapted in line with the new operational model launched by the ACE project, with the creation of a dedicated Methods section and a dedicated Professional Expertise section. —

IN BRIEF

Teréga's Technical Coordination Department provides the majority of the standards for the design, construction and operation of the company. Its team guarantees technical assistance support to the operational staff. It plays a central role in organising feedback based on experience. The Technical Coordination Department is involved in drawing up, tracking and improving strategies and plans for monitoring, preventive and predictive maintenance, integrity and inspection. The department also plays a key role in the safety of installations and people.

OPTIMISING STORAGE IN LUSSAGNET

In 2018, Teréga continued its campaign of optimising the equipment of the underground storage platform in Lussagnet. The drilling of wells LUG-77 and LUG-78 took place in good conditions. Workover operations on wells IZA-20 and LUG-67 were also carried out. These operations make it possible to strengthen the reliability of the installations and to maintain the capacities for injection and withdrawal from storage, in order to meet the growing demand for flexibility from shippers.

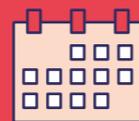


2 storage sites in Lussagnet (Landes) and Izaute (Gers), in the Aquitaine basin

The storage installations are located at depths of between 500 and 900 metres, in a geological layer consisting predominantly of molasse and clay

ALMOST
25%
OF FRANCE'S NATURAL GAS UNDERGROUND STORAGE CAPACITY

IN LATE 2017, THE CONCESSION FOR THE LUSSAGNET SITE WAS EXTENDED TO 1 JANUARY 2043.



The Lussagnet platform is equipped with 2 gas dehydration units, 4 triethylene glycol regeneration units, 2 desulphurisation units with active carbon reactors and 7 compressors having a total power of 30 MW.



↑ Gas processing plants at Lussagnet storage facility.

In Lussagnet, as part of the WELL54 project, drilling of the new injection and production wells LUG-77 and LUG-78 was carried out between March 2018 and May 2018, using the SMP 104 drilling rig. Installed on a new drilling cluster, these two wells were commissioned following drainage in late 2018. They will make it possible to maintain the site's current levels of performance during periods of injection and withdrawal in the case of interventions and simultaneous closures of other wells. In parallel to this, Teréga carried out the preparation work for drilling wells LUG-79 and LUG-80, which are scheduled to be commissioned in 2019.

MAKE FACILITIES MORE RELIABLE

Teréga also changed the equipment for the upper parts of wells IZA-20 and LUG-67, following reassembly of the old upper completion section, with the installation of a bottom valve, a new column and a new production packer. These extensive interventions were carried out using the SMP5 drilling rig, a small unit suited to this type of work. They form part of a long-term program for increasing the reliability of installations and the integrity of wells. Furthermore, Teréga began preparatory work on four other workovers of wells, planned for 2019. —

THESE TWO WELLS WILL MAKE IT POSSIBLE TO MAINTAIN THE SITE'S CURRENT LEVELS OF PERFORMANCE DURING PERIODS OF INJECTION AND WITHDRAWAL.



↑ Assembling the SMP 104 drilling rig.

"In 2018, we have reinforced the monitoring tools for our storages. Teréga equipped itself with a geomechanical modelling tool. This digital solution makes it possible to simulate, with a high degree of reliability, the mechanical behaviour of the sedimentary pile (reservoir and cover) and, in particular, the development of the stress situations linked to the underground storage of natural gas in the rock: ground subsidence or elevation, possible reactivation of fault, etc. Notably, it will enable us to carry out forecast simulations that take into account storage development programs, but also to reproduce external injection or withdrawal conditions. The model is constructed and calibrated based on the analysis of rock core samples, and fed with data collected via multiple sensors installed at our sites, including radar reflectors used to measure ground movements with satellites or geophones that make it possible to record and locate microseismic events. Furthermore, we have strengthened this microseismic monitoring by installing new geophones on the Izaute site, following those rolled out in Lussagnet in 2013. Finally, wellhead radar devices and pressure sensors submerged in fifteen control wells continuously monitor the integrity and airtightness of the 'covering' rock above the reservoirs.

We also monitor the physico-chemical properties of the aquifer water that is in contact with the gas, its metal concentration level and BTEX concentration (benzene, toluene, ethylbenzene and xylenes). All the samples taken in the dedicated control wells show that gas injection is safe. We have been studying the role of certain bacteria in the biodegradation of BTEXs for more than a decade. We are now able to simulate, in a geochemical model, the solubilisation and biodegradation speed of these BTEXs, depending on the quantity of gas injected."

PIERRE CHIQUET, HEAD OF THE GEOSCIENCE DEPARTMENT AT TERÉGA

3

NETWORK

Establishing intensive and responsible relationships



1. CUSTOMER RELATIONSHIPS

Teréga's commercial policy supports the energy transition by proposing innovative and high-performance solutions to its clients. 2018 was characterised by strong growth in projects for connecting biomethane sites to the French gas transport network. Teréga took advantage of this upswing by rolling out a strategy and services tailored to its clients expectations. In particular, Teréga pursues a permanent connection policy, targeted at the regions and favouring their development. "The transport network is a regional structuring network," emphasises Gregory Biet, Head of the Transport and Regional Development Department. "Our solutions therefore form part of a circular economy approach between the producer and the consumer, on a grand scale."



3 NEW OFFERS

In 2018, Teréga launched technical solutions and innovative services at a reasonable cost. From now on, the company will be offering project leaders rental of biomethane injection stations. 2019 will see the launch of a pilot project for low-pressure connection in injection. While waiting for this definitive connection, Teréga is looking into a service involving transported biomethane as part of one of its development projects, which could ultimately become a generic service. Finally, in order to facilitate the recovery process for manufacturers and biomethane producers, in 2019, Teréga will develop a new service for analysing energy conversion.

NEW PROJECTS AND CONTRACTS

In October 2018, Teréga signed a contract regarding connection to its transport network for the injection of biomethane with Trifyl, a joint association for the management of household waste in the Tarn department. Planned production by the methanisation plant is in the order of 775 m³/hour, which is equivalent to 13 to 15% of domestic gas requirements for the inhabitants of Tarn. In the North of the department, Teréga is also working on a land-use planning project bringing together biomethane producers, manufacturers and consumers. In the Lot-et-Garonne department, Teréga has already participated in the commissioning of the largest biomethane injection capacity in France.

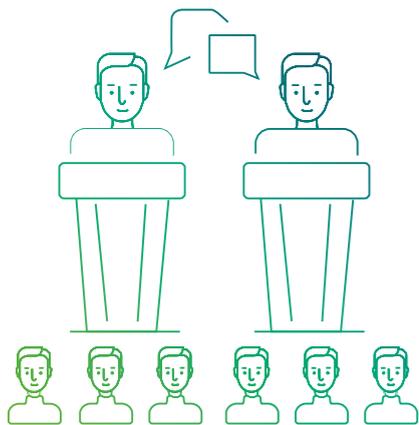
STRENGTHENING THE COMMERCIAL TEAM

In early 2018, Teréga's commercial team was strengthened by two new sales representatives assigned to deal mainly with canvassing biomethane producers and supporting players within the sector. The commercial team thus participates in the working groups managed by the infrastructure stakeholders - regions, energy trade unions, design offices, etc. - so as to determine the best possible connection solutions and propose, at a reasonable cost, an architecture that creates synergies between local players, particularly in regions dominated by agriculture. Teréga therefore systematically identifies all requirements and all potential connections within the framework of the safety or maintenance work conducted on its existing network.



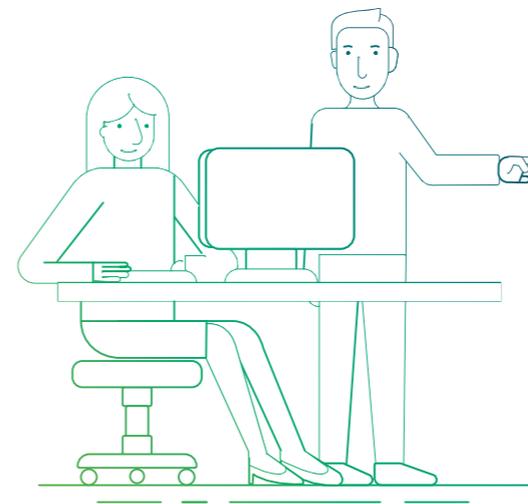
SUPPORTING CHANGES IN THE GAS MARKET

Faithful to its values of closeness and cooperation, in 2018 Teréga organised two Paris training sessions with an educational purpose, with the aim of supporting its clients in how best to handle the new market mechanisms linked to the implementation of the storage regulation and the launch of the new single market.



AMBASSADORS' CLUB

As part of the gradual redesign of its online client interface, Teréga launched the Ambassadors' Club in early 2018. This initiative makes clients participate directly in the construction of a new-generation IT interface. The Ambassadors' Club enables them to become actively involved in developing a tool they use on a daily basis, by envisaging all of the functions tailored to their needs. In 2018, two co-creation workshops were organised and drew together a dozen participants who will shortly be able to test the first IT developments for the solution on an exclusive basis.





NGV

OBJECTIVE

In 2019, Teréga will be proposing a commercial offer that allows industrial clients to supply their vehicle fleets with natural gas for vehicles (NGV).

HSE

CERTIFICATION

Teréga has put in place its own HSE (Health, Safety, Environment) certification system. As a guarantee of proper risk management, this certification is mandatory for all suppliers whose activities pose a risk for Teréga's employees and installations. Teréga is careful to list companies with a well-established safety culture, demonstrated generally by a MASE certification (*Manuel d'Amélioration Sécurité des Entreprises*, or Corporate Safety Improvement Manual) or by equivalent standards such as OHSAS 18001.



148

COMPANIES HAVE BEEN CERTIFICATED BY TERÉGA IN 2018

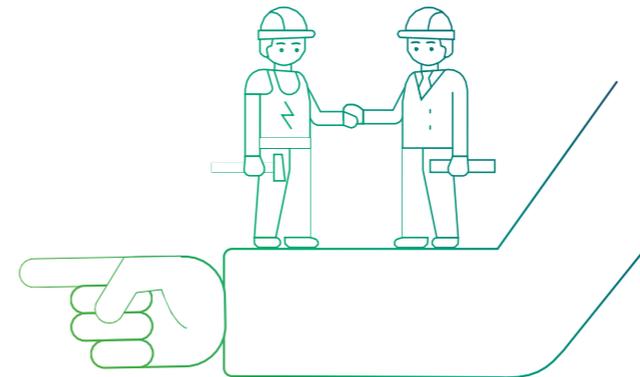
2. PURCHASING POLICY

By means of its purchases, Teréga consolidates its commitments in terms of financial equity with regard to suppliers, reduction of dependency risks, regional responsibility and awareness of the environmental approach. In 2018, Teréga affirmed its role and continued these commitments towards the suppliers and service providers in its region, continuing to raise the awareness of Social and Environmental Responsibility (SER) issues among buyers and prescribers.

LOCAL

IMPACTS

A major ordering client in the South West of France, in 2018 Teréga realised over 50% of its purchase volume with local suppliers of works and services. Teréga will continue to favour geographical proximity in the supplier selection process, given offers of equal quality. Teréga also undertakes to reduce the impacts linked to safety and the environment by favouring local players.



SELECTION

OF SUPPLIERS

Implemented by the Purchasing Department with the involvement of its prescribers, the supplier selection process avoids or reduces the risk of default and ensures that SER issues are taken into consideration. Selection is a continuous process, from the decision to list suppliers through to evaluation of performance during the execution of contracts. An *a priori* evaluation approach determines the choice of whether or not to consult a supplier. The award of a contract to this supplier is then based on objective analysis of its capability to supply this contract at the scheduled time.

90.69%

RATE OF PURCHASING COVERAGE

RESPONSIBLE SUPPLIER

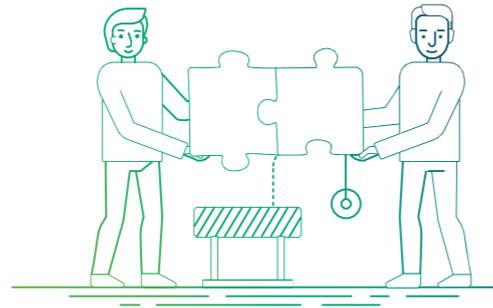
RELATIONS CHARTER

As a responsible player in the local economy, in late 2018, Teréga increased its commitment to CSR by signing the *Relations Fournisseur Responsables* (Responsible Supplier Relations) Charter of the *Conseil National des Achats* (French National Purchasing Council). The 2018 CSR objectives for Teréga's Purchasing function and its associated road map for 2019 were drawn up in line with the principles of this Charter.



NEW TOOLS

In 2018, the Purchasing Department rolled out a process for sourcing and selecting suppliers that is more responsive and more agile, so as to better respond to the new R&I challenges. Being constantly concerned with improving its processes, in late 2018 the Purchasing Department also undertook to optimise internal client relations, by means of a service offer based on a simplified process. In particular, the trend towards more flexible IT tools facilitates purchases by prescribers.



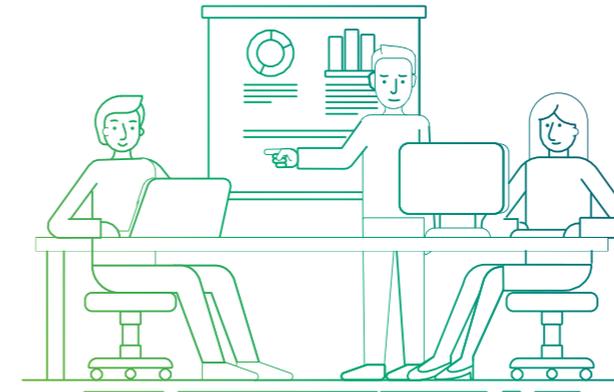
34%

OF ITS HSE-ACCREDITED SUPPLIERS WERE ALSO MASE-CERTIFIED

ACTIONS TARGETED

AT THE REGIONS AND INTER-MUNICIPAL BODIES

During 2018, as part of creating the Regional Planning, Sustainable Development and Territorial Equality Program (SRADDET) and the Regional Climate-Air-Energy Plans (PCAET), Teréga's teams explained the various areas of expertise and the specific role of the company to the representative of the regions and groups of communes. In June 2018, Teréga thus sent 95 Public Establishments for Intercommunal Co-operation (EPCI) and the regions of Occitanie, Nouvelle-Aquitaine and Auvergne-Rhône-Alpes, which are affected by its transport network, a document bringing to their attention all of the services and information pertaining to Teréga and to its role as a gas operator, as part of the company's support for drawing up the Regional Climate-Air-Energy Plans (PCAET). Teréga is participating actively, with the institutions in question, in drafting a pilot plan with the Urban Community of Carcassonne and Limoux in the Aude department, with the aim of providing a structured and consistent approach for all of the information relating to usage, storage and transport of gas and biomethane.



RELATIONSHIP WITH THE BUSINESS WORLD

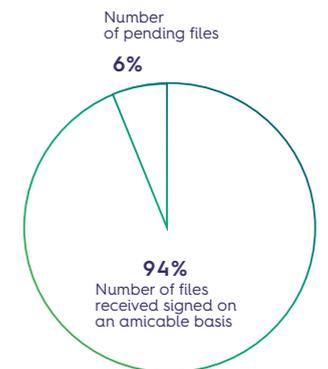
Teréga is also forming close links with the elected representatives of the Chambers of Commerce and Industry and the Chambers of Agriculture, having taken account of the impact of its renewable energy policy on the local economy and on the agricultural world, and of the rise of the circular economy and new employment sectors.

MOVING TOWARDS

100% AMICABLE AGREEMENTS

When realising a new project for laying gas transport pipelines, Teréga meets with all of the owners and operators of the areas of land crossed by the new pipeline far upstream in the project workflow and in advance of the works. Teréga acts in collaboration and close conjunction with these parties, so as to explain the various stages in precise terms, answer questions from the parties, and identify the steps to be carried out on the plots of land located on the route. The passage of the gas pipeline gives rise to the establishment of an easement agreement and an agreement for the payment of compensation. This is calculated based on a scale drawn up in line with market values. Almost 100% of agreements are concluded on an amicable basis. Following completion of the work and in line with the undertakings entered into initially, Teréga undertakes to restore the area of land to its original condition and thus to ensure the continued existence of the operator's agricultural work implement.

Negotiation of easements on private plots of land - Rion-des-Landes project



3. REGIONAL AND SOCIETAL INVOLVEMENT

Teréga is contributing to the energy transition in partnership with the regional and local authorities, who are heavily involved in the energy usage scenarios in their regions. "In late 2017, the Institutional Relations Department was created, particularly to organise our exchanges and our involvement with the regional authorities regarding usage and development of energy infrastructures in accordance with their strategic vision," states Patrick Mathieu, Head of Regional Institutional Relations within this department. "We strive to make them more familiar with our mission and our activities, and to consolidate Teréga's reputation as an indispensable regional energy player." Achieving this ambition relies on work to inform, organise and establish relationships between regional officials and the company's employees, notably our Research and Innovation Centre and the Commercial Department.

TERÉGA AS A PARTNER OF ODRÉ

The Open Data Réseaux Énergie or Open Data Energy Networks platform (ODRé) provides authorities with collections of key data for constructing their energy strategy. As it wishes to support the stakeholders in using energy data and defining their regional strategy, Teréga is a partner of this platform and contributes to it with the energy data from its regions.



TERÉGA

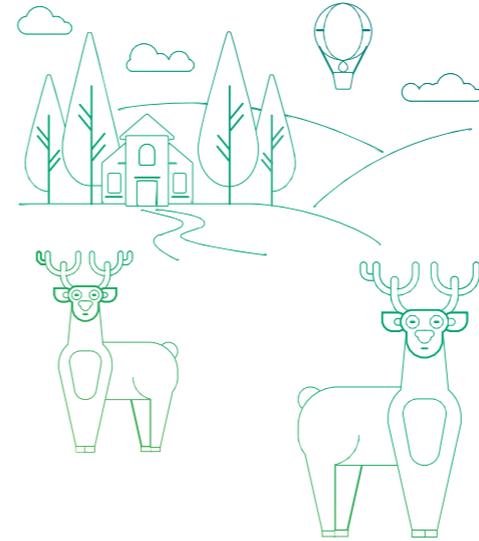
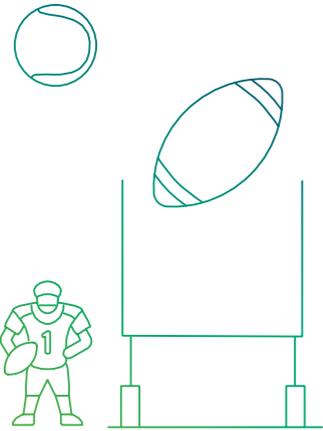
AT THE CENTRE POMPIDOU

In March 2018, Teréga was involved in the creation of the Centre Pompidou Accélération endowment fund, in an encounter between the French cultural establishment and companies who decided to establish an original dialogue with the artistic world and the central public. On 14 and 15 September 2018, Teréga participated in the program for the first season, entitled the "Powers of Emotion" and open to all, in the presence of renowned stakeholders. Dominique Mockly, Chairman and Chief Executive Officer of Teréga, took part in the round table discussion "The Emotion of Particles".

SPORTS

SPONSORING

In 2018, Teréga continued its sponsorship partnership with Section Paloise Béarn Pyrénées (Pau's rugby union club), the Élan Béarnais basketball club and Billère Handball. The Teréga brand is displayed on players' shirts (rugby and handball), sports facilities and social networks. Through this initiative, the company is able to reach a wider audience. Teréga also concluded a partnership with Jérémy Chardy in the context of the first Tennis Open in the town of Pau. Teréga Open Pau Pyrénées is a men's ATP tournament in the Challenger category. The first edition of this tournament took place between 25 February and 3 March 2019, at the Palais des sports centre and Pau tennis club.



FURTHER REDUCTION

IN EMISSIONS INTO THE ATMOSPHERE

In 2018, Teréga exceeded its objective for reducing its greenhouse gas emissions, set at -10,000 tCO₂eq (metric tonnes of CO₂ equivalent), thereby avoiding releasing just over 11,000 tCO₂eq into the atmosphere. Teréga's teams use the best technologies available to minimise the quantity of natural gas emitted into the atmosphere, particularly during work and maintenance operations. In 2018, these releases of natural gas into the atmosphere during works accounted for almost 300,000 Nm³, equivalent to approximately 7,000 tCO₂eq, while the potential for emission was around 2,500,000 Nm³, or 55,500 tCO₂eq. The various strategies used by Teréga, such as optimising the network configuration or repressurisation, therefore enabled a saving of approximately 2,200,000 Nm³. These emissions fell by 27% compared to 2017, despite a 12% increase in the potential for emissions. Methane emissions into the atmosphere when the compressors are at a standstill or when a section of the pipeline is drained for maintenance work account for approximately 30% of Teréga's emissions.

"RECOMPRESSION"

TECHNIQUE

Recompression makes it possible to recover the natural gas from a pipeline that is to be drained for works, and to repressurise this gas in order to reinject it into the network. This technique, which enables a considerable reduction in the quantity of methane emitted into the atmosphere, was used four times during 2018. In 2018, Teréga ordered its own mobile repressurisation system, in order to be more independent and to systematise recourse to repressurisation in its operations.

"FLARING"

PROCEDURE

In 2018, Teréga commissioned its first "hot flare". This new installation makes it possible to burn natural gas that has not been reinjected into the network in the flares, so that it is not emitted directly into the atmosphere. Methane, the main component of natural gas, is a greenhouse gas (GHG) with a Global Warming Potential (GWP) of 34, according to the Intergovernmental Panel on Climate Change (IPCC). Carrying out the combustion stage by burning in the flare enables CO₂ with a GWP of 1 to be obtained. This flaring procedure therefore makes it possible to greatly reduce the carbon footprint or the direct impact on the climate. Teréga is now looking to generalise the use of this procedure.

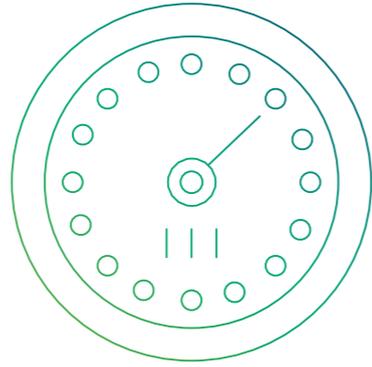


4. TERÉGA'S COMMITMENT TO THE ENVIRONMENT

As a responsible energy player, Teréga is firmly committed to developing its energy management and reducing its impact on the environment, with its BE POSITIF (*Bilan Environnemental POSITIF*, or Positive Environmental Track Record) environmental program. Launched in 2017, this cross-functional and collaborative program aims to gradually remove the global environmental footprint of the company's Transport and Storage activities, so as to reach a zero footprint in 2020, then to generate environmental value. To achieve this, Teréga is endeavouring to "Avoid-Reduce-Offset" its impacts, an operational method that is adapted to all levels within Teréga's organisation. The initial accomplishments from 2018 are already bearing fruit.

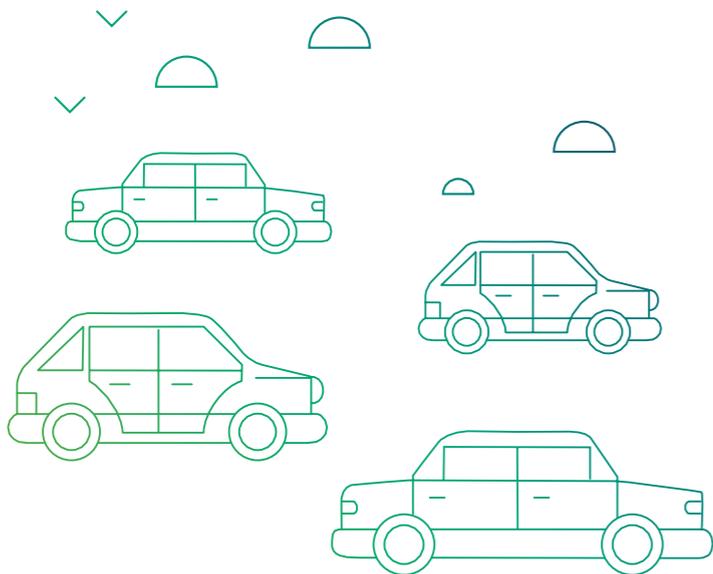
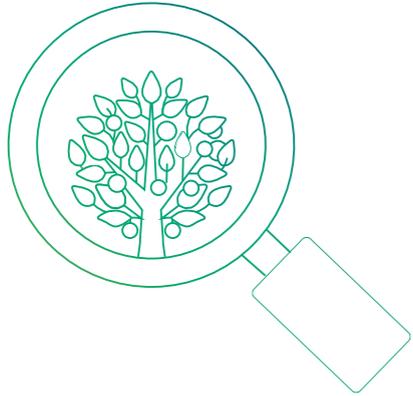
**SYSTEMATIC
CARBON EVALUATION
FOR PROJECTS**

Commenced in 2018 as part of the BE POSITIF program, systematic evaluation of the carbon footprint of forthcoming projects will henceforth be a supplementary decision-making element in the validation process for all Teréga projects.



**RE-EVALUATION
OF DIFFUSE LOSSES**

Faithful to its ongoing improvement approach, Teréga is continuing to develop its operating procedures so as to better limit its emissions to the atmosphere. 2018 was characterised by the redefinition of the procedure for quantifying diffuse losses and the implementation of new measurement campaigns. Diffuse losses are fugitive methane emissions output by equipment (such as compressor seals or valves) when operating correctly. These leaks are very disparate, and therefore very difficult to measure. The initiative led by Teréga aims to better quantify these emissions and to act in the most efficient manner to reduce them. Multiple projects are currently being developed to limit losses at the compressor stations. Taking the results into consideration will also make it possible to optimise maintenance actions for the network as a whole.



**VEHICLES USING
NGV**

In 2018, Teréga commenced the gradual renewal of its fleet of vehicles with vehicles running on NGV (natural gas for vehicles). The NGV technology generates up to 25% less CO₂ compared to gasoline with combustion that does not emit any fine particles.



**BE POSITIF
INTERNAL AGREEMENT**

In 2018, with all of its social partners, Teréga concluded the implementation of an internal agreement that enables each company employee to extend the environmental spirit of the BE POSITIF program beyond the professional sphere. This BE POSITIF Internal Agreement sets out specific provisions to support Teréga employees who wish to reduce their environmental impact, by encouraging the use of natural gas and the optimisation of energy efficiency. By way of example, employees can benefit from financial assistance to purchase a NGV vehicle.

**RESTORING
BIODIVERSITY**

In order to implement the last stage in the Avoid, Reduce, Offset (ARO) sequence, Teréga manages several natural offsetting sites for environmental mitigation, covering an area of approximately 200 hectares. This arrangement makes it possible to offset the residual damage caused to protected species or their habitats by Teréga's activities, through restoring and developing elements of biodiversity. Several specialists in the species targeted by this project monitor these sites throughout the year, so as to assess their development towards the set restoration objectives using on tried-and-tested protocols. Thus, on the various sites that are managed so as to encourage otters and European minks, more than 30 signs of otter presence were found in the past year. The camera traps installed in the locations also succeeded in obtaining more than 850 images of mammals, including several dozen of mustelids, the family to which the otter and mink belong. This is proof of regular visits. On other sites that have been restored to encourage bats and forest birds, certain species targeted by the offsetting measures, such as the Middle Spotted Woodpecker, Barbastelle or Noctule, have been identified. Other species also benefit from the measures put in place, including the Northern Goshawk. In 2018, this rare and private raptor was seen for the first time in Urdès forest.



5. "ZERO ACCIDENT" OBJECTIVE

Safety is a core value at Teréga and a constant requirement. In order to guarantee the safety of persons and installations each day, Teréga follows a structured and systematic strategy, embedded in processes and backed up by the PARI 2025 program (Prevention of Industrial Accidents and Risks). The integrated approach of PARI 2025 aims to reinforce knowledge and management of the greatest risks affecting Teréga's activities, so as to construct, for the long term and on a day-to-day basis, a strong culture of safety, in all of its aspects. The objective is to reach "Zero accidents, zero snagging" by 2025. 2018 was marked by a high accident rate and by an increase in the number of dangerous situations judged to be potentially serious. Teréga's teams linked to our contractors set out to analyse these events and to reverse this trend by finding answers.



ASKING THE RIGHT QUESTIONS

In 2018, on its work sites, Teréga used a last minute risk analysis prior to starting work, known as the "WWWHW". This analysis grid, asking "What, Where, With what, How, Why" invites operators to analyse the situation, the set task, the methods and the intervention conditions directly on site, while asking themselves the question "What do I risk?", in order to put adequate preventative measures in place straight away. This pragmatic "shock" tool helps to embed safety at the heart of everyday operations.

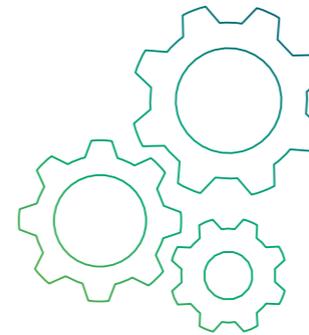
DIGITAL SOLUTIONS CONTRIBUTING TO SAFETY

In 2018, the launch of several digital tools contributed to reinforcing prevention for operational teams. From now on, the introduction of electronic work permits on the Lussagnet site will ensure better monitoring of ongoing works and improve the management of risks linked to the joint activity. A new virtual reality tool developed in-house enables Teréga employees to train in operation of the delivery station, simulating the process of learning through trial and error and acquiring the necessary reflexes when faced with adverse situations. Ultimately, the development of a new, ergonomic mobile application will permit Teréga employees and the staff of partner companies to track risk situations and all accidents in real-time. This application will be implemented from the second quarter of 2019 onwards.



REINFORCEMENT OF THE SAFETY AND SECURITY POLICY

Teréga has put in place the means for better consideration of the risks relating to cybersecurity and to the vulnerability of its isolated sites, both during operation and upstream during projects. Furthermore, in a safety situation that is always tense, Teréga has put in place an awareness-raising and specific support measure to ensure the safety of its employees on assignments abroad, when faced with any risk of malice, accident or attack.



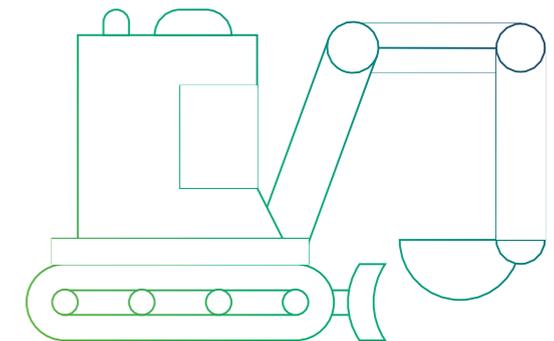
ANTICIPATION OF THE DOMINO EFFECT

In 2018, Teréga analysed 60% of the situations with a possible domino effect where manufacturers were located close to its structures, in order to put preventative measures in place. The domino effect is a chain reaction that results when an initial dangerous phenomenon generates a second accident in an adjacent installation or facility, with more serious effects.



UNDECLARED WORKS

The number of undeclared works (UDW), i.e. works carried out by third parties in violation of their regulatory declaration obligations, has fallen steadily over the past five years. This good result is the outcome of ongoing awareness-raising measures among local residents, town halls, roadway administrators and public works contractors. Regulatory trends with, in particular, the implementation of the Authorisation for Intervention in Close Proximity to Network Systems (AIPR) have made it possible to train the various players who are directly affected by works close to our pipelines.



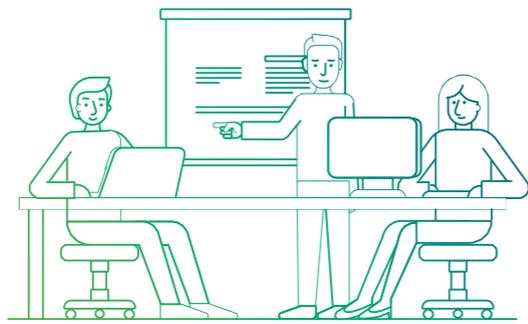
6. STAFF ENGAGEMENT AND SUPPORT

The implementation of the IMPACTS 2025 plan will result in an adaptation of Teréga's organisation, a change in its job roles and a transformation of its professional practices, so as to optimise its client focus and collective efficiency. This trend is linked to that of energy systems, to the acceleration of technological innovations, the development of new business models and digitisation. Commenced in 2017 with a reorganisation of the company's functions, the movement continued in 2018 within the framework of the Business Excellence project, in order to reorganise the company's activities and professional practices. All jobs and all employees are affected by these changes. In this context, Teréga plans to develop in 2019 a human resources and social innovation policy that encourages commitment and performance from its staff, who play an active role in their path and development.

MAGIC PROGRAM



This program, launched in 2018, supports the managers in their role as players in the transformation and team coaches, allowing them to better contribute to the success of the roll-out of the new working methods. A second phase of the MAGIC program will be launched in 2019 and 2020.



A HUGE TRAINING EFFORT

In 2018, Teréga decided to invest in human capital, doubling its training budget for 2019. This effort will enable staff to master the key skills that are vital for carrying out the changes set out in the IMPACTS 2025 plan with talent. Teréga is also paying particular attention to validation of the skills acquired and appreciation of the resulting professional developments.

181
PROFESSIONAL MOBILITY PROCESSES TOOK PLACE IN 2017 AND 2018. ALMOST 300 ARE PLANNED FOR 2019

SUPPORT MEASURES

Teréga has negotiated special support measures for professional mobility with its social partners, so as to allow employees and their families to plan their new life project more easily: financial support for geographical mobility, associated support with mobility for spouses of Teréga employees, assistance measures for children, etc.



LISTENING TO EMPLOYEES

Teréga has developed its professional practices while ensuring that all of its employees are integrated into the new organisation, by putting in place individual plans to support the acquisition of skills. Teréga has also recruited new key competences in digital development, business, marketing and institutional relations from outside the company. Being aware that the sometimes significant professional mobility processes resulting from the development of the organisation may create apprehension among certain members of staff, Teréga has strengthened its arrangement for preventing and treating psychosocial risks (RPS). A psychological support unit was put in place as soon as the reorganisation project for the Operations Department (DOP) was announced. Employees who might experience psychosocial difficulties when faced with the current changes were identified as soon as possible in the process, so as to ensure that their situation would be handled in a suitable manner at a very early stage.

REINFORCING SKILLS

Teréga decided to reinforce the knowledge and experience relating to the core business of its operations, in order to obtain better mastery of these. In particular, maintenance of the installations was reinstated to and resumed by the employees in the Operations Department.



SUPPORTING MEMBERS OF STAFF WITH DISABILITIES

In 2018, Teréga continued its efforts to retain members of staff with disabilities in employment with the company. In particular, the Quality of Working Life Centre at Teréga issued a "Guide to disabilities at Teréga" to all employees, as part of Disabilities Week. This guide informs them of the measures that exist in-house and outside the company to facilitate their integration and help them remain in employment. In 2018, Teréga continued its studies into and arrangements for workstations to suit members of staff with disabilities within the company. This work was commenced in 2017. By the end of 2019, the aim is to conclude the study into workstations for all employees with disabilities at Teréga, as well as to put in place the necessary arrangements to encourage these members of staff to remain in employment. In 2018, for the second consecutive year, Teréga also achieved its objective of having 6% of direct and indirect jobs held by persons with a disability, in line with the legal obligations. For this first time this year, this rate of 6% was achieved thanks only to direct jobs.

7/10
COMMITMENT INDEX

with a note at the bottom of the page specifying that this indicator is biennial.

ACTING TO SUPPORT THOSE EXCLUDED FROM THE WORKPLACE

As a member of FACE (Fondation Agir Contre l'Exclusion, or Foundation for Action Against Exclusion) since 2011 and of CREPI (Club Régional d'Entreprises Partenaires de l'Insertion, or Regional Club of Businesses Championing Integration) since 2014, Teréga continued its initiatives in favour of those excluded from the workplace, supporting them to integrate into a professional environment. These actions are principally aimed at preparing job seekers for interviews, making them aware of the "codes and behaviour" within a company and sponsoring them to support them in their job search. During 2018, Teréga organised a visit to the Lussagnet site with CREPI. This visit was designed to benefit young people in the priority neighbourhoods of Mont-de-Marsan. Teréga also participated with FACE in sponsoring a job seeker and in organising two workshops with job seekers, looking at job interviews and the codes and behaviour within a company.



+5% THIS IS THE DEVELOPMENT IN THE NUMBER OF PERMANENT STAFF SINCE EARLY 2017.

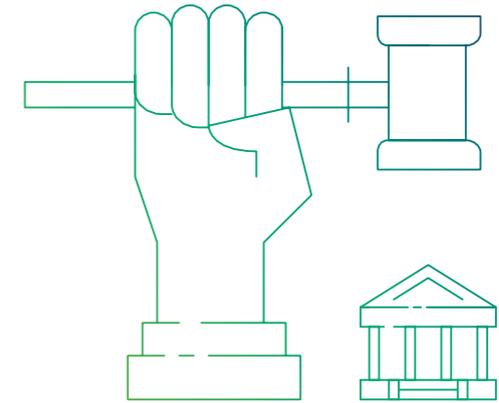
7. CULTURE AND VALUES

Teréga's values express its identity and bring together its members of staff around a vision, an ethical code and a shared spirit, so as to guide their day-to-day actions and establish a company culture. These values are key: they reflect what we are and form the basis on which our future ambitions rest. Each of Teréga's four values is matched with principles of action that we commit to and that should guide our day-to-day work, both in-house and with regard to our external partners.

- ① **OUR COMMITMENT**
To work responsibly by guaranteeing the safety of individuals, infrastructure and supplies and by respecting our environment.
- ② **OUR CONVICTION**
To cooperate in mutual respect and progress together.
- ③ **OUR STATE OF MIND**
To cultivate innovation and agility so as to anticipate new gas challenges.
- ④ **OUR FORECAST**
To share our ambitions to build the future of gas and its infrastructure into tomorrow's energy model.

PROMOTE ETHICAL WORKING

Abiding by Teréga's values means acting in a transparent, honest and fair manner. The commitment of Teréga and its employees to fair conduct of business and the prevention of corruption is constantly being reinforced. In 2018, Teréga continued an active policy of rolling out ethical rules and put in place the Anticorruption Code of Conduct required by the "Sapin II" law. The training sessions regarding prevention of corruption offered in late 2018 were assiduously followed by the employees who have the greatest exposure to this risk. Teréga also launched e-learning training sessions that are open to all, so as to enable all of its staff to fully understand the rules and to prevent risky behaviour regarding corruption or insider influence.



1 NUMBER OF REQUESTS MADE BY THE ETHICS COMMITTEE

A PARTICIPATIVE
PROCESS

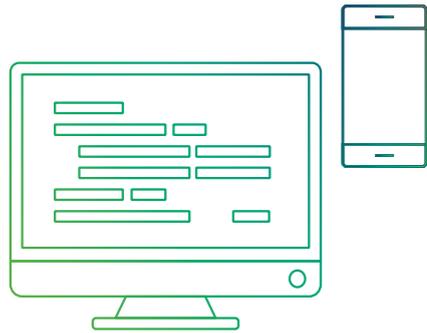
The formulation of Teréga's new values is the outcome of a collective and participative approach. During 2018, multiple employees reflected their commitment to Teréga by participating in the creation of a thorough inventory of its culture and values. More than 320 responses to an online survey made it possible to create a picture of the company. Over 80 voluntary participants in co-construction workshops then formalised, formulated and selected our values. Finally, nearly 390 participants in team meetings defined the principles for action that are linked to these values.



INDICATORS

8. DIGITISATION SERVING
THE ENERGY TRANSITION

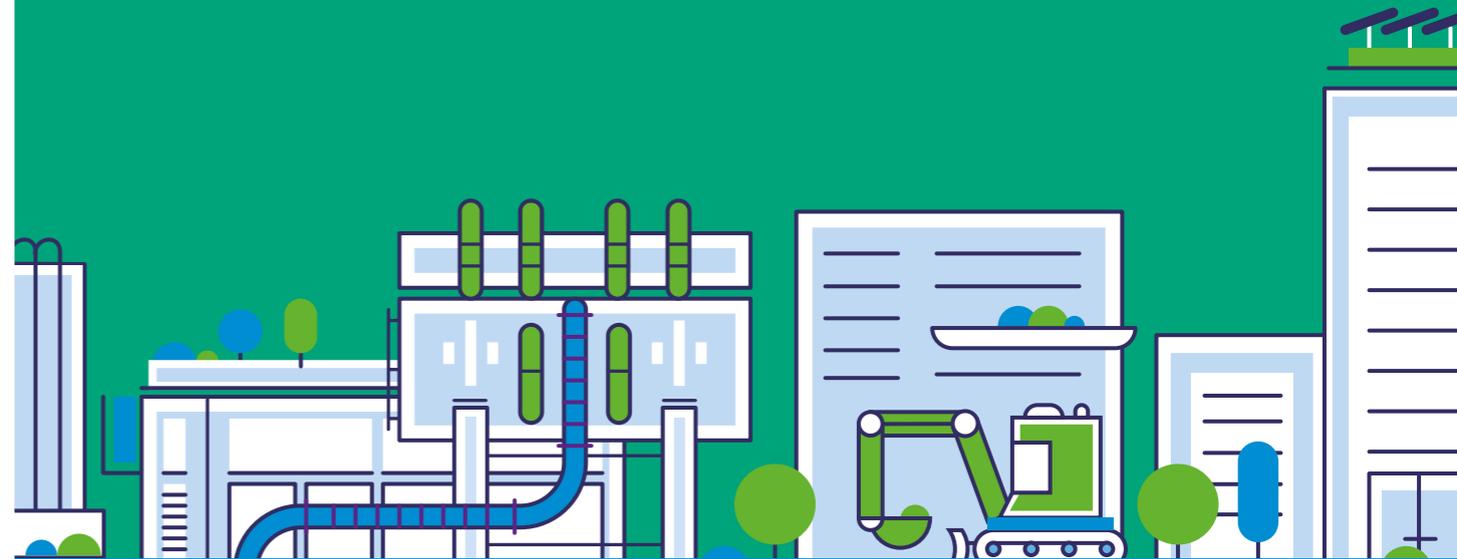
Teréga is adapting its information systems to tomorrow's energy world and developed connected and expanded gas infrastructures so as to better integrate into networks where the energy mix is ever more variable and diverse.



NEW
TOOLS

Teréga has committed to constructing a virtual digital representation of all of its installations by 2025, using the latest virtual reality technologies, artificial intelligence, machine learning or the Internet of Things. Backed by a database that is faithful to the actual function, this digital modelling platform will make it possible to optimise operation of the networks and to simulate new situation scenarios on its installations – a crucial asset for drawing up an innovative and appropriate offer of services and products. In 2018, Teréga put the first components of this platform in place with the construction of a measuring tool based on connected sensors, to control the environmental impact of its activities at its storage site, the implementation of an intelligent calculation system, to provide scenarios for optimising usage of the fleet of compressors, and the creation of a predictive maintenance tool, to help operators anticipate faults on these compressors based on past data.

99.87%
CUMULATIVE VITAL
APPLICATION
AVAILABILITY RATE,
99,22% CUMULATIVE
CRITICAL APPLICATION
AVAILABILITY RATE



FINANCIAL INDICATORS

TOTAL REVENUE

€476 M



The revenue of €322 million from Transport activities was higher than the 2017 turnover of €294 million. This result is linked to an increase in the authorised revenue due to the investments put in place, to the network balancing service for shippers and to the receipt of a European subsidy regarding the Béarn Artery project. The turnover of €154 million from Storage activities was lower than the 2017 turnover of €177 million, which is explained by the new regulation of Storage activities in 2018.

TOTAL INVESTMENT

€184 M



Total investments in the 2018 financial year amounted to €184 million. Totalling €126 million, investments in Transport activities in 2018 included development investments, such as the Renforcement Gascogne Midi project, and investments in modernisation, safety and maintenance. Investments in Storage activities totalled €58 million and were mostly investments in modernisation, safety and infrastructures.

MARKET INDICATORS

123,987 GWH

QUANTITY OF GAS TRANSPORTED

59

NUMBER OF TRANSPORT SHIPPERS

21

NUMBER OF STORAGE SHIPPERS

100%

SUBSCRIBED STORAGE CAPACITY/AVAILABLE CAPACITY

33,100 GWH

SUBSCRIBED STORAGE CAPACITY

TOTAL CONSUMPTION IN THE TERÉGA AREA

27,758 GWH

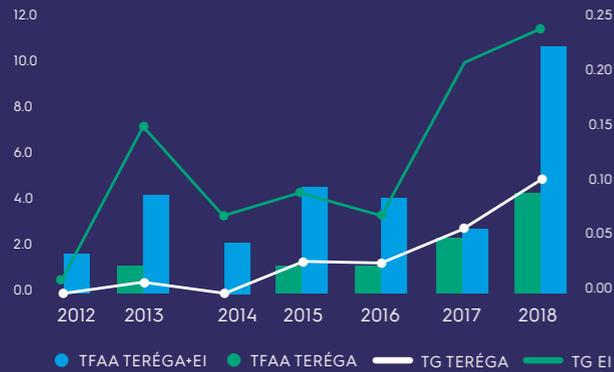


5,157 GWH

HEALTH & SAFETY INDICATORS

REPORTED ACCIDENT FREQUENCY RATE AND SEVERITY

Record of Lost-Time Accident Frequency Rate (LTAFR) and Severity Rate (SR) for Teréga and companies



Teréga's risk prevention policy applies both to Teréga employees and to staff of the contractor companies. 2018 was marked by significant activity at our work sites, with an increase of 71.5% in hours worked compared to 2017. The teams worked in difficult climatic conditions which rendered organisation of the work sites more difficult. The results in terms of accidents are impacted by this context and the lost-time accident frequency rate rose significantly compared to 2017, reaching 10.7 for the contractor companies and 4.3 for Teréga.

TRENDS IN UNDECLARED WORKS (UDW)

	2012	2013	2014	2015	2016	2017	2018
Authorities	26	19	12	17	8	7	4
Public works	78	61	56	54	49	50	25
Local residents	28	31	33	24	27	20	15
Total	132	111	101	95	84	77	44
UDW/DICT ratio	1.74%	1.42%	1.18%	1.09%	0.93%	0.87%	0.53%

For Teréga, the most significant industrial risk is the rupture of a gas pipeline followed by a leak and a fire during earth-moving works directly above or below a pipeline.

The regulations oblige all work project managers and all companies intending to carry out earth-moving works to declare these in advance to the network operators by means of a Notice of Intent to Begin Works (DICT).

For Teréga, third-party site supervision is a major and ongoing concern. Thus, in

2018, we carried out approximately 6600 site supervision operations. In 2018, despite the regulations, Teréga still identified undeclared works close to its works (UDW), but this situation has considerably improved. In fact, 2018 saw a significant reduction of around 25% in undeclared works, compared to the previous year. Thanks to the supervision operations relating to its works, in line with the policy of prevention and information that was rolled out, in 2018 Teréga identified

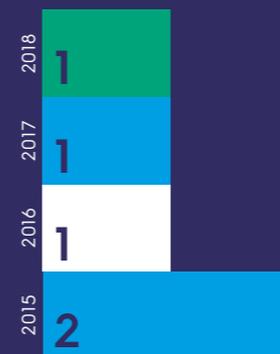
44 undeclared work sites, of which 32 with less than 5 metres of pipelines, compared to 53 in 2016, 55 in 2015, 58 in 2014, 65 in 2013 and 85 in 2012.

This extremely positive trend relates to all of the categories:
- firstly, public works: the large-scale roll-out of the obligation to obtain Authorisation for Intervention in Close Proximity to Network Systems (AIPR) had the effect of increasing the level of knowledge among the players and the 50% reduction in UDW in this category is predominantly explained by this;
- secondly, individuals who own plots of land through which Teréga's works pass: sending out an awareness-raising letter to each of these 28,700 owners or farmers and forestry operators for the third consecutive year explains a 40% reduction in UDW in 2 years. This category is not affected by the AIPR.

Trend of UDW/DICT ratio



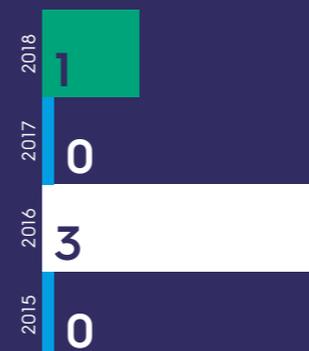
NUMBER OF INCIDENTS OF SNAGGING OF TERÉGA INFRASTRUCTURES LINKED TO THIRD PARTIES



An incident of snagging without a leak concerning the pipeline DN200 Auwillar - Saint Aignan to Caumont (82) occurred on 11 September and put an end to a record period of 19 months without incident. The resulting damage was one scratch and two dents which did not require repair. This snagging incident took place following declared

works to repair a water leak in an agricultural irrigation network (Notice of Urgent Works - ATU) by the company Compagnie de Gascogne. An error in detecting the Teréga structure, complicated by the presence of an abandoned structure running parallel to the snagged structure, was the cause of this incident.

WORK-RELATED ILLNESSES

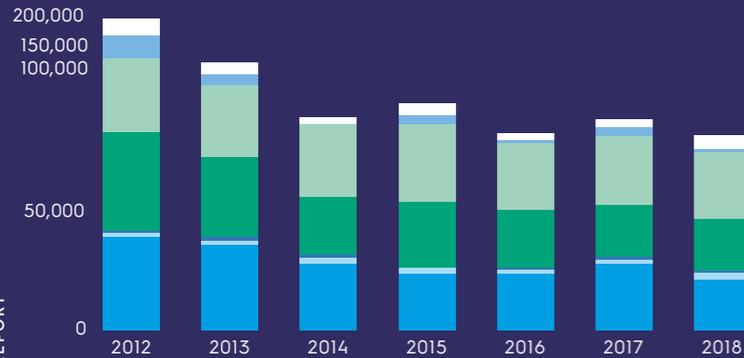


The work-related illness identified in 2018 concerns musculoskeletal problems affecting the upper limbs following prolonged screen work. The employee in question benefitted from an in-house move to a position with fewer constraints, and from the redesign of his workstation.

ENVIRONMENTAL INDICATORS

GREENHOUSE GAS/KPIS

Emissions GES (tCO₂ eq)



- TRANSPORTATION OF STAFF, BUILDING UTILITIES, AERIAL SURVEILLANCE, HEAVY MACHINERY, F-GASES
- ACCIDENTAL, VALVE AND AU/DU EMISSIONS
- FUGITIVE EMISSIONS
- VENTING
- FLAIRING
- INSTALLATIONS: ELECTRICITY
- INSTALLATIONS: NATURAL GAS COMBUSTION

In 2018, greenhouse gas emissions were 118,122 tCO₂eq. Use of the fleet of electrical compressors was favoured over that of the fleet of turbo-compressors (70-30 ratio in terms of operating hours), which had a positive impact with a reduction in emissions linked to combustion.

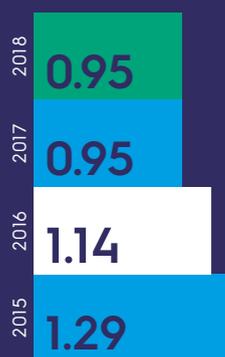
Pursuit of the efforts regarding management of the venting works continued to bear fruit with a significant reduction in this column. The GHG emissions/energy transported ratio, which reflects the GHG environmental performance, is stabilising: it results from a simultaneous

reduction in greenhouse gas emissions (explained above) and in energy transmitted.

EU ETS data (European Union Emissions Trading Scheme)

The compressor stations in Mont, Barbaira, Lussagnet and Sauveterre-de-Guyenne are subject to the European Union Emissions Trading Scheme (EU ETS). The emissions generated by these stations in 2018 totalled 28,694 tCO₂eq. The level of CO₂ emissions for the installations subject to the EU ETS is similar to the previous year: -in fact, the emissions linked to the Mont compressor station decreased with the fall in transits to Spain; -the integration of the Sauveterre compressor station balances out this decrease.

Emissions GES tCO₂eq/Energy transported (GWh)



3 SOIL POLLUTION DIAGNOSTIC TESTS WERE CARRIED OUT IN 2018

0 NO SITE WAS SUBJECT TO AN ACOUSTIC STUDY

198 HA OF OFFSET SITES AS AT THE END OF 2018 MANAGED BY TERÉGA

ENERGY

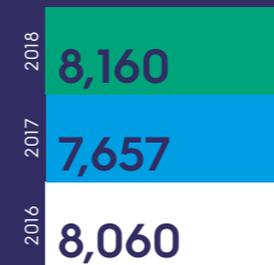
YEAR	2015	2016	2017	2018
Total consumption by the company (in GWh)	315	292	324	323
Energy consumed/energy transported (%)	0.30%	0.28%	0.24%	0.26%
Solar energy generated (Lussagnet, Cugnaux and Volta buildings) (in kWh)	153,883	143,276	153,402	141,500

Energy performance declined slightly compared to the previous year. In fact, although the transit level was less, Teréga consumed almost as much energy as in 2017: - high withdrawals in the first quarter of 2018 resulted in a historic fall in the level of pressure in storage, meaning that increased compression capacities had to be implemented when gas for injection on the transport network was withdrawn; - furthermore, the highest injection flows occurred at the end of the summer, when the pressure in the stores was already high. Significant compression energy was therefore required to realise this injection.

WATER

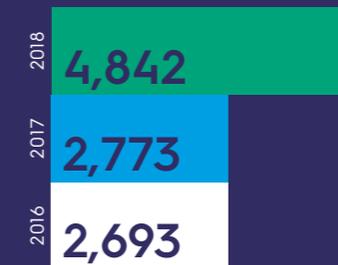
TERÉGA

CONSUMPTION OF WATER FROM DRINKING WATER NETWORKS - ALL SITES (M³)



LUSSAGNET STORAGE SITE

VOLUME OF PROCESS WATER DISCHARGED INTO THE NATURAL ENVIRONMENT AFTER WATER TREATMENT AT LUSSAGNET (IN M³)



The volume of water processed and discharged into the natural environment by the storage site increased considerably due to the high withdrawals during the winter.

WASTE

	2015	2016	2017	2018
Quantity of Teréga waste generated (in tonnes)	1,605	1,867	2,957	1,426
% reused	63%	92%	85%	75%

350,087 €

AMOUNT OF PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS REQUIRED ON THE LUSSAGNET SITE. IN LINE WITH THE SCHEDULE SET BY A PREFECTURAL ORDER, 100% OF THIS AMOUNT HAS ACCRUED SINCE JULY 2018.

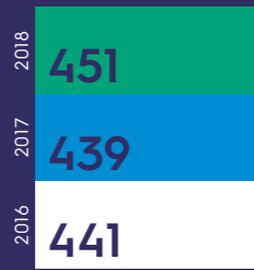
HR INDICATORS

EMPLOYMENT

TOTAL WORKFORCE



MEN



WOMEN



PERCENTAGE OF WOMEN



571
NO. OF PERMANENT STAFF AS AT 31 DECEMBER 2018

40
NO. OF TEMPORARY STAFF AS AT 31 DECEMBER 2018

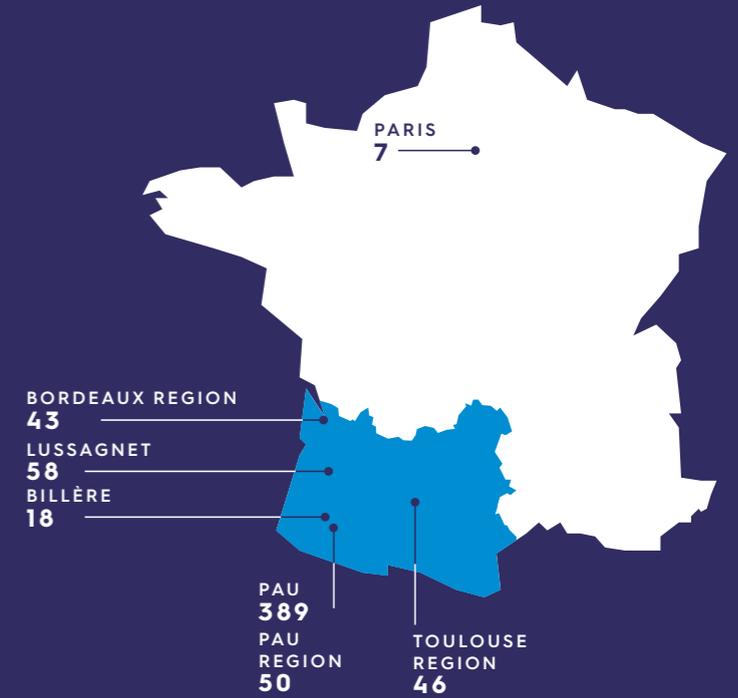
14
NO. OF INTERNS IN 2018 (INTERNSHIPS LONGER THAN ONE WEEK)

0
NO. OF PERSONS SECONDED FROM SNAM AS AT 31 DECEMBER 2018

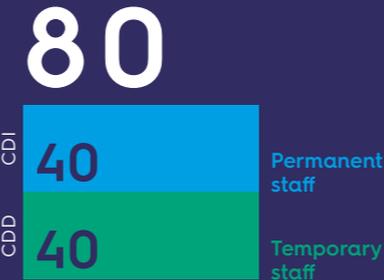
EVOLUTION OF TERÉGA WORKFORCE BY AGE



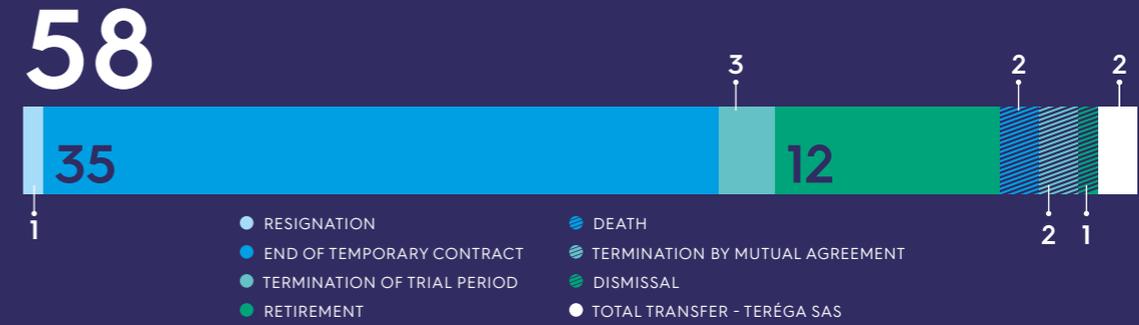
DISTRIBUTION OF STAFF BY GEOGRAPHICAL LOCATION



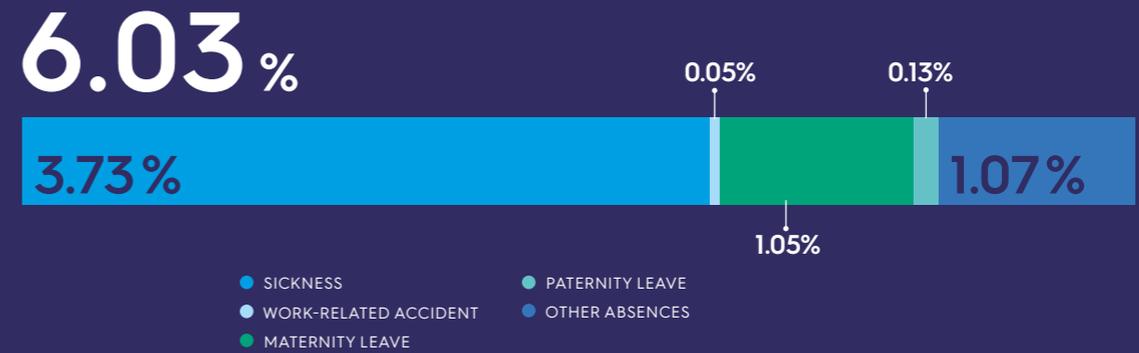
INCOMING EMPLOYEES



OUTGOING EMPLOYEES



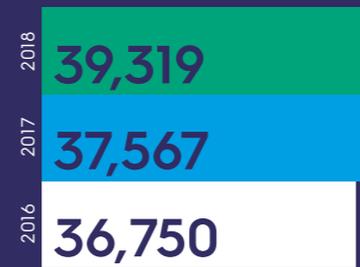
ABSENTEEISM



ORGANISATION OF WORKING TIME

	2016	2017	2018
Annual working time (no. of hours worked - temporary and permanent staff)	850,957	820,295	902,510
Number of part-time employees	19	17	23
Number of teleworking employees (1 day/week)	11	12	13

WAGE BILL (IN THOUSANDS OF €)



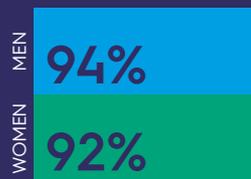
FORMATION

20,195
NUMBER OF TRAINING HOURS IN 2018
(I.E. 2,885 DAYS)

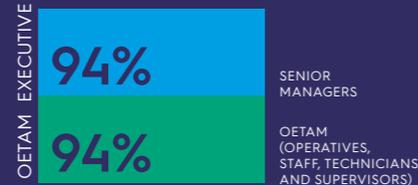
610
NUMBER OF STAFF WHO UNDERWENT TRAINING (94%)

5.75 %
TRAINING COSTS (OF WAGE BILL)

RATE OF ACCESS TO TRAINING BY GENDER



RATE OF ACCESS TO TRAINING BY SOCIO-PROFESSIONAL CATEGORY



10
NUMBER OF COLLECTIVE BARGAINING AGREEMENTS SIGNED IN 2018.

1
NUMBER OF AMENDMENTS TO COLLECTIVE BARGAINING AGREEMENTS SIGNED IN 2018

INDUSTRIAL RELATIONS

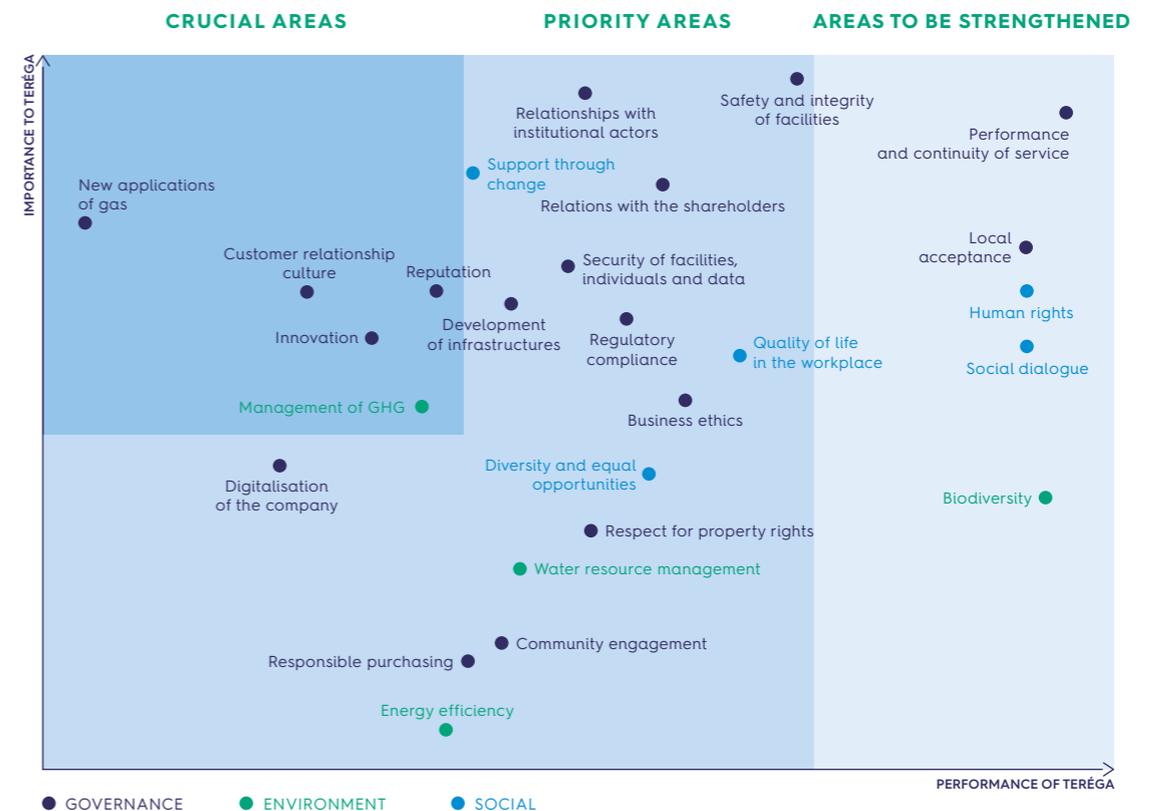
	Number of representatives	Number of meetings held in 2018
Works council	12 (office holders + deputies)	14
CHSCT	7	8
Staff Representatives	20 (office holders + deputies)	10*

* Based on the schedule agreed with the staff representatives.

4 joint Works Council/CHSCT meetings can be added to these meetings in 2018.

MATERIALITY ANALYSIS AND DEFINITION OF CSR STRATEGY

To carry out a materiality analysis is to translate exhaustively the social, societal and environmental issues that impact Teréga's activities on a daily basis, the non-consideration of which could adversely affect its success. Critical analysis of these issues shows that they are now fully integrated in the management of the company. Conducted internally for the first time in 2017, the materiality analysis has highlighted the areas of action for which consideration of these issues must be viewed as being crucial, a priority or simply needing to be strengthened.



These action areas are reflected in the IMPACTS 2025 business plan, which establishes and defines Teréga's environmental and socio-economic priorities. As such, there is no disparity between the company's CSR commitments and the material challenges previously identified. The role of the Environment-CSR Department is also to perform a monitoring role with the aim of pre-empting future challenges. The CSR policy is therefore not separate from other policies. Teréga's policy is structured around "Our commitments", which deal with all themes relating to Corporate Social Responsibility. Teréga draws no distinction between its global policy and its CSR commitments, taking the view that all of the company's commitments should contribute to the sustainable development of all its business activities and its development strategy. In this first iteration, the method used for the materiality matrix was limited to Teréga's intrinsic perimeter. As the initiative matures, the method will become more participative, and will ultimately include a number of external stakeholders.

CSR PERFORMANCE

In 2018, Teréga carried out an evaluation of its CSR performance using the GRESB tool (Global Real Estate Sustainability Benchmark). This first evaluation showed that Teréga has an acceptable ranking in Europe (88th out of 173 in Europe). Notably, the score in the Environment category is significantly higher than the average. The Social and Governance aspects would benefit from consolidation.

The following tables present the elements from the report that forms the Teréga Non-Financial Performance Declaration.

These elements underwent a verification audit, which was carried out by an Independent Third Party.

IN RELATION TO ARTICLE L.225-102-1 OF THE FRENCH COMMERCIAL CODE

ARTICLE L.225-102-1 OF THE FRENCH COMMERCIAL CODE	EQUIVALENT IN THE TERÉGA ACTIVITY AND SUSTAINABLE DEVELOPMENT REPORT
Impacts of the company's activities and the use of the goods and services that it produces on climate change	The Teréga environmental commitment article (p. 46-49) + Environmental indicators (p. 62-63)
Societal commitments to promote:	Articles:
• sustainable development	• The Teréga environmental commitment (p. 46-49) • Customer Relations (p. 40-42) • Regional and community involvement (p. 44-46)
• The circular economy	Not relevant to the risk analysis
• Combating food waste	Not relevant to the risk analysis
• Combating food insecurity	Not relevant to the risk analysis
• Respect for animal welfare and a responsible diet	Not relevant to the risk analysis
The collective bargaining agreements concluded in the company and their impacts on the company's economic performance and on the employees' working conditions	Social Indicators (p. 66) Employee Commitment and Support article
Action to combat discrimination and promote diversity and measures taken to support persons with disabilities	Employee Commitment and Support article (p. 52-54)
Combating corruption and tax evasion	Culture and Values article/Promoting Ethics text box (p. 55)

IN RELATION TO ARTICLE L. 225-105 OF THE FRENCH COMMERCIAL CODE

The various elements required by this article are present in the report on the following pages:

- the business model is presented on pages 18-19 of the report;
- Teréga's non-financial challenges and the associated policies are presented on page 22 of the report;
- the following table outlines the parts of the report that respond to those challenges (diligence and results).

IN RELATION TO THE ANALYSIS OF NON-FINANCIAL CHALLENGES

Teréga's non-financial challenges and the associated policies are presented on page 22 of the report.

The following table outlines the parts of the report that respond to those challenges.

NON-FINANCIAL CHALLENGE	ARTICLE FROM THE ACTIVITY AND SUSTAINABLE DEVELOPMENT REPORT PRESENTING THE ASSOCIATED PROCEDURES	KEY PERFORMANCE INDICATOR
Human Rights	Not relevant to the risk analysis	
Managing legislative and regulatory changes	Evolution of the legal framework for energy transition (p. 14-15)	Teréga has given consideration to creating a relevant and representative indicator
Anticipating energy market developments, particularly through Research and Innovation	Research & Innovation: Together, let's explore innovation! (p. 12-13)	Innovation activity (p. 13)
Ensuring personnel and third-party safety	Zero Accident Objective (p. 50-51)	Reported accident frequency rate (p. 60). TND [Undeclared Work]/ DICT [Declaration of Intention to Start Work] ratio (p. 61)
Working with our suppliers in accordance with our social commitments	Purchasing Policy (p. 42-44)	Purchasing coverage rate (p. 41)
Minimising our environmental footprint and acting in a socially responsible manner	Teréga's environmental commitment (p. 46-49) Customer Relations (p. 40-42) Regional and community involvement (p. 44-46)	Greenhouse gases (p. 62) GHG emissions (tonnes of CO ₂ equivalent)/energy transported (p. 62)
Ensuring service continuity from our IT infrastructures	Digitalisation to assist with energy transition (p. 56)	Availability of critical and vital applications (p. 56)
Maintaining a calm social environment	Employee commitment and support (p. 52-54)	Engagement Index (p. 54)
Managing and developing skills	Employee commitment and support (p. 52-54)	Training rate (p. 56)
Respecting ethics	Values and ethics (p. 55-56)	No of applications received by the ethics committee (p. 55)
Promoting acceptance of our facilities within their regions	STEP project (p. 30-31). The Reinforcement Gascogne Midi (RGM) (p. 28-29). Regional and societal involvement (p. 44-46)	Teréga has given consideration to creating a relevant and representative indicator
Ensuring a solid organisational structure to achieve our objectives	A three-tier organisational structure (p. 6)	Rate of attendance at meetings of the Executive Board (p. 6)

REPORT BY THE INDEPENDENT THIRD PARTY

on the non-financial statement included in the management report

TERÉGA

40, avenue de l'Europe, 64000 Pau

For the year ended December 31, 2018

To the shareholders,

As a member of the profession of certified public accountants appointed as independent third party and certified by COFRAC under number 3-1055 (information available on www.cofrac.fr), we hereby report to you on the non-financial statement for the year ended December 31, 2018, included in the management report pursuant to the legal and regulatory provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Management Board is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators. The Statement has been prepared in accordance with the entity's procedures.

Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding

compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the independent third party verifier

On the basis of our work, our responsibility is to provide a report expressing a conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information"). However, it is not our responsibility to comment on:
- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement.

Nature and scope of our work

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of this activity on compliance with human rights and anti corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III;
- we verified that the Statement presents the business model and the principal risks associated with all the entities' activities, including where relevant and proportionate, the risks associated with its [their] business relationships, its [their] products or services, as well as its [their] policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
- analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
- substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 11% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

Means and resources

Our work was carried out by a team of 4 people between November and April and took a total of 6 months. We conducted 17 interviews with 28 people responsible for preparing the Statement representing executive management, and the administration and finance, risk management, compliance, human resources, health and safety, environmental and purchasing departments.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly.

Comments

Without qualifying our conclusion, the reader's attention is drawn to the absence of key performance indicators concerning two issues: "Managing legislative and regulatory changes" and "Promote the acceptance of our installations in the regions".

Done in Toulouse, 18 April 2019,

THE INDEPENDENT THIRD-PARTY BODY
SAS CABINET DE SAINT FRONT

Jacques de Saint Front
Chairman



This is a free translation into English of the independent third party's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

The project is supported by:



In partnership with:



Teréga Communication Department, May 2019. Director of the Publication: Dominique Boquillon. Editor in Chief: Céline Dallest, assisted by Laurie Lange. CSR project managers: Laëtitia Mahenc, Head of Environmental and Corporate Responsibility Division, Agnès Baillot, Environnement Engineer. Design and production: **BABEL**. Photo credits: Edwin Bonnaffé and Maxime Mouysset, Getty Images, Jean-Michel Ducasse, Luc Hautecoeur, Éric Traversié.



Headquarter: 40, avenue de l'Europe · CS 20522 · 64010 Pau Cedex · France
8, rue de l'Hôtel de Ville · 92200 Neuilly-sur-Seine · France
Tél. +33 (0)5 59 13 34 00 · [@Teregacontact](#) · [www.terega.fr](#)