



For over 70 years, we have applied our exceptional expertise at Teréga to developing and operating natural gas transport and storage infrastructures, enabling us today to design new solutions to meet the energy challenges of France and Europe.

How can the historical model, largely based on centralised and fossil production, be linked to the model of the future, with its zero carbon footprint based on the use of a diversified and largely renewable energy mix from more decentralised sources?

TIGF becomes

We believe gas is an energy of the future because it can help to accelerate the transition to tomorrow's energy model.

We are working to make the future of gas visible today by becoming a driver of the energy transition and a major contributor to tomorrow's energy model.

Our new brand identity symbolises our transformation, which is currently being driven by the IMPACTS 2025 plan, and enhances what we do.

Closer to current and potential customers,
with a better understanding of their expectations, by capitalising
on the strength of our close relationships.

More efficient and responsible,
with efficient infrastructures and activities that are highly secure, combined
with a positive social and environmental track record.

More influential and visible,
with the ambition to have a greater influence on debates over the future
of energy and the key role of gas and gas infrastructures.



More open and innovative,
with the extension of the geographical playing field, the development
of activities with high added value beyond our historical activities
and the integration of our facilities in "multi-energy" networks.

More agile together,
with a team structure that promotes fluidity, cross-functionality,
collaboration and anticipation of change.

Dominique MOCKLY

Chairman and Chief Executive Officer of Teréga



“AS AN ENERGY
‘IN TRANSITION’, GAS
LIES AT THE HEART OF
TECHNOLOGICAL CHANGE,
MAKING IT A SOLUTION
FOR THE FUTURE.”

2017 WAS PARTICULARLY RICH IN TERMS OF ENERGY DEBATES AND FOR THE COMPANY YOU LEAD. WHAT DO YOU TAKE AWAY FROM IT?

The past year was marked by several key moments from an energy and environmental point of view. Internationally, Donald Trump's decision to withdraw from the Paris Climate Agreement was a major event. For all that, the Americans' decision does not fundamentally reverse the trend: the major powers remain firmly committed to the fight against global warming. They are becoming increasingly reliant on the major energy companies to achieve the objectives that have been set. Having organised the COP 21 in 2015 and the One Planet Summit at the end of 2017, France is now driving this trend. At a national level, there has been no shortage of issues relating to energy, with the deferment of the target to reduce the share of nuclear energy in the production of electricity to 50% by 2025 and the passing of a law at the end of the year on hydrocarbons that brings our storage activities under regulation.

In this context, Teréga is asserting its position as a European player firmly committed to the energy transition and the key role of gas in this dynamic. As well as being an energy of the transition, gas is also an energy “in transition” – in other words, gas is the natural ally of technological change, making it a solution for the future. This ambition lies at the heart of our industrial strategy. Such is the goal of the IMPACTS 2025 plan, but also of our emission reduction and offsetting programme BE POSITIF (Bilan Environnemental POSITIF, or Positive Environmental Track Record), which was consolidated in 2017 thanks to the remarkable efforts of our teams and Executive Committee.

WHAT CHANGES ARE YOU REFERRING TO AND HOW DO YOU INTEND TO ACHIEVE YOUR TARGETS IN THE AREA OF CARBON ACCOUNTING?

These major technological advances are quite simply those that combine a concern for the environment with being economically relevant – two objectives that have at times, and for too long, been

seen as incompatible. That is why Teréga wants to speed up the pace of change, both in terms of driving R&D and in terms of project support, in areas such as bio-methane, CO₂ enhancement using Power to Gas technologies or Natural Gas Vehicles (NGV). This notion of “green mo-

“WE HAVE PUT IN PLACE EVERYTHING WE NEED TO ACHIEVE OUR OBJECTIVES IN TERMS OF CARBON ACCOUNTING BY 2020.”

bility” is something we strongly believe in! A car that runs on natural gas produces 30% less greenhouse gas emissions than a petrol car, and without releasing particles. That makes it an efficient technological solution, alongside the electric engine solution, for gradually replacing petrol and diesel cars, the sale of which is envisaged to cease by 2040.

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We also believe we can achieve our targets in terms of carbon accounting by 2020. For one simple reason: we have put in place everything we need to succeed. We fully offset the impact of our infrastructure works on fauna and flora. Any gas that happens to leak out during interventions is systematically reinjected into the network. And since 1 October of last year, the electricity we consume across all our sites is 100% renewable!

"IN 2018, WE WILL
NEED TO ACHIEVE OUR
GOAL OF BECOMING
FULLY INTEGRATED IN
THE NATIONAL AND
EUROPEAN ENERGY
MARKET."

HOW DO YOU ENVISION 2018?

In 2018, we will need to achieve our goal of becoming fully integrated in the national and European energy market. At a national level, there will soon be just a single market, Trading Region France (TRF), effective as of 1 November of this year. We have all the tools we need to meet this considerable challenge. This year will also see our storage activities coming under regulation. We will continue to apply the full range of our expertise to achieving security of supply, a national energy independence priority that is also a matter of concern to the daily lives of the French people.

Becoming fully integrated in the European energy market also means continuing with the major infrastructure works we have launched. I'm thinking in particular of the STEP (South Transit East Pyrenees) project, a new bond of energy solidarity between France and Spain. Taking full advantage of its strategic position between flows from the North Sea and the Mediterranean basin, Teréga aims to establish this major gas interconnection project as the symbol of the construction of a true Europe of energy.

Turning safety into "PARI", a winning wager! In 2017, we launched the Prévention des Accidents et des Risques Industriels (Prevention of Industrial Accidents and Risks, or PARI, meaning "wager") programme with the aim of achieving our target of "Zero accidents, zero snagging" by 2025. The aim of "PARI" is to consolidate the culture of safety at Teréga and our partner companies based on an innovative integrated approach. Awareness of risks, specific training, use of new tools - this is our vision of safety in the future. To realise these projects, I know I can count on high-quality teams fully committed to ensuring Teréga's success. —

The Teréga network

5,055 KM

OF PIPES

14%

OF THE FRENCH GAS
TRANSPORT NETWORK

16%

OF THE TOTAL VOLUME OF
FRENCH GAS IN THE TERÉGA
NETWORK

24.5%

OF FRENCH CAPACITY

6.5 GM³

TOTAL GAS STORAGE
CAPACITY

2.84 GM³

MARKETABLE VOLUME

Map of the French Gas Network

Legend:

- EXISTING NETWORK
- MAIN ENTRY/EXIT
- STORAGE
- COMPRESSOR STATIONS
- BIOMETHANE INJECTION STATION
- HEAD OFFICE
- SECTORS
- REGIONS
- NETWORK MAINTENANCE GROUP

Key Locations and Features:

- Paris Region:** Central hub with multiple compressor stations and storage facilities.
- Major Entry/Exit Points:** Arcangues, Larrau, and Cruzy.
- Head Offices:** Bordeaux, Toulouse, Pau, and others.
- Compressor Stations:** Located throughout the network, particularly in the Paris region and along major lines.
- Storage:** Several storage facilities are indicated, primarily in the Paris region.
- Biomethane Injection Stations:** A few stations are marked, including one near Paris.
- Network Maintenance Groups:** Indicated by green circles with a checkmark.

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 with the aim of offering global solutions to tomorrow's energy challenges.



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. This will enable us to continue developing regulated activities, to develop new unregulated services and thus to remain competitive in our markets. This sense of responsibility also involves establishing effective rules for the prevention of industrial accidents and hazards to achieve our target of "Zero accidents, zero snagging". Finally, our sense of responsibility also extends to a concern for the environment. That is why 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 3

TO INCREASE OUR VISIBILITY

While remaining attached to its area of operation, 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, our ambition is to secure recognition of the role of gas in the energy transition, to develop new uses of gas and to capitalise on the importance of infrastructures in the consolidation of a true Europe of energy. 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 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 and renew our styles of management and of dealing with human resources by giving more leeway to both individual and collective initiatives that contribute to the deployment of IMPACTS 2025, promoting horizontal schemes, integrating individual career paths in skills development programmes and developing working methods that draw on the full potential of digital tools.



PRIORITY 4

TO SECURE AND ACCELERATE

In the near future, gas will be far more than a fossil fuel. The 2015 energy transition law sets ambitious targets for the development of renewable gas, the aim being for it to cover 10% of national consumption by 2030. Faced with new horizons that are opening up, Teréga needs to accelerate the enhancement of its infrastructures and expertise. It will no longer be possible to consider gas in isolation since it is becoming a key element in increasingly diversified energy balances and mixes to meet the needs and expectations of consumers. The links between gas and electricity will multiply as a result of new technological advances, thanks in particular to technologies such as Power to Gas. The changing uses of gas also presage a real mobility revolution. For example, the Cadre d'action national pour le développement des carburants alternatifs (National Policy Framework for the Development of Alternative Fuels) has set a target of 80 CNG (Compressed Natural Gas) stations by the end of 2020 and 115 stations by the end of 2025, compared to 40 at present.

BOARD OF DIRECTORS

—

Teréga is a société anonyme (public limited company) governed by a Board of Directors, which reflects its shareholding. Appointment of Dominique MOCKLY as Chairman of Teréga SA. The governance of Teréga has changed. Having been Chief Executive Officer since 31 July 2016, Dominique MOCKLY was appointed as Chairman of Teréga SA in November 2017 by a unanimous resolution.

COMPOSITION OF THE BOARD OF DIRECTORS OF TERÉGA SA



PAOLA BOROMEI



CHRISTOPHE LE CORNEC



NICOLAS MACHTOU



DOMINIQUE MOCKLY



PAUL PERONA



FRANCO PRUZZI

ETHICS CODE

—

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 area of corruption prevention, 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.

EXECUTIVE COMMITTEE

MICHEL BOCHE

Infrastructure Projects Division

①

GILLES DOYHAMBOURE

Chief Business
and Regulation Officer

④

BRUNO TOSTAIN

Chief Security - Health -
Safety - Environment Officer

⑧

DOMINIQUE BOQUILLON

Communication and Institutional
Relations Director

②

VALÉRIE LE GARS

Chief Human Resources Officer
and General Secretary

⑤

DANIEL WIDERA

Chief Transformation, Digital
and Performance Officer

⑨

PAOLA BONANDRINI

Chief Officer Operating

③

DOMINIQUE MOCKLY

Chairman
and Chief Executive Officer

⑥

ROBERTO ZINGONI

Chief Financial
and Purchasing Officer

⑩

JÉRÉMY PERROT

Head of Strategy and Innovation

⑦



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)

ACROSS ALL THE SOUTHERN **AREAS**,
OUR TEAMS DESIGN, BUILD AND MAINTAIN
THE NATURAL GAS TRANSPORT
AND STORAGE INFRASTRUCTURES.

Te

TRADING REGION FRANCE: A GAME- CHANGER

The Trading Region France is the end result of the development of a single gas market begun in 2005. Though eagerly anticipated, the introduction of France's new single market area, scheduled for late 2018, is also a major challenge. Teréga is preparing for its operational deployment through consultation and with a range of new tools to enable its customers to make optimum use of it.

From 1 November 2018, there will be just one single market area in France – the TRF (Trading Region France) –
↓
entailing a single market place.



Trading Region France (TRF) will succeed Trading Region South (TRS) on 1 November 2018. The result will be both a more competitive French market integrated with the main European and global marketplaces and greater security of supply. Launched in 2016 in collaboration with the other key players in the French market, the consultation on the new single market for gas continued in 2017 with the specific aim of defining its operating rules.

The teams at the Direction Commerce et Régulation (Trade and Regulation Management Team, or DCR) played a key role in the consultation process to ensure customers are provided with logistical services of the highest quality. Their progress prompted the Commission de Régulation

area of the TRS led to the early implementation, in the winter of 2017-2018, of some of the regulations planned for the TRF. In this context, a new incentivising market mechanism known as locational spread was used. Traded on the electronic trading platform PEGAS, this innovative product is designed to encourage customers to change their supply scenarios in order to relieve a known congestion front. The initial purchases of locational spread, made in November and December, have proved promising.

New market tools

To support customers in getting to grips with the new mechanisms governing the single gas market, Teréga has designed an original learning tool called Game of Flows. Developed in collaboration with GRTgaz, this solution is based on serious game principles. Nominated for the Innovation Awards at the World Gas Conference, which will take place in June 2018 in Washington DC (US), this fun training tool is currently for the exclusive use of our staff and customers.

Pivotal co-construction phases

2017 was a year rich in discussions with the GRTgaz network

manager in the context of the cooperation agreement established to operate the TRS on a shared management basis. The agreement is due to be extended in 2018 to cover the operation of the TRF.

Finally, in late 2017 we began developing application solutions and data exchange interfaces dedicated to the TRF in our information system. These tools are due to become operational on 1 November 2018 for the launch of the new single market. In actual fact, the new market will become operational five days earlier, on 27 October, with the publication of the first vigilance index (index D-5) as part of the monitoring of residual congestion in the TRF. Throughout 2018, we will also be holding regular meetings with our customers to support them through this transformation of the market. —

1 NOVEMBER 2018

LAUNCH OF THE NEW
SINGLE MARKET

THE RESULT WILL BE A MORE COMPETITIVE FRENCH MARKET INTEGRATED WITH THE MAIN EUROPEAN AND GLOBAL MARKETPLACES.

de l'Énergie (French Energy Regulatory Commission, or CRE) to carry out a major public consultation, resulting in the publication in October 2017 of a ruling on the operating conditions for the creation of the TRF.

Controlling the impact of residual congestion and construction work

A detailed study was conducted of the rules governing the mechanisms for managing residual congestion and the publication of reductions in capacity due to construction work programmes. The reduction of their impact has been the focus of long and sometimes difficult discussions, not least because their application could have a significant impact on the operating procedures governing access to transport and storage infrastructures.

Early implementation

The episodes of congestion seen during the winter of 2016-2017 in the South-East

RGM: TOWARDS A MORE FLUID AND HOMOGENEOUS NETWORK



INTERVIEW WITH MATHIEU RUSSAC
RGM Project Manager

The Renforcement Gascogne Midi (RGM) project involves the construction of a pipeline 61.8 km in length connecting Lussagnet in the Landes to Barran in the Gers, with the installation of a new compressor station in Barbaïra (Aude). A strategic project, RGM will serve to increase distribution capacity as part of the merger of the North-South markets through the creation of the Trading Region France. Corporate Social Responsibility (CSR) standards at the site have been exemplary. Project leader Mathieu RUSSAC provides a greater insight into the RGM project.



WORK ON THE ROUTE D'ARTAGNAN

As the first European horse-riding trail, the Route d'Artagnan connects Lupiac in the Gers, the home village of the famous musketeer, to Maastricht in the Netherlands. According to Alain LIBÉROS, president of the Association Européenne de la Route d'Artagnan (European Association for the Route d'Artagnan, or AERA), "[the trail] symbolises the revival of the spirit of the musketeers at the service of the promotion of European citizenship, solidarity, diversity and friendship among the peoples of Europe". Having been asked to do so by the commune during the meetings held with elected representatives to prepare for the Renforcement Gascogne Midi, it has been an honour for Teréga to be involved in such a convivial and dynamic project, highlighting both deep local integration and a resolutely European commitment – two shared ambitions.

Cladding operation
at the RGM site. ↓



WHAT IS THE AIM OF THE RENFORCEMENT GASCogne MIDI PROJECT?

The aim of this major national gas transportation network is to ensure the nationwide distribution of gas. The infrastructures linking northern and southern France have suffered from congestion. One consequence of this has been a difference in distribution prices between the two regions. In short, through the Renforcement Gascogne Midi project, Teréga is providing a solution to relieve congestion in the network and iron out regional price differentials. RGM will also lead to increased transit capacity, improve exchange flows and contribute to greater security of supply.

WHAT IS THE MAIN STRENGTH OF THE PROJECT?

Its main strength is its territorial integration, which is both respectful of local populations and environmentally friendly. The RGM project draws on our expertise in biodiversity preservation, water management and the reduction of the environmental footprint. Our approach is based on three core prin-

extensive consultation with all the relevant actors in the areas affected by the project, including elected representatives, local residents, farmers and industrialists. Our approach has paid dividends since we have signed reciprocal easement agreements with all of the owners of the various plots of land through which the pipeline passes. We have also developed sustainable relationships with the 20 affected communes and their mayors. With their ears always close to the ground, the Teréga teams have been reaching out throughout the project to local residents through public meetings and regular newsletters updating residents on the progress of the work. Close engagement with local residents enables us to be responsive and to provide quick answers tailored to their questions and grievances.

WHAT IS THE ECONOMIC IMPACT OF THE PROJECT AT A LOCAL LEVEL?

The companies in charge of this construction site have recruited over 10% of the workforce from the surrounding areas. Their employees live close to the route of the pipeline, generating additional income for local restaurants, hotels, garages and shops. The economic impact arising from the construction of the infrastructure in the regions of Nouvelle-Aquitaine and Occitanie is currently estimated at 10% of the total cost of the project.

WHAT ARE YOU MOST PROUD OF?

What makes me most proud is seeing a close-knit team succeed in delivering an infrastructure of

this scale within such a short time frame, all thanks to our skill and experience in managing complex, multidisciplinary projects, whether in relation to administrative engineering or the construction of engineering works. The key ingredient of our expertise is the sheer human energy we're able to harness. Every person involved in the project is proud to be involved in this collective endeavour – you can see that, and it's very exciting. —

“WE HAVE DEVELOPED
SUSTAINABLE
RELATIONSHIPS WITH
ALL THE ACTORS IN
THE AREAS AFFECTED
BY THE PROJECT. ”

ciples: avoiding difficult or challenging areas by opting for the routes with the least impact, reducing environmental impacts through specific technical solutions such as the dry crossing of waterways (conservation fishing, substrate restoration and construction of bypasses) and, as a last resort, off-setting. As part of these off-setting measures, Teréga has acquired 8 hectares of mature woodland and 3 hectares of wetlands of major ecological significance in an effort to promote biodiversity.

IS CONSULTATION KEY?

Human, economic and agricultural activities have been a major focus. True to our culture of dialogue, we have engaged in

61.8KM

OF UNDERGROUND
GAS PIPELINES

900MM

IN PIPE DIAMETER

representing, in terms of raw materials,
20,000 tonnes of steel, 20% of which is recycled

1.20M

MINIMUM BURIAL DEPTH

85 BARS
MAXIMUM PRESSURE

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

1 INTERCONNECTION GRID
at Lussagnet

4 NEW OR MODIFIED
BLOCK-VALVE STATIONS
in the communes of Sion, Castillon-
Debats, Barran and Auch (North)

JULY 2017:
start of construction work

OCTOBER 2018:
facility put into service

STEP: A EUROPEAN PROJECT IN ENERGY SOLIDARITY

A cross-border pipeline system designed as part of a major gas transmission network, STEP (South Transit East Pyrenees) will connect the networks of France and Spain. Leading the project on the French side, Teréga will build a gas pipeline 120 km in length in the east of the departments of the Aude and Pyrénées-Orientales. This major project will connect Teréga's existing compressor station in Barbaira (Aude) to the Spanish border in the most accessible part of the Pyrenees (Pyrénées-Orientales).



Teréga's existing pipeline close to the Château d'Aubiry in the commune of Céret.

This project achieves the objectives set for energy solidarity and the construction of a true European energy market while ensuring greater security of gas supply, improved exchange flows and price competitiveness. The studies were launched at the request of the French, Spanish and European authorities following the Madrid Declaration of 2015. On 23 November 2017, the STEP project was formally listed as a Project of Common Interest (PCI) by the European Commission.

Regional benefits

Designed for the benefit of the affected areas, STEP will secure, strengthen and improve the operation of the regional gas network of the Aude and Pyrénées-Orientales. The project could also enable new communes to be connected to a natural gas network. Teréga has also begun a feasibility study for biomethane deposits as part of efforts to promote the development of other projects throughout the study area. The project may also help to promote the development of digital access locally.

Voluntary consultation

From a very early stage, Teréga engaged in discussion and meetings with local actors in the affected areas, with over 140 meetings having taken place by late November 2017. In the wake of these meetings, Teréga decided to make a voluntary referral to the Commission Nationale du Débat Public (French National Commission for Public Debate, or CNDP) to give greater structure to the consultation process and to seek public input, thereby enriching the project ahead of any

formal decisions by the authorities. On 5 July 2017, the CNDP appointed two sponsors to ensure the debates were properly conducted, transparent and genuine. On 4 October 2017, the CNDP approved the communication plan and timetable proposed by Teréga.

Understanding the impacts of the project

The period of public consultation ran from 22 November 2017 to 23 January 2018 in the two departments of the reduced study area. The focus of the consultation was on the options for the pipeline's route, providing an opportunity to set out the benefits of the "Avoid, reduce, offset" method. As a responsible developer, Teréga applies this approach as part of its efforts to integrate environmental considerations, right from the conception of the project and routes with the least impact. At this stage of the project, Teréga is focused on locating a route that avoids areas of environmental, human, social and security significance. The second stage will involve identifying measures aimed at reducing the impact on areas that cannot be avoided. Any indication that such measures are insufficient will immediately trigger the purchase of compensatory areas. The public meetings have served to highlight concerns over agriculture, the environment, consultation and energy transition. Teréga will provide answers and commitments in response to these questions after the publication of the CNDP's assessment report. Based on the views collated to date, the East footprint appears to be the footprint with the least impact and the greatest opportunities for the affected areas.

Key deadlines in 2018

The announcement of the chosen footprint has been made after the CNDP has reviewed the sponsors' report in March 2018. Technical studies of the fauna and flora, topography and land will then begin on the chosen footprint. In 2018, Teréga will also be submitting an application for investment to the competent authorities, along with a grant application to the European authorities. —

120KM
OF PIPES

2 DEPARTMENTS
(Aude and
Pyrénées-Orientales)

**7 OR 8 BLOCK-VALVE
STATIONS**

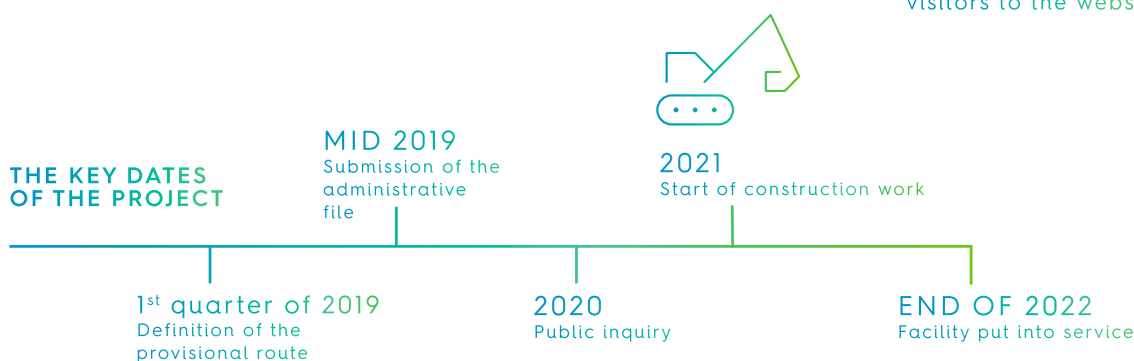
€290M
COST ESTIMATED
(French section)

**16 MEETINGS (PUBLIC,
LOCAL AND CLOSING)**

NEARLY 370 PEOPLE

**OVER 500
CONTRIBUTIONS**

OVER 1,600 VISITORS
visitors to the website



AN EXCEPTIONAL PERIOD FOR TERÉGA'S STORAGE ACTIVITIES

In 2017 (the last year in negotiated regime mode), Teréga set a record for commercialised technical capabilities and subscriptions. At the market's request, in 2018 Teréga's service offering will be adapted to meet the new regulatory requirements.

↓ Lussagnet storage center.



Enacted on 30 December 2017, the new law putting an end to the exploration and exploitation of conventional and non-conventional hydrocarbons in France will provide for the regulation of natural gas storage under article 12. Storage capacities will be sold by auction. The positive or negative difference between the proceeds of the auctions and the regulated revenue of storage operators, determined by the Commission

TERÉGA PLACES CUSTOMERS AND NATIONAL SECURITY OF SUPPLY AT THE HEART OF ITS PRIORITIES.

de Régulation de l'Énergie (French Energy Regulation Commission, or CRE), will be offset by the natural gas transmission network use tariff, also known as the ATRT (third-party access to the gas transportation network) tariff. The arrangements for the implementation of the regulation and the conditions governing the sale of natural gas storage for the 2018-2019 period are set by the CRE's ruling of 22 February 2018. The scope of the storage capabilities included in the Regulated Asset Base is established by the Programmation Pluriannuelle de l'Énergie (Multi-Year Energy Programme, or PPE). It is expected to undergo revision before the end of 2018.

New commercial levers

Teréga has been supporting this reform for many months and is responding to this historic shift by maintaining its commitment to placing customers and national security of supply at the heart of its priorities. Subject to approval by the CRE, the new commercialisation framework will curtail the commercial creativity for which Teréga has always been known. Teréga's commercial teams have therefore been exploring new levers as part of our commitment to ensuring full stocks, a key requirement for maintaining standards of technical performance.

Flawless performance

Teréga will continue to develop the relationship of trust built with its customers and the market as a whole over recent years by taking advantage of the opportunities created by the introduction of the Trading Region France, the new single market, on 1 November 2018. This relationship of trust was built on the strength of a tailored service offer, but also on the availability of the services offered. This reached 99.8% in 2017.

Our customers have always benefited from the capabilities acquired in Teréga's storage facilities, thanks to the technical performance of our engineering work and the availability of the company's installations. Our flawless availability has

meant that our customers have been able to take advantage of major economic opportunities during physical tensions on the European networks and markets and to optimise their supply strategy.

Now more than ever, in the new context of sales by auction with zero reserve prices, performance and technical availability will be key decision-making criteria for Teréga's customers. Technical efficiency, the pursuit of an ambitious development plan and awareness of customers' needs in this new environment will remain vital to the future success of the company's storage activities. —

30 DECEMBER 2017

NEWLY REGULATED
STORAGE ACTIVITIES.

99.8%

LEVEL OF TRUST
of Storage customers

THE LUSSAGNET STORAGE SITE IS LOOKING TO THE FUTURE

Nearly a quarter of France's gas storage capacity is concentrated in Teréga's underground natural gas storage facilities located in Lussagnet and Izaute in the Aquitaine Basin. In late 2017, the Lussagnet concession was extended to 2043. To secure supply and increase storage performance, Teréga has added two new wells on site.

↓ The SMP 104 drilling rig during setup.



The underground natural gas storage facility located in Lussagnet (Landes) is operated as part of a storage concession granted by the Energy Minister and sanctioned by the French Mining Code. A decree of 25 March 2003 had authorised the operation of the Lussagnet storage facility until 1 January 2018.

Concession extension application launched in 2014

In 2014, ahead of the deadline and by way of anticipating potential difficulties in the application process, Teréga put together a multidisciplinary team tasked with preparing an application to extend the concession for a further 25 years, bringing together specialists in Permitting Services, Operations, Storage, Geosciences, Law, Security, the Environment and Finance. Their teamwork and commitment meant that the extension application was delivered to the Ministry of Energy on 31 March 2015.

Coordinated by the Prefect for the Landes, the local processing of the application ran smoothly. At the end of the public inquiry held between 17 December 2015 and

22 January 2016, the inquiry commissioner issued an unreserved recommendation in favour of extending the concession, noting that *"the benefits that have been set out outweigh the examined drawbacks"*. The administrative departments consulted also responded favourably to Teréga's request, recognising the suitability of the company's technical and financial capabilities and the quality of the measures taken to monitor the environmental impact of Teréga's activities.

Proactive mobilisation

Filed with the Ministry in June 2016, the application was then assessed by the Bureau Exploration et Production des Hydrocarbures (Office for the Exploration and Production of Hydrocarbons or BEPH, which has since been renamed the Bureau des Ressources Énergétiques du Sous-Sol, or Office for Subsurface Energy Resources). Following a favourable recommendation issued on 23 February 2017 by the Conseil Général de l'Économie, de l'Industrie, de l'Énergie et des Technologies (France's General Council for the Economy, Industry, Energy and Technologies, or CGEJET), the application encountered two obstacles: first, a risk of non-compliance with European competition law and, second, delays caused by the legislative elections and the change of minister. Faced with

reach a decision on the extension of the concession - amounting, in effect, to an implicit rejection of the application. However, a favourable opinion issued by the Conseil d'État (France's Council of State) on 17 October 2017 finally offered hope of a happy outcome to the application. In the end, the Lussagnet concession was officially extended for a further 25 years by a decree of 8 December 2017. The favourable ruling was a just reward for Teréga's targeted, proactive mobilisation around this long-term project, all thanks to the commitment and professionalism of the company's teams. Teréga is now licensed to operate the underground storage facility in Lussagnet until 1 January 2043.

Two new wells in Lussagnet

Two further wells were drilled at the Lussagnet storage site in the second quarter of 2017. The undertaking was both a response to the growing demand for flexibility from shippers and a preventive measure against potential downtime on certain wells.

Deadlines met

The drilling campaign for the two new injection and production wells (LUG-75 and LUG-76) was carried out between early May and mid-July 2017 using the SMP 104 device, amid good security conditions and within budget. The well drainage operations carried out in November 2017, focusing on brine production and gas conditioning before handover to the operations team, meant that the wells were ready to be put into service in late 2017, as scheduled.

In-house expertise

Successful completion of the work was down to Teréga's own well-drilling specialists. The entire operation was managed internally by our small team of experts, in full compliance with established business rules and Teréga policy, from the supervision of well engineering and the selection of equipment and materials (lining, wellhead, completion, etc.) and drilling rig to the choice of oil and gas service companies (cementation, screwing, well logging) and the

management of the drill site, the latter entrusted to external contractors.

Based in Lussagnet, Teréga's Well Drilling team was integrated on site with the Storage Operation and Security and Environment teams. The close-knit set-up allowed for optimal management of the design constraints and the full range of operational interfaces that are inherent to this kind of project. Teréga's engineering team also works in close contact with our operations, ensuring high standards of operational responsiveness.

Teréga's support functions have played an important role in ensuring the smooth running of the operations. Their expertise has contributed to ensuring the successful conclusion of contracts, compliance with regulations, good security management, sound management of drill cuttings, effective administrative management and the preparation of the Plan Général de Co-ordination (General Coordination Plan, or PGC), among other matters.

New drilling plans for 2018

As part of the WELL54 project, in 2018 Teréga will be drilling two new injection and production wells at the Lussagnet site, to be followed by two further wells in 2019. Building on the 2017 campaign, these new operations will be managed along the same lines, with the added benefit of the lessons learned from last year. In addition, two workovers are planned for 2018, with at least a further two to follow in 2019.

As one of the company's core activities, the well drilling expertise of the Lussagnet Storage Department represents a major performance lever for Teréga. —

THE WELL DRILLING EXPERTISE OF THE LUSSAGNET STORAGE DEPARTMENT REPRESENTS A MAJOR PERFORMANCE LEVER FOR TERÉGA.

the threat of a blocked application and uncertainty over the extension of the concession, our teams were able to pre-empt the challenges, maintaining close relationships with the ministry's processing services and harnessing their resources in an effective and targeted manner. By May 2017 (the statutory deadline for such applications), the Minister had yet to

NETWORK INTERVENTIONS: A DAILY COMMITMENT

Every day, Teréga's intervention teams work to ensure the smooth operation, maintenance and surveillance of the 5,000 km of pipework across our network - a daily management operation that is key to maintaining the security and performance of the network.

↓ Maintenance operation.



As the guarantors of the integrity and maintenance of our facilities, our operations and maintenance teams monitor the security and availability of the infrastructures at all times to ensure the continuity and quality of our gas distribution services.

As field operators, these outstanding professionals are the face of Teréga nationwide. Every day, they travel for kilometres along our network of pipes, both on foot and by car. Their duties include carrying out planned maintenance work, monitoring changes in the environment, supervising the integrity of our facilities and identifying and responding to acts of vandalism committed on the pipes.

PREVENTION IS THE MOST EFFECTIVE MEANS OF REDUCING THE RISK OF SNAGGING.

They are aided in their work by aerial surveillance of the infrastructures to help them identify potential threats.

In 2017, we continued with the programme implemented since 2015 to reduce the number of Undeclared Works (UW) carried out by third parties, which can affect the integrity of the pipes. UW fell by 8% compared to 2016. What this shows is that prevention is the most effective means of reducing the risk of snagging. To date, nearly 28,000 letters have been sent to local residents as part of the information and awareness campaign conducted in the affected areas.

The sound management of the operation of the gas pipeline determines its performance

Gas distribution, supply and injection must be carried out in compliance with contractual obligations. In 2017, the outstanding level of availability of Teréga's infrastructures meant that we were able to provide the best quality of service to our customers, with no interruption of supply, all thanks to the efficiency of our systems and the professionalism of our operations teams.

Improving the reliability of our facilities remains a daily objective to reduce network failures and optimise security. Our approach is driven by a constant quest

for continuous improvement.

New procedures have been implemented to limit decompression and the greenhouse gas emissions into the atmosphere which they cause during maintenance work on the pipes. In 2017, we were able to avoid 75% of these leaks. With their focus squarely on customer service

and satisfaction, our operators forge close links in the field and perform their duties on the ground for Teréga with one core value at the forefront of their minds: to guarantee security in the broadest sense of the term for workers, installations and the environment. —

75%

GREENHOUSE GAS EMISSIONS avoided in 2017 during maintenance work on the pipes

-8%

EVOLUTION OF THE NUMBER OF UW between 2016 and 2017

WE HAVE INTENSE AND INVOLVED
RELATIONS WITH OUR CUSTOMERS, OUR
STAFF AND OUR PARTNERS - YET ANOTHER
DIMENSION OF OUR **NETWORK.**

Rè

TERÉGA PUTS ITS CUSTOMERS AT THE HEART OF ITS STRATEGY

Teréga provides a personalised service offer ever more tailored to the needs of its customers. This approach is based on understanding customers' economic and business priorities, constantly focusing on the quality of the services provided and maintaining close business relationships.

In 2017, Teréga increased its involvement with business partners and regional players by holding multiple consultation meetings and customer conferences, notably in Paris.

In Paris, Teréga offered double the number of training days compared to the 2017 edition of its Training Session programme. These thematic workshops devoted to the mechanisms of transport and storage services and operational business management (programming, allocation, balancing, billing, etc.) provide support to Shipping customers and help them in the day-to-day management of their business.

The success of the 2017 edition in terms of participation confirmed the interest of Shipping customers in our innovative and educational workshops, which is why they are being offered again in 2018.

Teréga is also bolstering its presence in the field. Our ambitious new programme of field visits and a new conference format will offer our customers a new perspective on our gas infrastructures. For

example, their visit to the RGM (Renforcement Gascogne Midi) pipeline construction site provided them with an insight into the key role that this flagship project will play in France's future single gas market.

Teréga is also committed to supporting biomethane producers in optimising their approach to the provision and storage of this energy source. Teréga is planning to extend these services to users of other fossil fuels to establish natural gas and biomethane as transition fuels, by setting out their benefits for heating, industrial processes and sustainable mobility. By ensuring product quality, Teréga is providing biomethane producers with access to a new pool of consumers, with no strings attached and no seasonality and across a far wider area.



2017 SATISFACTION SURVEY

As a market-driven business, Teréga regularly assesses the quality and performance of its services among its customers to ensure their expectations are being met. The biennial satisfaction survey carried out in the autumn of 2017 measured changes in levels of satisfaction with its service offer among Shipping customers.
(as a percentage of satisfied or very satisfied customers)



OVERALL SATISFACTION WITH TERÉGA

- **100% of customers are satisfied or very satisfied with Teréga**

The proportion of very satisfied customers is 58%, representing a significant increase (+19% compared to 2015).

PERCEPTION OF TERÉGA

- Reliability: 100%
- Transparency and non-discrimination: 94%
- Dynamic adaptation by Teréga: 83%
- Response to customers' needs: 95%
- Service improvement: 49%
- Innovation: 80%
- Actor in the energy transition: 34%

The business and innovation dynamic is on the up.

Our services are clearly perceived to have improved.

PRODUCTS AND SERVICES

- Products and new services in flexible storage: 100%
- Transport services: 96%
- Business and operational relationships: 96%

The increased flexibility of our storage services is very popular with our storage customers. The quality of operational and business exchanges is recognised.

DIGITAL INTERFACE

- Our IS publishing portals: 84%
- Percentage of mobile app users: 30%
- Content and ergonomomy of mobile application: 85%

The level of perceived improvements to the current customer interface remains limited. Our customers are awaiting the new Customer Web portal planned for 2018.

SUPPORT THROUGH MAJOR CHANGES

- Quality of the support provided by Teréga: 98%
- Level of consultation with Teréga: 97%
- Access to information: 93%

Our customers rely on Teréga to support and guide them through the major structural changes happening in 2018 (storage regulation and launch of the new marketplace).

... A new business structure

To meet these challenges, Teréga redesigned its regional strategy in 2017, promoting closer relationships with local energy players and taking a more active role in the implementation of the Plans Climat-Air-Énergie Territoriaux (Regional Climate-Air-Energy Plans). In particular, our sales representatives have redoubled their efforts on the ground, seeking to be more in tune with consumers so they can make the most out of their use of natural gas and biomethane in the future. The end result of this transformation will be Teréga's new "Territoire" ("Territory") structure, to be implemented in 2018 and 2019.

A responsible and sustainable purchasing policy

In 2017, Teréga made purchases totaling €204 million, with local purchases of works and services representing the bulk of these. Our supplier relationships are characterised by high expectations in

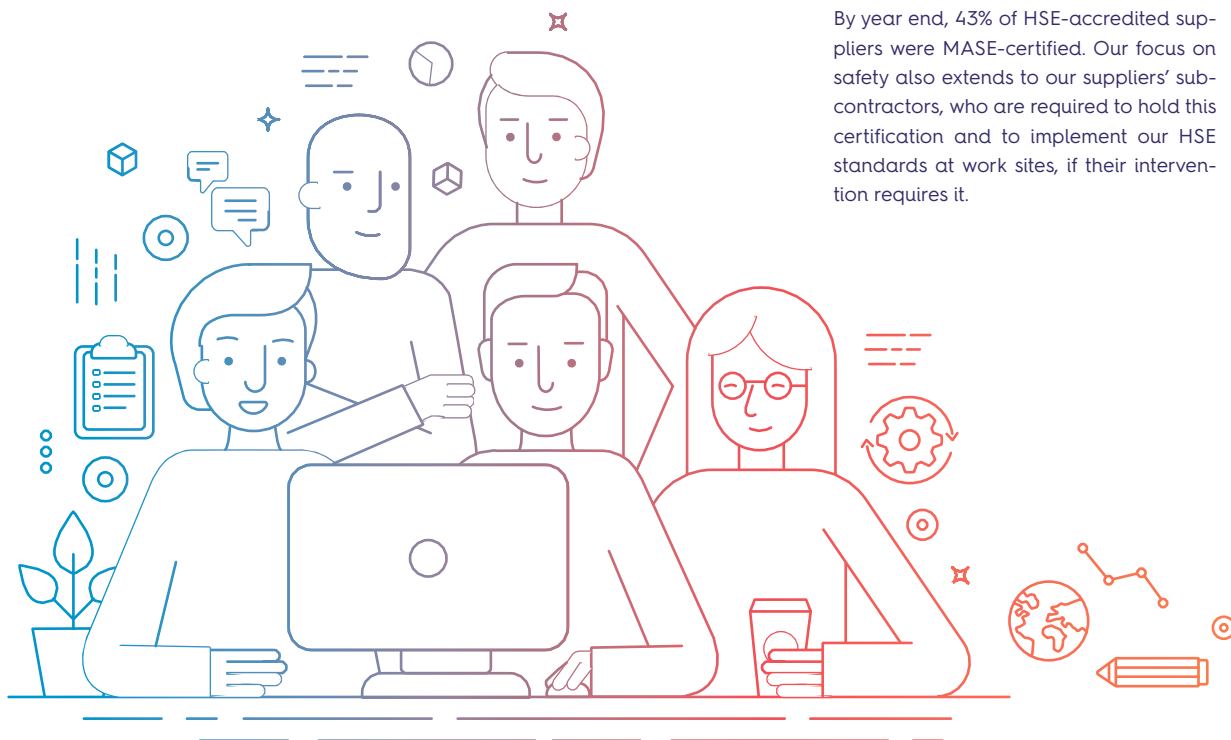
terms of Health, Safety and the Environment (HSE).

Safety in particular is a major priority, at all levels. We are careful to list companies with an established safety culture, demonstrated generally by a MASE certification (Manuel d'Amélioration Sécurité des Entreprises, or Corporate Safety Improvement Manual) or equivalent standards such as OHSAS 18001, and we encourage companies that have gone down this path.

HSE certification

Teréga has put in place its own HSE certification system. Certification, which is mandatory for any supplier whose activities pose a risk to our facilities and staff, is a guarantee of good risk management, thereby contributing to our "Zero accidents, zero snagging" target. In 2017, Teréga issued HSE certificates to 186 businesses, 88 of which were MASE-certified. By year end, 43% of HSE-accredited suppliers were MASE-certified. Our focus on safety also extends to our suppliers' sub-contractors, who are required to hold this certification and to implement our HSE standards at work sites, if their intervention requires it.

TERÉGA
PROMOTES
CLOSER
RELATIONSHIPS
WITH LOCAL
ENERGY PLAYERS.



Minimal impact

Teréga also seeks to reduce its suppliers' environmental impact. Right from the design and drafting of specifications, we lay down specific environmental standards which are systematically assessed, whether in terms of business travel management, use of consumables, waste management or energy consumption

TERÉGA SEEKS TO REDUCE ITS SUPPLIERS' ENVIRONMENTAL IMPACT.

when purchasing heavy equipment. To ensure compliance with these standards, we are able to turn to suppliers holding specific certifications or accreditations, such as Imprim'Vert or Eco-Collectoor in the case of drink distributors. As far as food waste is concerned, Teréga relies on the proactivity of its suppliers.

Local impacts

As a major socio-economic player in the South West of France, in 2017 57% of our purchases were from local suppliers, representing €116 million paid to 536 local suppliers. Beyond the contracts we have entered into, these local purchases support regional economic activity and contribute to the emergence of projects that create both direct and indirect jobs - key drivers of social and societal development.

In 2018, Teréga will be increasing its commitment to CSR by signing the Relations Fournisseur Responsables (Responsible Supplier Relations) charter of the Conseil National des Achats (French National Purchasing Council). —



TERÉGA LAUNCHES ITS AMBASSADORS' CLUB

Teréga has launched an important programme to overhaul its online customer interface. The development of a new digital platform will provide customers with innovative functionalities tailored to their operational efficiency needs and performance requirements. Our customer-focused approach has led us to involve customers upstream. Teréga has invited them to join its Ambassadors' Club. This new forum is an opportunity to exchange views on the needs surrounding the use of the future portal. It enables customers to become actively involved in developing a tool they use on a daily basis. Thanks to its constructive discussions and friendly atmosphere, the first edition of the Ambassadors Seminar held in Paris was a major hit with participants, who had volunteered to test the new solution. Other co-creation events will be proposed throughout the project.

TERÉGA BOLSTERS ITS ROLE AND INSTITUTIONAL IMAGE



INTERVIEW WITH MARIE-CLAIRE AOUN
Head of the Institutional Relations Department

In a market undergoing significant change, Teréga is strengthening its engagement at a regional, national and European level in order to increase its visibility and contribution to the energy debate as an independent transport network manager actively involved in renewable energies. A new department - the Institutional Relations Department - has been created to structure and coordinate the overall strategy.

WHY DID YOU DECIDE TO CREATE A DEPARTMENT FOR INSTITUTIONAL RELATIONS?

In order to fulfil the objectives of the Paris Climate Agreement, the pace of the energy system transition needs to be stepped up. Teréga is keen to play an important role in this transition. We have the benefit of deep regional integration in the South West of France, but until now we had suffered from a lack of visibility among national and European institutions. We therefore created the Department of Institutional Relations with the aim of forging and structuring long-term relationships with all of the bodies involved in the energy sector, whether at a regional, national or European level. Drawing on our strategic geographical position, our aim is to raise awareness of our activities, unique selling points and perspective as a private, independent French gas transport and storage provider. In a context of significant regulatory change, it was becoming increasingly important to bolster our visibility and increase our contribution to the public debate on energy

and climate matters, working in synergy with Teréga's various departments and in partnership with our shareholders.

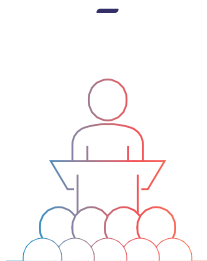
CAN YOU GIVE US SOME PRACTICAL EXAMPLES OF THE MEASURES YOU HAVE TAKEN?

There has been significant institutional focus in recent months around the STEP project (see p. 16). The project perfectly illustrates the integration of Teréga at a regional level and its European dimension. We chose to involve the Commission Nationale du Débat Public (French National Commission for Public Debate), which held a consultation between November 2017 and January 2018. The decision to call for a prior consultation led us, at a very early stage in the project, to develop close links with the many stakeholders in the affected areas in order to discuss the impact of the project at a local ...

A NOTED INTERVENTION AT THE GAS CONGRESS

In September 2017, Teréga attended the Gas Congress, a major event jointly organised by Expogaz and the Association Française du Gaz (French Gas Association).

From 2018, the congress will be held annually over a single day, focusing on the topic of renewable gases.



During the three days of the exhibition, the Teréga stand drew many visitors and was a big success. Many parliamentarians were met by the senior management team and senior institutional relations managers. During the various scheduled lectures and round tables, company staff contributed to reflections on the future of energy in France.

Our Managing Director, **Dominique MOCKLY**, emphasised the need to increase commitment to the energy transition, setting out our innovative initiatives in this area, including the BE POSITIF programme (Bilan Environnemental POSITIF, or Positive Environmental Track Record).

Jean-Loup MINEBOIS, Teréga's Trading and Regulation Director, hosted a debate on the future of underground natural gas storage and its contribution to national security of supply.

The plenary lecture by **Carole DELGA**, President of the Occitanie region, provided an opportunity for the Teréga team to highlight their regional commitment.

Finally, **Dominique MOCKLY** and **Marco ALVERÀ**, Managing Director of Snam, presented their view and analysis of major trends in the energy sector during a lunch conference sponsored by Teréga. The political guests, representatives of the gas sector, researchers and Teréga shareholders present at the event were able to exchange views with the parliamentarians who had accepted their invitation.

... level. We have also intervened at national and European levels, engaging in particular with the Commission de Régulation de l'Énergie (French Energy Regulation Commission), the Ministère de la Transition écologique et solidaire (French Ministry for Ecological and Inclusive Transition) and the European Commission to discuss the costs and benefits of the project and their spread between the various countries involved, particularly France and Spain. We will be pursuing our initiatives at all three levels in 2018, STEP having been identified as a European Project of Common Interest in November 2017.

“TO BOLSTER OUR VISIBILITY AND INCREASE OUR CONTRIBUTION TO THE PUBLIC DEBATE”

Following the introduction of regulations to govern the storage of natural gas - another major action point - we approached legislators and regulators to set out our industrial model of underground gas storage and enhance our competitive and high-performance service offering dedicated to ensuring security of supply for the end consumer.

A common feature of all these structural matters is that we cooperate with the operations teams to promote the core messages of the company, the aim being to establish a dialogue of trust with our institutional stakeholders.

HOW WOULD YOU DESCRIBE YOUR ACTIVITIES IN SUPPORT OF THE ENERGY TRANSITION MOVEMENT?

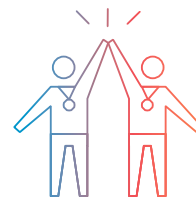
As a low emitter of greenhouse gases, natural gas has a key role to play in the energy transition. To meet the objectives of the Paris Climate Agreement and achieve carbon neutrality, Teréga also plans to support the development of renewable gas, notably biomethane and Power to Gas. Here too, our institutional strategy operates at three levels.

At a regional level, we are involved in the Schémas régionaux d'aménagement, de développement durable et d'égalité du territoire (Regional Planning, Sustainable Development and Territorial Equality Programmes) alongside local players, with the aim of reducing our carbon footprint.

At a national level, we are contributing to the revision of the Multi-Year Energy Programme, a key management tool of the energy transition for the State, by setting out our objective - an objective shared with other infrastructure

operators - of achieving 30% of renewable gases in final gas consumption by 2030.

Finally, at a European level, we continue to be involved in the Gas for Climate consortium, created by nine European companies in June 2017. The consortium recently published a study showing that the use of renewable gases would enable Europe to achieve net zero greenhouse gas emissions by 2050 while saving over 140 billion euros a year compared to a “100% electricity” scenario. —



TERÉGA IS CONTINUING WITH ITS SPORT SPONSORSHIP AND CULTURAL PATRONAGE ACTIVITIES

• In 2017, the company maintained its sponsorship partnership with Section Paloise Béarn Pyrénées (Pau's rugby union club), the Élan Béarnais basketball club and Billère Hand-Ball, the three major sports clubs of the Pau urban area. The Teréga brand is displayed on players' shirts, sports facilities and social networks. Through this initiative, we are able to reach a wider audience, at regional, national and European levels.

• As part of its commitment to its region of operation, Teréga has teamed up with the city of Pau in two flagship events: the Grand Prix motor race, held every year in the streets of the city, and the 4 Étoiles de Pau, the only four-star eventing competition to be held in France.

• Teréga also supported Concert'ò, the patrons' club for the Orchestra of Pau Pays de Béarn.

TOTAL COMMITMENT TO THE ENVIRONMENT



INTERVIEW WITH LAETITIA MAHENC
Head of Environmental and Corporate Responsibility Division



As part of the BE POSITIF programme, Teréga is working to achieve a zero environmental footprint across all the company's activities by 2020 and to create environmental value from 2025, a voluntary initiative in line with its vision of a sustainable future.

CAN YOU TELL US WHAT BE POSITIF (BILAN ENVIRONNEMENTAL POSITIF) IS ALL ABOUT?

The aim is to ensure that, through our activities, gas has a positive impact on the environment. The objective of the programme is to gradually reduce our environmental footprint in order to achieve zero impact by 2020, and beyond that to create environmental value. This will be achieved, for example, by rebuilding and enhancing the ecosystems through which our work sites pass and by conducting an ambitious policy to offset all our emissions. Based on the "Avoid, reduce, offset" method, this initiative encompasses the management of greenhouse gases and the promotion of renewable energies as sources of supply. Teréga's commitment to the environment applies at all levels of the organisation and feeds into all our activities.

IN WHAT WAY IS THE PROGRAMME ORIGINAL?

BE POSITIF goes way beyond our legal obligations. To my knowledge, no other company in the French energy sector has taken such a proactive approach. This ambition is changing the culture of the organisation. The continuous improvement of our environmental protection practices has become second nature. By creating value, the programme is changing our values. This day-to-day commitment is shared by all our employees, united around collective progress benefiting society as a whole.

HOW DO YOU GET STAFF INVOLVED?

In June 2017, we launched the BE POSITIF group on the company's social network available on the Intranet. This discussion forum already has nearly 290 members, over half of Teréga's workforce. ●●●

... Through it we disseminate information about the management of CO₂ emissions and the impact of our activities on biodiversity, particularly during construction works. Above all, it drives collective intelligence in the creation of environmental value by promoting the daily dissemination, sharing and implementation of ideas. A number of innovative proposals from our staff have been implemented or are under

"CREATING ENVIRONMENTAL VALUE CHANGES OUR VALUES."

study, such as the installation of beehives on unused land in our gas network or the creation of company gardens.

WHAT WERE THE MOST NOTEWORTHY ACHIEVEMENTS OF 2017?

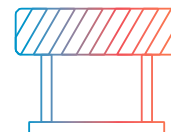
In October, we transferred all of our electricity supply contracts to renewable energy. 100% of the electricity that supplies our buildings and industrial facilities is now generated with almost no direct CO₂ emissions, meaning that 3,400 tonnes of CO₂ are now offset every year. We have also introduced Natural Gas Vehicles

(NGV) in Teréga's vehicle fleet by renewing part of the fleet, with five vehicles running on natural gas. At our facilities, we have enhanced the technical configurations that enable us to limit emissions caused by works-related decompression, resulting in a reduction of 5,400 tonnes of CO₂ equivalent for 2017. The decision to purchase a mobile recompression chamber means that we will be able to recover approximately 80% of methane emissions related to pipeline works by reinjecting the gas pumped into the works to avoid it being released into the atmosphere.

AND WHAT ABOUT THE FUTURE?

Our aim is to generate our own renewable energy for our own use, whether from solar panels or by increasing our use of biomethane. We are also looking at increasing our offsetting by participating in certified voluntary carbon offsetting schemes.

Finally, we are enhancing synergies with Research & Innovation (R&I) to make Teréga an incubator of new technologies capable of optimising our energy efficiency while fitting into the company's global strategy. Examples of this include testing CO₂ sequestration technologies and researching innovative solutions for managing our rights of way to promote their role as ecological corridors. —



TERÉGA IS ROLLING OUT THE ARO ("AVOID, REDUCE, OFFSET") INITIATIVE ACROSS ALL ITS PROJECTS

The first stage - avoidance - is primarily implemented during pre-construction studies. It involves diverting the provisional route away from multiple sensitive areas through areas of lesser impact. Specific measures (conservation electrofishing, soil remediation, etc.) are then put in place at the work site during a second stage aimed at residual impact mitigation. The final stage - environmental offsetting - ensures there is no net loss of biodiversity, if the two first stages were not enough.

WHEN BIODIVERSITY FLOURISHES IN WOODLAND

On 22 September 2017, Teréga inaugurated 32 hectares of woodland planted as an environmental offset site in the Béarn communes of Urdès and Doazon in the Pyrénées-Atlantiques, in the presence of the Office National des Forêts (France's National Forests Office, or ONF) and the mayors of both villages.



The purpose of this natural site is to promote the habitat of several protected species following the works carried out at the Béarn Artery site, **including three birds (the middle spotted woodpecker, the spotted flycatcher and the Eurasian bullfinch) and three bats (the western barbastelle, the common noctule and the lesser noctule).**

To promote their development, **the creation of three old-growth forest areas will allow trees to grow**, without silvicultural intervention. The density of trees conducive to biodiversity (senescent, standing dead, etc.) will also be increased to six trees per hectare. Lastly,

mechanised work will be prohibited between 1 April and 31 July, the sensitive period for the life cycles of the species, and access to the forest will be prohibited to motorised vehicles throughout the year.

All of this was explained to the schoolchildren of the two villages invited to the event, **during a day of discovery in a convivial atmosphere co-run by the Conservatoire d'Espace Naturel (Conservatory of Natural Spaces), the ONF and the Lacq Odysée association**, with the support of a programme promoting awareness of biodiversity in local forests launched on the same day. The plan is to hold similar events every year.

ENVIRONMENTAL PARTNERSHIPS

- Since 2013, Teréga has been a partner of the "Végétal local et Vraies messicoles" ("Local Plants and Real Cornfields") programme alongside the Fédération des Conservatoires Botaniques Nationaux (Federation of National Botanical Conservatories) and the Conservatoire Botanique National des Pyrénées et de Midi-Pyrénées (National Botanical Conservatory of Pyrénées and Midi-Pyrénées). The aim of this programme is to guarantee the local origin of plants by means of the "Végétal local" and "Vraies messicoles" certifications.

- Teréga has signed an agreement with the Conservatoire Végétal Régional d'Aquitaine (Aquitaine Regional Plant Conservatory) for the conservation of a range of ancient and local varieties of fruit trees.
- Teréga has also signed multi-annual partnership programmes with the Conservatoires Régionaux des Espaces Naturels Midi-Pyrénées et Aquitaine (Regional Natural Space Conservatories of Midi-Pyrénées and Aquitaine). These agreements focus in particular on the differentiated management of certain areas by Teréga.

PARI 2025: TARGETING “ZERO ACCIDENTS, ZERO SNAGGING”

-50%
EVOLUTION OF THE
NUMBER OF UNDECLARED
WORKS OF THE MOST
DANGEROUS KIND
(AT A DISTANCE OF LESS
THAN 5M) OVER THE
LAST 5 YEARS

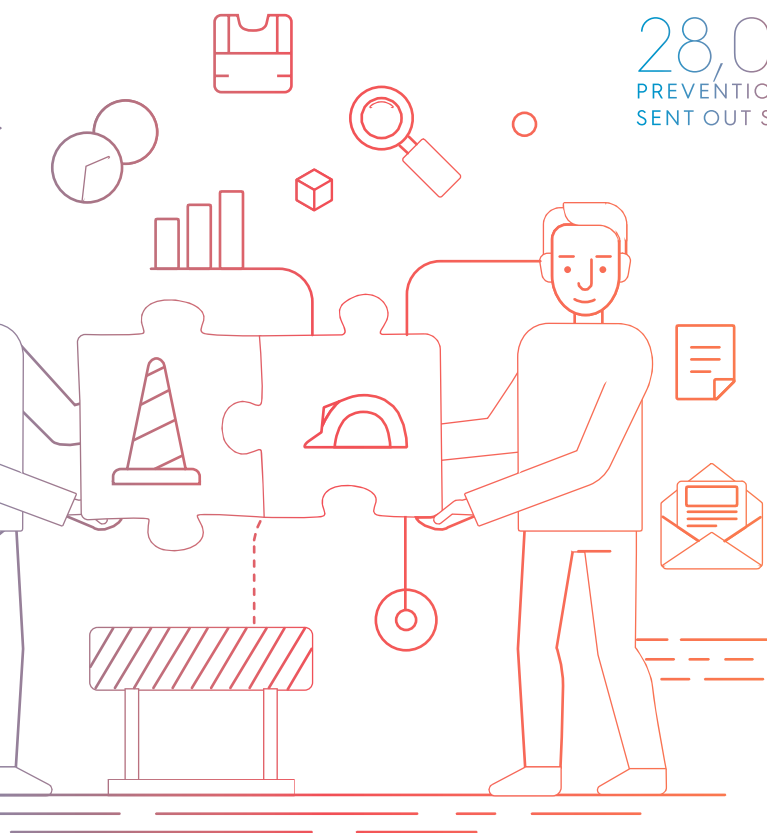


Safety is a core value at Teréga and its absolute priority. To ensure the safety of our staff, partners and facilities every day, we apply a structured and systematic approach that is embedded in all our processes.

In 2017, Teréga launched the PARI 2025 (Prevention of Industrial Accidents and Risks) programme (PARI meaning wager). The wager? To achieve a target of “Zero accidents, zero snagging” by 2025. PARI 2025 promotes a culture of safety among all Teréga’s staff and partner companies through an integrated approach combining risk awareness, specific training, simplified guidelines and the deployment of new tools.

The programme is based on three pillars. Technical safety is ensured and maintained by tailored measures and solutions: failure sensors, automatic protection systems, etc. Safety management systems enable the implementation of procedures and rules that contribute to ensuring safety on the ground. Human and organisational factors are integrated from conception to operation to create conditions conducive to safe be-

haviours at all levels of the organisation. Teréga is involved in a number of specific working groups devoted to safety, particularly within the Safety Academy, an initiative of the Institut pour une Culture de Sécurité Industrielle (Institute for a Culture of Industrial Safety, or ICSI), to develop digital resources dedicated to promoting a culture of safety by sharing experiences around high-risk activities with other companies. Teréga also sits on the Board and is a member of the Steering Committee of the MASE Sud-Ouest (MASE South-West) management system (Manuel d’Amélioration Sécurité des Entreprises, or Corporate Safety Improvement Manual). The Steering Committee is responsible for the HSE certification of companies that volunteer for membership of MASE Sud-Ouest.



28,000
PREVENTION NOTICES
SENT OUT SINCE 2016

Going further in the prevention of third-party risks

Third-party companies with no contractual relationship with Teréga and that carry out works in the vicinity of the company's 5,000 km gas network represent the most significant industrial risk to our facilities. Snagging that causes a pipe leak is the most feared incident.

New "third-party work" procedures

In 2017, the internal "third-party work" management procedures were re-examined and re-drafted in collaboration with operators, as part of Teréga's risk mitigation policy. The implementation of new tools has improved the quality and reliability of the documents drafted by our sector staff in dealing with Déclarations réglementaires de projet de Travaux (Regulatory Notices of Proposed Works,

or DT) and Déclarations d'Intention de Commencement de Travaux (Notices of Intent to Begin Works, or DICT), which number over 12,000 a year, and the more than 5,000 on-site meetings held to mark and stake out pipelines. This focus on improvement is continuing in 2018.

Hosting of anti-damage symposiums

Industrial risk management is to a large extent the responsibility of the third-party entities behind the works, with Teréga's works being essentially confined to the private sector. To raise their awareness in relation to prevention, Teréga is actively involved in running training round tables and workshops. Aimed at contractors and construction and public works companies, the purpose of these symposiums on the prevention of damage to networks is to address developments in DT-DICT regulations (Déclaration de Travaux à Proximité

de Réseaux, or Notice of Works Near to Networks) and take stock of their application. They are organised in collaboration with regional and national public works authorities, the Directions Régionales de l'Environnement, de l'Aménagement et du Logement (General Directorates for the Environment, Planning and Housing, or DREAL), the Direction Générale de la Prévention des Risques (General Directorate for Risk Prevention, or DGPR), the major network operators and, occasionally, some prefectures.

In 2017, eight damage prevention meetings were held in the Occitanie region. In 2018, the initiative will be extended to the Nouvelle-Aquitaine region. Nearly 200 network operators, project managers and companies working on behalf of regional authorities and undertaking construction and public works take part in each of these events. These initiatives serve to enhance the reputation and visibility of Teréga as a major player in the damage prevention reform.

Nearly 28,000 prevention notices

Since 2016, Teréga has sent out annual notices to the owners of the plots of land located on the pipeline route to remind them of their regulatory obligations to file notices before starting work. These notices are relayed by notaries, farming unions, authorities commissioning works and authorities responsible for issuing building permits.

Tangible results

The number of undeclared works (UW) of the most dangerous kind (at a distance of less than 5 m) has fallen by 50% over the last five years. This remarkable result encourages us to pursue and intensify these initiatives, which are vital to the effective dissemination of the Third-Party Works Culture of Safety. —

AN AGILE AND EFFECTIVE ORGANISATION OF BUSINESS SUPPORT FUNCTIONS

In 2017, Teréga radically changed the structure of its business support functions with the creation of a new digital hub and a new HSE initiative serving to enhance operational efficiency.

The evolution of the business support functions is based on increased specialisation, which serves to promote the introduction of more efficient procedures.

Two new departments

The role of the Direction Hygiène, Sécurité, Environnement (Health, Safety and Environment Department, or HSE) in the area of safety and security was bolstered following the integration of operational security, which had previously been attached to the Direction des Opérations (Operations Department, or DOP). The Direction Transformation, Digital et Performance (Transformation, Digital and Performance Department, or DTD) was created to focus our efforts on developing and enhancing data and implementing digital solutions that will allow for increased responsiveness and efficiency. The restructuring of both departments was conducted with a view to ensuring they provide optimal support to the operations departments.

Functional agility

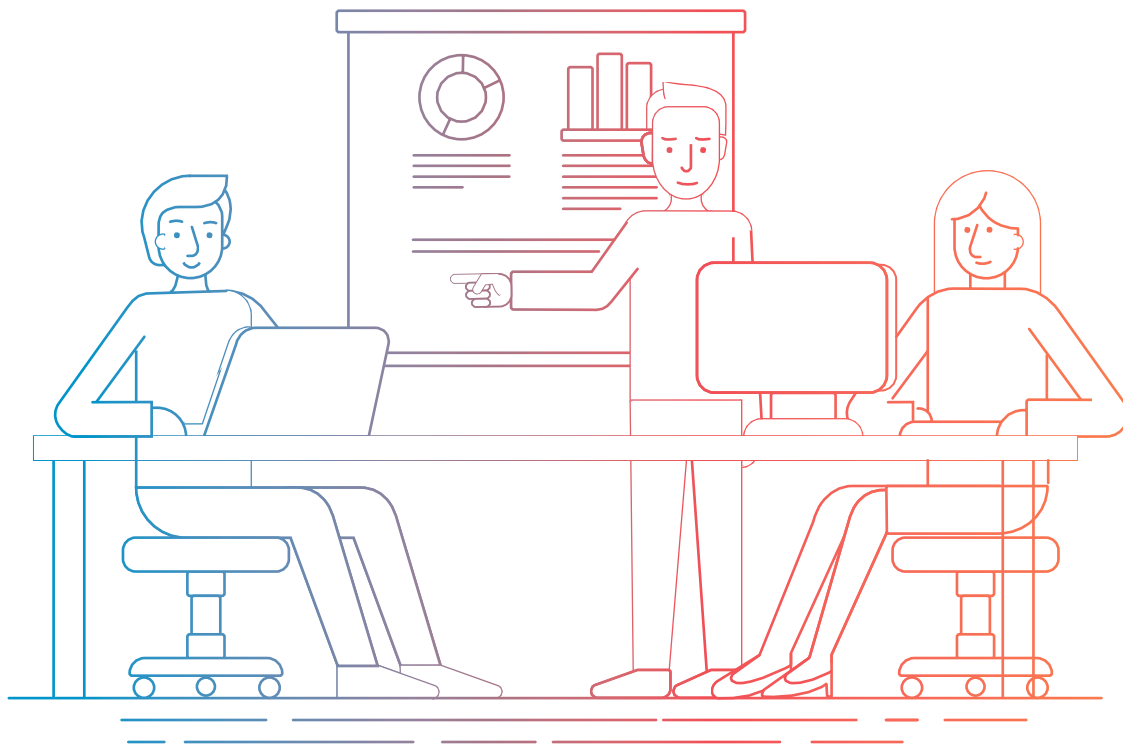
New operating procedures have been put in place to promote cross-functional cooperation between business support

departments and their collaboration with the operations functions. Functional links have been established with the key functions of communication, security and digital, creating a new management approach combining hierarchical and cross-functional management.

The efficiency and agility of the business support functions will ensure the success of the IMPACTS 2025 plan by enabling the operations departments to focus all their energies on the company's strategic priorities.

A collaborative approach to security

The collaborative and cross-functional work of the operations and HSE teams is the foundation of our approach to prevention. Every Teréga employee and partner plays a role in prevention. The identification and reporting of risks encountered in their daily activities contribute to building a safer and more reliable work environment. Every day, they rely on the HSE teams, who put in place solutions for the assessment and management of risks as part of a structured and systematic process of continuous improvement aimed at guaranteeing the safety of workers and facilities.



THE EFFICIENCY AND AGILITY OF THE BUSINESS SUPPORT FUNCTIONS WILL ENSURE THE SUCCESS OF THE IMPACTS 2025 PLAN.

In 2017, this collaborative approach enabled several developments to be formalised:

- the revision and updating of certain procedures with the aim of adapting them to our changing activities and organisation, such as the policy governing the organisation, execution and management of operations at storage sites or the procedure governing interventions on transport infrastructures;
- the development of new measures aimed at prevention and the improvement of several existing processes, after risk and hazard analysis;
- the introduction of a poster campaign illustrating safety policies and procedures relevant to different work situations.

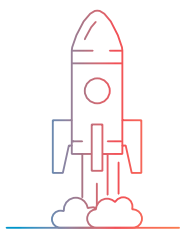
For our partner companies, we draft tailored HSE guidelines setting out the standards to be observed at every work site. This document enables us to conduct rigorous assessments of the services provided by contractors and to monitor the application of the proposed measures on the ground. This initiative forms part of our collaborative approach, which

also extends to the specific support we provide to certain companies to contribute to the long-term improvement of their safety practices at our work sites.

A cross-functional working group consisting of specialists in safety, operations, procedures, training and IT has developed a virtual reality operations simulator. This tool reproduces intervention situations similar to those experienced by our technicians. It will soon enable them to learn and develop skills in a secure environment. —

WORKING TOWARDS EQUALITY AT WORK AND AGAINST ALL FORMS OF DISCRIMINATION

Teréga is actively committed to a policy of equality in the workplace and gender non-discrimination, and of integration and retention of persons with disabilities.



NEW PROJECTS FOR 2018

- A signatory of the Charte Entreprises et Quartiers (Businesses and Neighbourhoods Charter), a project initiated by the French Ministry of Territorial Equality and Housing and supported by CREPI, Teréga has just committed to supporting the economic and social development of priority neighbourhoods in the city of Mont-de-Marsan in the department of the Landes.
- In early 2018, Teréga's General Resources Department hosted a school student with a mental disability for a two-week work experience placement to provide him with an insight into the daily life of a business. The experience provided our staff with a fresh perspective on disability, offering an opportunity for mutual enrichment.

Our policy to promote equality in the workplace and gender non-discrimination aims to ensure equal pay for workers with equivalent skills, experience, qualifications and responsibilities, both at the point of recruitment and throughout their careers. We are committed to paying the same rates of annual salary increase to men and women. We support equal opportunities by providing access to training and career opportunities regardless of gender. The implementation of these commitments contributes to achieving our ambition to increase the representation of women in the operations professions. In 2017, women represented 25% of Teréga's total workforce. For the same length of service, the salaries of men and women on the same pay scale were identical. The proportion of salary increases granted to women was also similar to that granted to men. A new agreement

currently being negotiated and relating to gender equality in the workplace will provide for the implementation of awareness-raising and training measures in the areas of gender equality in the workplace and non-discrimination for staff in charge of recruitment and managers.

Teréga is implementing many measures to promote equality in the workplace and non-discrimination of disabled persons. We facilitate their workplace integration and retention. We provide day-to-day support to existing employees from the moment they are recognised as a disabled worker or their disability worsens.

In 2017, Teréga achieved the target it had set for itself: to meet its regulatory obligations, with the total number of persons with disabilities employed directly or indirectly by the company representing more than 6% of its total workforce.

Teréga has also entered into a new agreement relating to the integration of persons with disabilities. This agreement reaffirms Teréga's commitments in the area of equal treatment and the non-discrimination of persons with disabilities, both at the point of recruitment and throughout their careers. The document lays out the support and financial assistance measures implemented, depending on the type of disability. It also provides for the implementation of awareness-raising and training measures to promote equality in the workplace and non-discrimination for staff in charge of recruitment and managers.

In 2017, Teréga carried out a number of schemes with partners to promote the integration of persons with disabilities and provide assistance to those returning to work.

Integration of those furthest from the labour market.

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 works actively with both organisations on a range of integration schemes.

In 2017, Teréga collaborated on the "Journée FACE à l'entreprise" ("FACE-ing the Company Day") integration workshops organised by FACE. These opportunities for exchange serve to raise awareness of the codes and behaviours expected of job seekers in recruitment interviews and workplace settings. Teréga will continue with this support and advice initiative in 2018 by helping ten or so job-seekers, notably through workshops.

Our staff have also conducted several exploratory interviews on behalf of CREPI with people returning to work, again with a view to offering professional support to job seekers. Teréga also offers staff the opportunity to get involved in a support programme aimed at helping people far from the labour market to regain self-confidence and return to the world of work. In 2017, through the CREPI and FACE associations, two of our employees supported two job seekers over a period of three to six months.

Integrating persons with disabilities

Since 2009, Teréga has been a member of the "On dit Cap" business club, which brings together 32 companies across the region. Created by the Cap Emploi association, this network of companies aims to share good practice with a view to facilitating the training and recruitment of persons with disabilities. In 2017, Teréga took part in the one-day "Rencontres handicap et maintien dans l'emploi" ("Disability and Retention Encounters") event organised by the association, conducting several recruitment interviews on the day. —

A TAILORED TRAINING POLICY

In the face of an ever-changing gas market and constantly evolving professions, adapting employees' skills is an absolute priority. Teréga has responded to this challenge with a bold training policy, which is a driver of performance for the company, based on training priorities defined in line with the company's strategic and operational objectives. The priorities chosen for the 2017-2021 period with a view to establishing a tailored training plan aim to develop the acquisition of skills in core business activities, knowledge of collaboration tools, the deployment of digital identity, human support of transformations, security, compliance with regulatory requirements and professional skills. Forming part of the training plan, the training courses provided at Teréga are guided by these priorities. For example, in 2017, Teréga developed staff skills in areas such as the culture of safety and HSE management, consideration of the environment in business activities, new IT tools, technical equipment and material, languages, regulation and team management.



DISABILITY WEEK: AN EDUCATIONAL EVENT

From 13-19 November 2017, as it does every year, Teréga held a disability awareness week aimed at all company staff. The purpose of the event was to give our employees a greater understanding of different disabilities and to break down prejudice towards them. The week was also an opportunity to communicate about Teréga's disability policy, and specifically about the support measures put

in place to promote the integration and retention of persons with disabilities within the company, which include adapting workplace conditions, arranging flexible working hours, designing ergonomic workstations, providing administrative support when applying for disabled worker status and offering financial assistance for a move to a more suitable principal residence or to fund the purchase

of specific equipment. Teréga staff received an information leaflet published specifically for the occasion. They were also invited to attend events tackling disability through a quiz game at the headquarters of Volta de Pau (Pyrénées-Atlantiques), at the Lussagnet industrial site (Landes) and in Bordeaux, Pau, Toulouse and the surrounding areas.

TERÉGA IS INCREASING THE PACE OF ITS DIGITAL TRANSFORMATION

Information systems (IS) have a key role to play in the energy transition. Digital transformation impacts the entire energy value chain, from production to customer relationships. In 2017, Teréga launched the development of future IS solutions for its natural gas transport and storage activities. Within this digital innovation initiative, the security, agility, availability and integrity of data are major areas of focus.

A digital future. By integrating the most innovative technologies, Teréga will introduce new applications and services in which technology will take a back seat in favour of an unrivalled user experience: augmented reality, artificial intelligence, machine learning, connected things, etc.

The restructuring of the Transformation, Digital and Performance Department (DTDP) enables these digital projects to be carried out more quickly and more nimbly by ensuring resources are deployed in line with Teréga's strategic priorities. It enables the full potential offered by advances in new technologies to be realised, with the development of specific applications dedicated to our core business and the use of market standards for our business support functions.

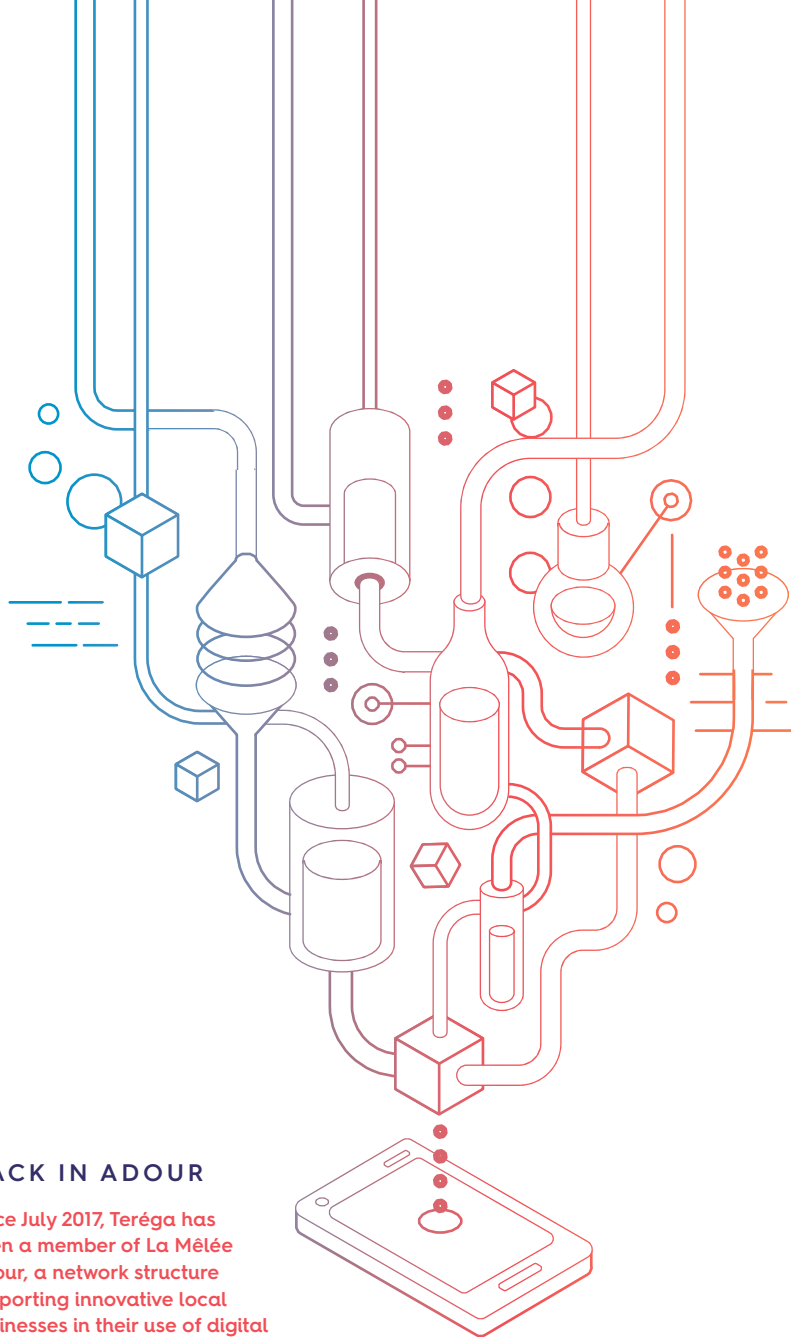
Collaborative tools

In 2017, priority was given to the development of collaborative tools that simplify access to, and the exchange and secure cross-functional sharing of, information at workstations and in mobile settings,

based on a SATAWAD approach (Secure AnyTime AnyWhere Any Device). This technological shift began with the internal launch of the collaborative platform G Suite by Google Cloud, a new collaborative Intranet, reZo, including a corporate social network Workplace by Facebook.

PRIORITY WAS GIVEN TO THE DEVELOPMENT OF COLLABORATIVE TOOLS.

In 2018, Teréga faces two major challenges to further enhance this operational fluidity: to improve the exchange and quality of data with customers and stakeholders and to facilitate field operations by simplifying access to information and by deploying the most suitable digital equipment. —



HACK IN ADOUR

Since July 2017, Teréga has been a member of La Mêlée Adour, a network structure supporting innovative local businesses in their use of digital technology. Its working parties tasked with studying the matter and exchanging views with players in the energy sector and infrastructure suppliers will help Teréga to develop its future projects. As part of this, Teréga contributed to the organisation of "Hack in Adour", the first regional Hackathon aimed at designing and developing innovative solutions to respond to the challenges of the energy transition across the region.

170 people took part in this 48-hour-long innovation marathon, resulting in eight projects. The initiative enabled Teréga to exchange views with local players in the energy sector, to experiment with a "massive" co-working initiative and to identify talented individuals. One of these individuals is now a member of our team!

STAR: A NEW BUSINESS PLATFORM

Teréga's new cloud strategy is based on new-generation architectures and technologies. Launched in 2017, the first stage of its deployment involves building an agile new information system around its business activities. This is the STAR (Storage and Transport Application Redesign) programme. The new Web portal will be the most visible part of the programme. Comprehensively redesigned to improve customer experience using the very latest technologies, this interface will provide players in the gas market with access to the private and public information they need in a simple, ergonomic and highly secure format.

REZO: THE NEW "COLLABORATOR EXPERIENCE"

On 18 July 2017, Teréga launched reZo, a new internal information and collaboration platform that promotes the dissemination of information. This digital workplace enables individuals to collaborate in a fluid, cross-functional environment.

It embodies the company's work philosophy: collaborative, agile and simple. In November 2017, Teréga received the honorary award for internal social media tools from the COM-ENT (Communication & Entreprise, or Communication & Enterprise) association, which is composed of communication professionals, in recognition of the originality of its project.

GAS IS OUR ACCELERATOR OF THE
FUTURE. WE ARE INVENTING ITS FUTURE
APPLICATIONS TODAY AND ARE USING IT TO
DRAW THE NEW HORIZON OF ENERGY.

Ga

GAS: A STRONG LINK IN THE ENERGY TRANSITION

The energy sector has been undergoing major changes for several years. It faces a number of unprecedented challenges: the drastic reduction of greenhouse gas emissions to combat global warming, the creation of a single European energy market, an increasing number of players, increased regulation and digital transformation.

Such are the challenges of the energy transition. The term “transition” refers to changes in an energy system dominated by fossil fuels towards a decarbonised system consistent with the ambitions of the Paris Climate Agreement. How can the historical model, based on centralised and fossil production, be linked to the model of the future, based on renewable and diversified energies from decentralised sources? Because of its characteristics, gas has an important part to play in this transition, as the stable energy link between fluctuating production and consumption.

An ambitious scenario

In 2017, convinced of the role that gas and gas infrastructures need to play in meeting these significant challenges, Teréga teamed up with all the network operators to give a joint presentation at the Multi-Annual Energy Programme (PPE) workshops, setting out a scenario that goes further than the targets set by France’s Law on Energy Transition for Green Growth (LTECV) of August 2015. According to this scenario, by 2030 30%

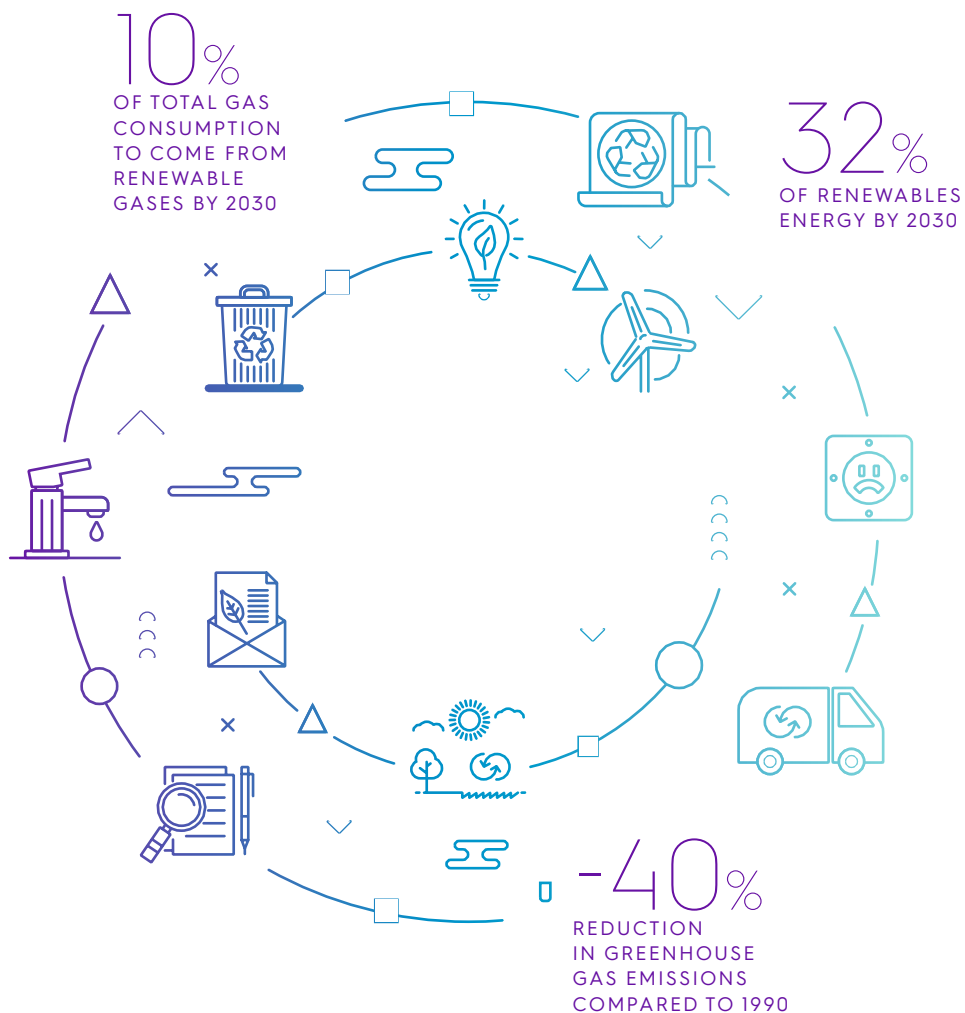
of gas consumed nationally could be of renewable origin (biomethane, synthesis gas and hydrogen), i.e. 90 TWh, provided the necessary support mechanisms are put in place.

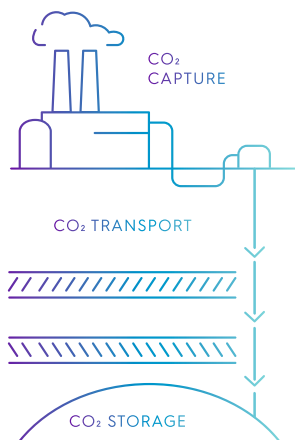
Conditions satisfied

Significant past investments mean that we now have at our disposal a network of secure, flexible gas infrastructures well integrated into their environment and supplying a large part of the country’s regions. These offer an unrivalled energy transport and storage capacity and, therefore, major flexibility to cope with fluctuations in demand.



OBJECTIVES OF THE 2015 LAW ON ENERGY TRANSITION FOR GREEN GROWTH (LTECV)





STORAGE... AND TRANSFORMATION

Teréga is involved in an active programme of post-capture CO₂ transformation into methane in order to demonstrate that it can go full circle. Forward-looking!

GAS AND GAS
INFRASTRUCTURES
ARE KEY ELEMENTS
OF THE ONGOING
ENERGY TRANSITION.

... Networks and multi-energy at the heart of the equation

The energy transition should lead to greater integration and complementarity of energies. In this approach, gas infrastructures are already capable of providing balancing services to electricity grids. The transformation of gas and electricity networks into integrated multi-energy systems involves Power To Gas technology, which enables surpluses of renewable electrical energy to be converted into hydrogen (electrolysis of water), which is itself converted ultimately into natural gas (methanation reaction).

In order to pre-empt this transformation, Teréga is actively pursuing its investment in the partnership around the Jupiter 1000 pilot project, which should lead to the technical validation of the promise of Power to Gas technology and the hydrogen energy vector as solutions for the future. This approach, involving a new synergy between existing energy models, will need to be accompanied by changes in the associated economic models, making it one of the concurrent challenges of the energy transition.

Storage of biomethane

To extend the storage potential inherent to gas chain infrastructures and thereby support the development of renewable energies, and of biomethane in particular, in 2017 Teréga, together with Storengy, authorised the injection of first-generation biomethane into its underground storage facilities.

This decision is the result of several years of research and analysis carried out in partnership. It represents an important milestone that confirms the compatibility of renewable energies with existing infrastructures.

The injection of renewable gases from anaerobic digestion consolidates the circular economy dynamics based on

the synergy between different sectors of activity in the same region. For example, the use of green gases as alternative fuels (bioNGV) secures the consumption of locally produced gas.

Towards synthetic methane

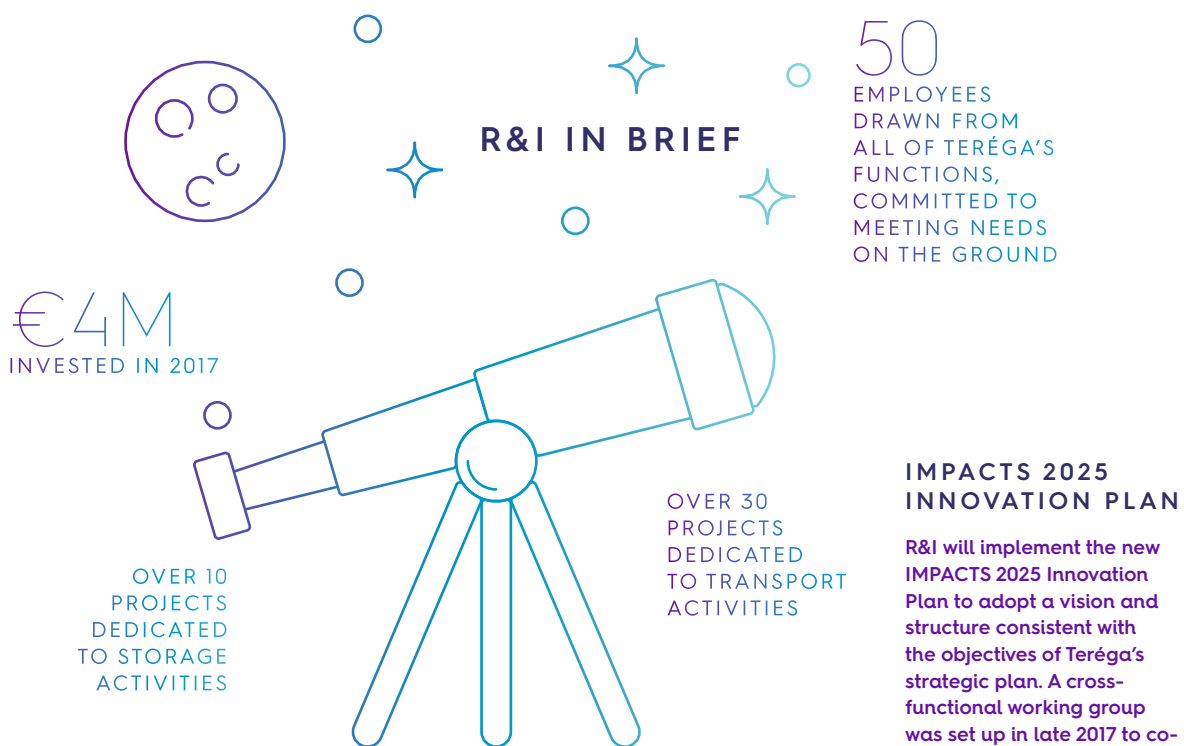
The transformation of the energy mix is just one of the ways in which the more global challenge of managing greenhouse gases and CO₂ can be addressed. Through the methanation reaction, gas can be used to recycle and recover CO₂ – a process that offers a long-term solution for the management of greenhouse gas emissions. To pre-empt and effectively appropriate these technological solutions of the future, Teréga has launched a number of partnerships around this technology, resulting in the production of synthetic methane from the combination of carbon dioxide and hydrogen.

Clean mobility

Whether natural or renewable, gas allows in particular for the deployment of mobility solutions with low greenhouse gas and particulate emissions. It offers a virtuous answer to global challenges, such as global warming, and to more local public health challenges.

Gas and gas infrastructures are key elements of the ongoing energy transition, lying at the heart of the challenges of the future: greenhouse gas management, waste recycling, renewable energy production, the circular economy and clean mobility. —

R&I: EXPLORING NEW AVENUES



Through its Research and Innovation (R&I) activities, Teréga is developing new technological solutions to improve the operational and environmental performance of the company's natural gas transport and storage activities. Its teams are also fostering an innovation dynamic designed to promote the company's long-term strategy, with the focus on two major topics of the future: the energy transition and digital transformation. Responsive to operational requirements, R&I seeks to develop solutions that have a practical application in Teréga's infrastructures and the services offered to customers. In recent years, this strategy has led to the successful completion of a number of projects that have served to create value for Teréga.

In addition to ensuring that innovations are effectively supervised and supported through to industrial maturity, it also contributes to the renewal of the project portfolio.

To ensure success, R&I relies on partners offering diverse and complementary skills, while ensuring that only the best are chosen: universities, start-ups, industrial companies, players in the gas sector, etc. Together, they conduct joint research and collaborate closely on projects, promoting the exchange of different specialisms and territorial appropriation. Through its approach to innovation, Teréga is ready to meet the energy challenges of the future, at the service of its local customers. —

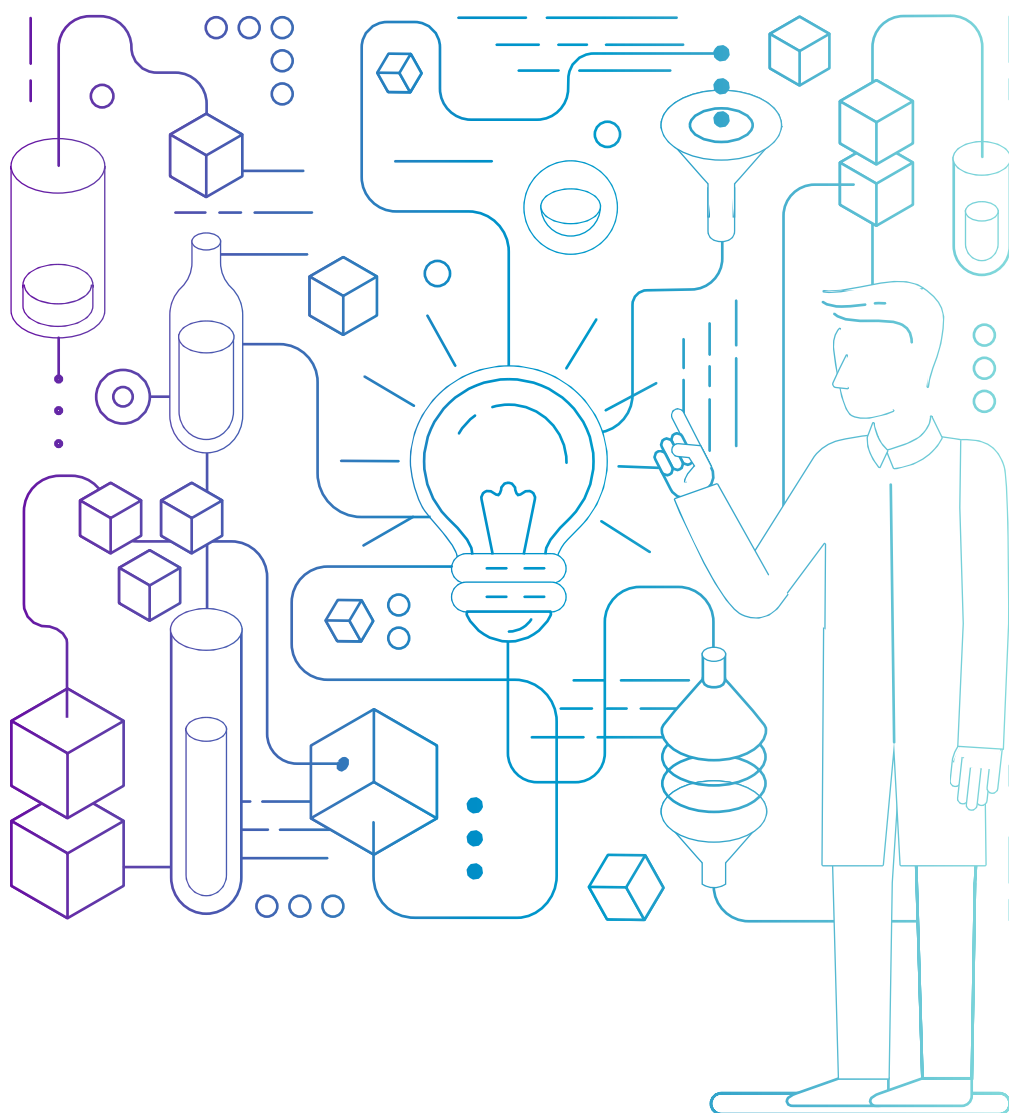
IMPACTS 2025 INNOVATION PLAN

R&I will implement the new IMPACTS 2025 Innovation Plan to adopt a vision and structure consistent with the objectives of Teréga's strategic plan. A cross-functional working group was set up in late 2017 to co-construct a roadmap around five objectives:

- to define a common vision and ambitions within R&I;
- to restructure the major themes around the business plan;
- to identify and prioritise structural R&I projects;
- to define an effective communication strategy;
- to identify resource needs and determine the structure to be put in place.

PROJECTS DEDICATED TO ACHIEVING ENERGY EXCELLENCE

As a supporter of applicative research, Teréga promotes projects that are capable of being deployed at its facilities at the end of a development process lasting around three years. 2017 saw the launch and operational implementation of a number of significant projects.



New remote surveillance and maintenance technologies dedicated to serving operations

Teréga has laid the ground for trialling three pilot schemes on new augmented reality technologies: assistance in lock-out/tagout of the electrical substation of a compressor station, visualisation of underground networks and equipment maintenance support. Alongside this, a digital system of pressure readings was developed to replace the obsolete manual readers and improve operational efficiency. After a year of testing on a delivery station, it is in the process of being rolled out to all priority stations.

Use of fibre optics for the detection of leaks, undeclared works and ground movements near to works

Teréga carried out a first campaign of measurements along 48km of pipeline using the promising technological solution developed by the Pau-based start-up Febus Optics. Teréga is also involved as principal sponsor in one of the projects of the CITEPH (Consultation pour l'Innovation Technologique dans les domaines des énergies, or Consultation on Technological Innovation in the Energy Fields) programme alongside Total and Saipem. The aim of this project is to develop more efficient technology by combining and optimising three types of measurements in a single cable.

Reducing greenhouse gas emissions

R&I tested four techniques for limiting decompressions and the emission of greenhouse gases caused by pipeline maintenance work: recompression of gas, flaring, reduction of pressure by local consumption and use of a temporary connection. After trials and modelling, Teréga developed a decision support tool that determines the emission reduction technique best suited to each type of works.

Start of the construction of the Power to Gas Jupiter 1000 programme

The construction of the Power to Gas Jupiter 2017 demonstrator programme began in late 2017. Carried out in partnership with GRTgaz, CNR, Port de Marseille-Fos, McPhy, Atmosstat, Leroux & Lotz, RTE and CEA Tech, this project will serve to validate the hydrogen and synthetic methane injection technologies in the network. Teréga has harnessed its expertise in industrial security to conduct the risk assessment of the injection station and organise the analysis of facility risks. Teréga has also put in place the provision of gas analysis and CO₂ compression equipment. The facility is due to become operational in late 2018.

Launch of the RINGS (Recherche sur l'Injection de Nouveaux Gaz dans les Stockages de gaz naturel, or Research on the Injection of New Gases into Natural Gas Storage Facilities) project

Teréga is studying the behaviour of hydrogen and biomethane in deep aquifers to ensure their effective storage. Conducted in collaboration with UPPA (University of Pau and Pays de l'Adour) and Storengy, the research conducted on these "new gases" will enable the identification of contacts between the stored gas, the water of the aquifer and the reservoir rock in order to define their limit of acceptability in underground storage facilities.

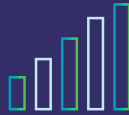
Launch of two new methanation projects

Teréga is contributing to the development of the hydrogen and biomethane sector by taking part in collaborative projects dedicated to methanation. This technology enables the production of synthetic methane from hydrogen derived from surpluses of renewable electricity and CO₂ from other processes, such as anaerobic digestion. Launched for a period of three years in partnership with start-ups, public R&D laboratories, universities and other industrial companies, the two projects focus on the construction of a demonstrator of biological methanation

to enrich the biogas derived from anaerobic digestion and on the development of a programme of hydrogen production and instant conversion to methane from CO₂ derived from other processes.

Development of a new system of radar monitoring of storage cover

Regular monitoring of the cover of underground natural gas stocks is vital to ensure their security and impermeability. Currently Teréga is continuously monitoring the pressure of the cover using pressure gauges connected by cables, in the monitoring wells, at depths of 300 to 500m. A new non-intrusive technique based on radar waves provides an alternative to these costly measurement systems. Developed in collaboration with Antea Group, the new solution is based on the novel use of a traditional surface radar. —



INDICATORS

FINANCIAL INDICATORS

REVENUE EVOLUTION

Teréga's 2017 revenue amounted to €471m, compared to €467m in the 2016 financial year.

€471M
TERÉGA'S 2017 REVENUE



REVENUE

Revenue for the Transport activity, amounting to €294m, activities was slightly lower than the 2016 revenue of €297m. This result is explained by the introduction of the ATRT6 tariff and, in particular, the lower rate of return on assets, compensated by the implementation of the investments made.

Revenue for the Storage activity, amounting to €177m* was up on 2016, when it amounted to €170m. This increase is explained by sales growth and by an increase in subscriptions to the new "injection-racking" offer.

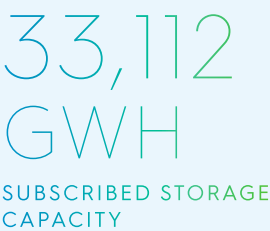
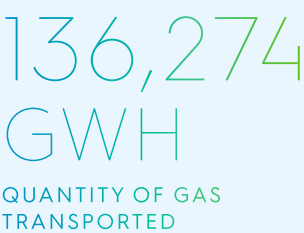
* €186m, including intra-group sales from storage to transport.



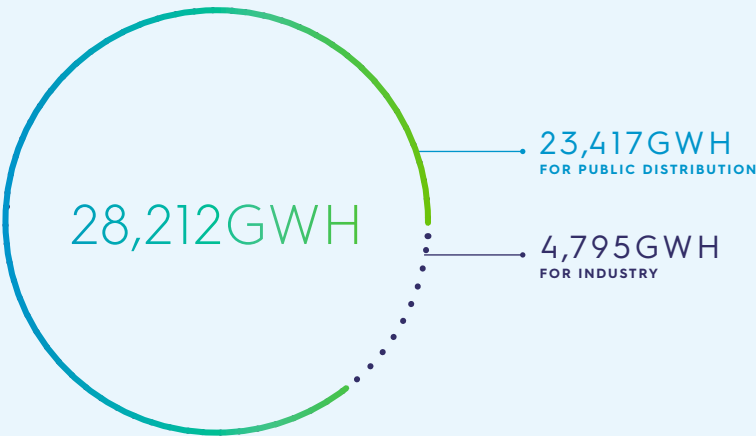
INVESTMENT FIGURES

Totalling €152m, investments in transport activities in 2017 included development investments, such as the Renforcement Gascogne Midi project, and investments in modernisation, safety and maintenance. Investments related to the Storage activity amounted to €25m and were mostly investments in modernisation, safety and infrastructures.

MARKET INDICATOR



TOTAL CONSUMPTION



SAFETY INDICATOR

The actions taken by Teréga in the area of safety focus on the prevention of work site accidents and the prevention of major accidents. These apply to both Teréga staff and the staff of Contractor Companies (CC).

The significant works activity in 2017 resulted in a 48% increase in the number of hours worked by contractor companies compared to 2016. Proportional to the number of hours worked, the results bring the lost-time accident frequency rate to 2.5, a decrease compared to 2016, and

the zero lost-time accident frequency rate to 5.1, an increase compared to last year.

In terms of safety at our work sites, "high-potential" events - i.e. potentially serious events - have been the subject of surveys, in-depth analysis and shared initiatives. This approach is a key factor of progress for reducing the level of risk of our activities.

In terms of third-party works, the actions taken over the last five years have had a positive impact, with the number of Undeclared Works (UW) reducing by 50%.



2.5

LTAFR



+48%

OF HOURS WORKED FOR
CONTRACTOR COMPANIES



1,700

DAYS WITH NO
LOST-TIME ACCIDENTS
AT THE LUSSAGNET
STORAGE SITE

-50%

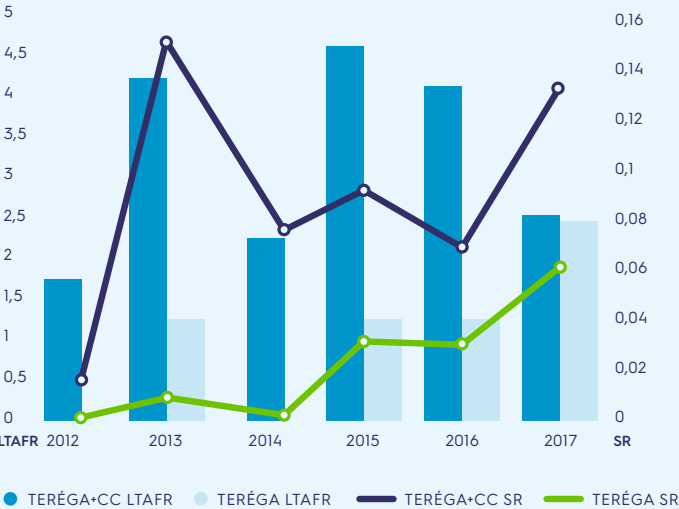
IN THE LAST FIVE YEARS,
UNDECLARED WORKS (UW)
BY THIRD PARTIES HAVE REDUCED

4

HIGH-POTENTIAL
EVENTS

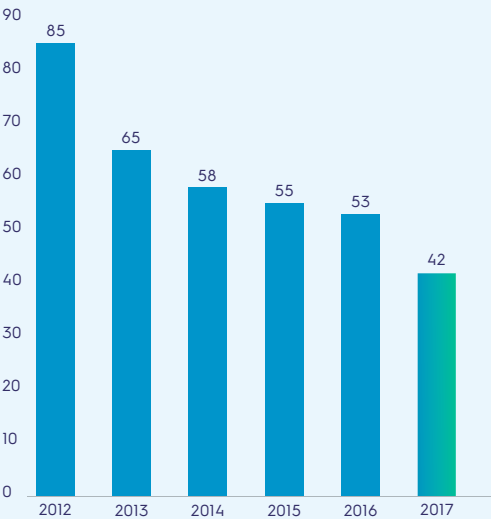
SAFETY INDICATOR

RECORD OF LOST-TIME ACCIDENT FREQUENCY RATE (LTAFR) AND SEVERITY RATE (SR)



TRENDS IN UNDECLARED WORKS (UDW) AT A DISTANCE OF LESS THAN 5 METRES

The snagging of one of Teréga’s high-pressure pipelines in the commune of Bourriot-Bergonce (Landes) in February 2017 caused an unignited gas leak. The section was immediately secured and isolated by the Teréga teams. The incident resulted in no injuries, and its management by the operations teams, in collaboration with the emergency services, served to ensure that public distribution was not affected. The integrity of our facilities remains a priority requirement for everyone.



	2015	2016	2017
Number of incidents of snagging of Teréga infrastructures by third parties	2	1	1

	2015	2016	2017
Number of work-related illnesses reported to the Social Security authority	0	3	0

ENVIRONMENT INDICATOR

Greenhouse gas

In 2017, greenhouse gas (GHG) emissions totalled 129,173 tCO₂eq.*

The focus of our teams on venting posts, particularly during works, meant that we were able to maintain a strategy of optimisation and to reduce our GHG emissions significantly during these operations.

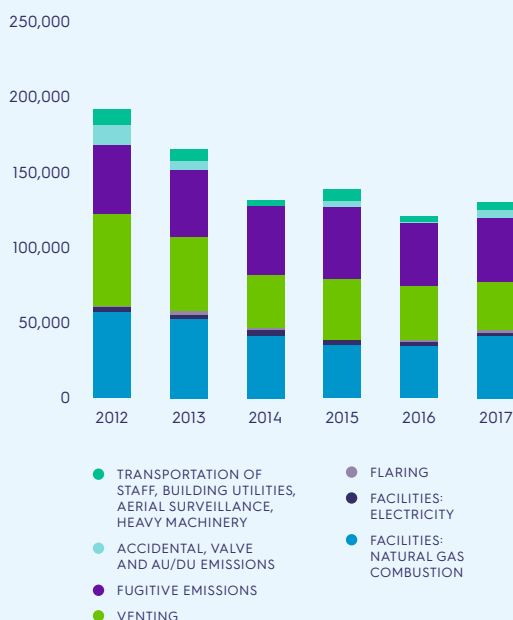
In this very positive context, it is important to note the negative impact on our environmental indicators of snagging by a third party on the Bourriot-Bergonce (Landes) pipeline, as well as a significant incident affecting the main electric compressor at the Sauveterre-de-Guyenne (Gironde) station. Following this incident, Teréga used emergency turbochargers to ensure an uninterrupted supply of gas and meet our public service obligation.

Both incidents contributed to ending the overall decrease in GHG emissions that had been achieved since 2012.

The compressor stations in Mont (Pyrénées-Atlantique), Barbaïra (Aude) and Lussagnet (Landes) are subject to the European Union Emissions Trading Scheme (EU ETS). The emissions generated by these stations in 2017 totalled 28,582 tCO₂eq.

*To calculate GHG, Teréga uses a GWP (Global Warming Potential) for methane over 100 years of 34%, in compliance with the 5th report of the IPCC.

GHG EMISSIONS (IN TCO₂EQ)



Energie

	2015	2016	2017
Total consumption by the company (in GWh)	315	292	322
Energy consumed/energy transported	0.30%	0.28%	0.24%
Methane emissions/energy transported	0.05%	0.04%	0.03%
Solar energy generated (Lussagnet, Cugnaux and Volta buildings) (in kWh)	153,883	143,276	153,402

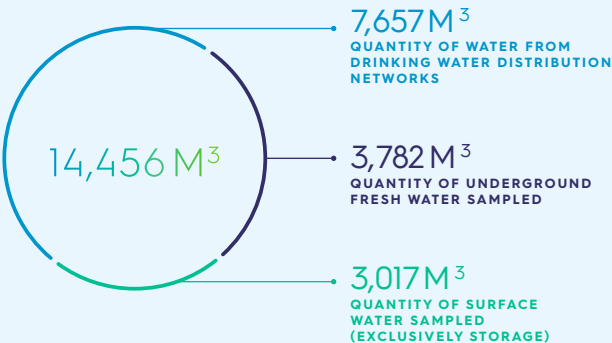
In late November 2017, Teréga and EDF signed an agreement for the supply of electricity produced from renewable energy sources.

ENVIRONMENT INDICATOR

Water

SLAMPING

OPERATIONAL SITES AND BUILDINGS



IN 2017, NO SOIL
POLLUTION WAS
DETECTED



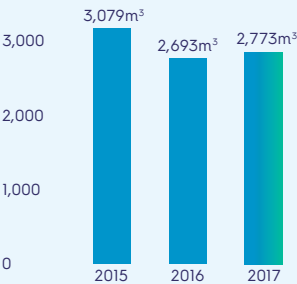
TERÉGA MANAGES
198 HECTARES OF
OFFSET SITES



NUMBER OF SITES
SUBJECT TO AN
ACOUSTIC STUDY: 2

DISCHARGES

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



Water treatment is subject to regular checks. Such management serves to ensure compliance with regulations before releases into the natural environment.

Amount of provisions and guarantees for environmental risks

The Lussagnet site will require a provision of €350,087. In line with the schedule set by a prefectural order, 80% of this amount has accrued since July 2017.

Waste

In 2017, the company generated 3,836 tonnes of waste.

	2015	2016	2017
Quantity of waste generated (in tonnes)	4,664	1,943	3,881
% reused	61%	89%	76%



HUMAN RESOURCES

Employment

554

PERMANENT
STAFF

35

TEMPORARY
STAFF

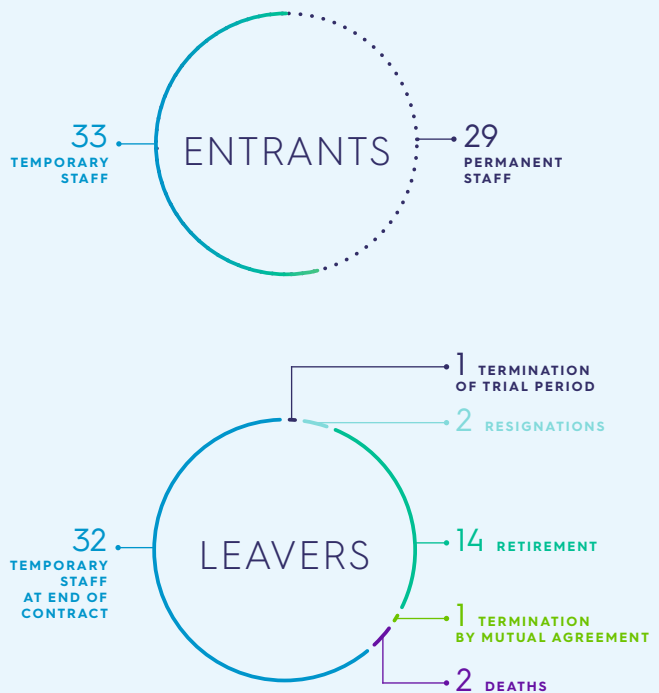
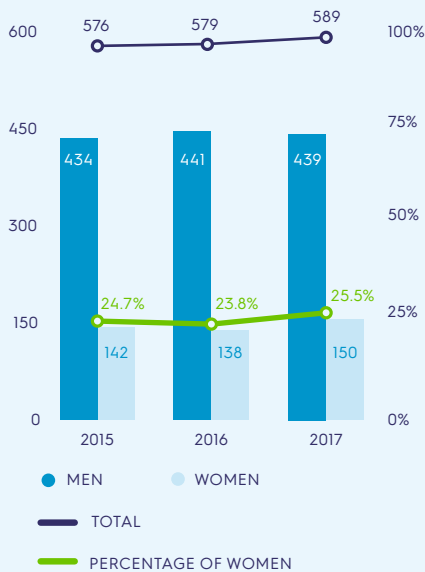
18

INTERNS

1 SECONDED FROM SNAM
(not included in our staff numbers).

CHANGES IN STAFF NUMBERS

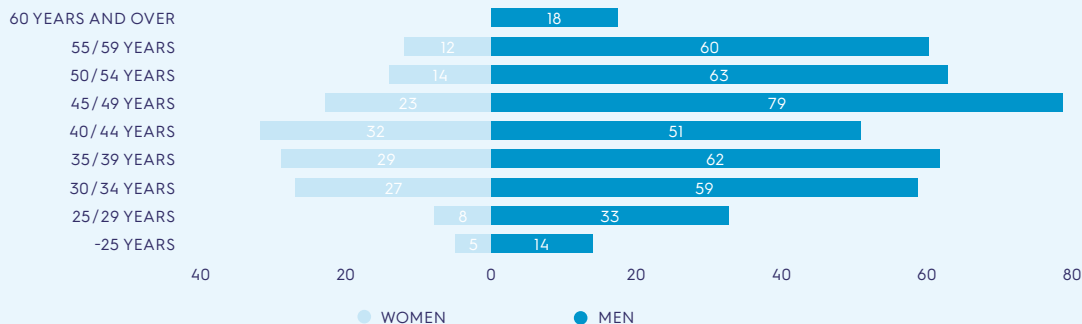
The gender split is mostly explained by difficulties experienced in recruiting women to fill operations positions. Among executives aged under 40, women represent 47% of the population.



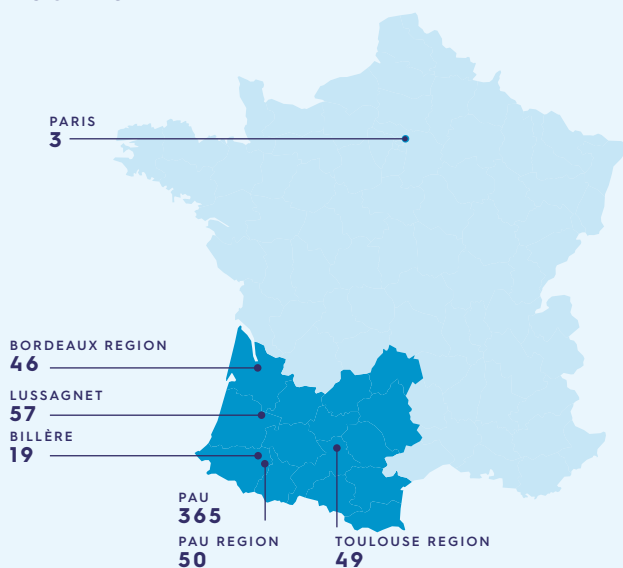
Teréga practises a proactive recruitment policy favouring young people in work-study schemes, representing 3.45% of the staff taken into account. 17% of women were recruited in technical roles within the Operations Department.

HUMAN RESOURCES

STAFF AGE PYRAMID



DISTRIBUTION OF STAFF BY GEOGRAPHICAL LOCATION



Training

19,802

NUMBER OF TRAINING HOURS IN 2017 (I.E. 2,829 DAYS)

5.17%

IN TRAINING COSTS OF WAGE BILL



575

NUMBER OF STAFF WHO UNDERWENT TRAINING (98%).

RATE OF ACCESS TO TRAINING BY GENDER

WOMEN	99%
MEN	97%

RATE OF ACCESS TO TRAINING BY SOCIO-PROFESSIONAL CATEGORY

OETAM*	100%
EXECUTIVE	95%

* Ouvriers, employés, techniciens et agents de maîtrise, or Operatives, Staff, Technicians and Supervisors.

Absenteeism



Wage bill



Organisation of working time

	2015	2016	2017
Annual working time (number of hours worked – temporary and permanent staff)	836,215	850,957	820,295
Number of part-time employees	16	19	17
Number of teleworking employees (1 day/week)	0	11	12

Industrial relations

	NUMBER OF REPRESENTATIVES	NUMBER OF MEETINGS HELD IN 2017
Works council	12	13
CHSCT (Comité d'Hygiène, de Sécurité et des Conditions de Travail, or Health, Safety and Working Conditions Committee)	11	10
Staff Representatives	20	10*

* Based on the schedule agreed with Staff Representatives.

2

COLLECTIVE BARGAINING
AGREEMENTS
SIGNED IN 2017

The professional agreements in the area
of health and safety remain in force.

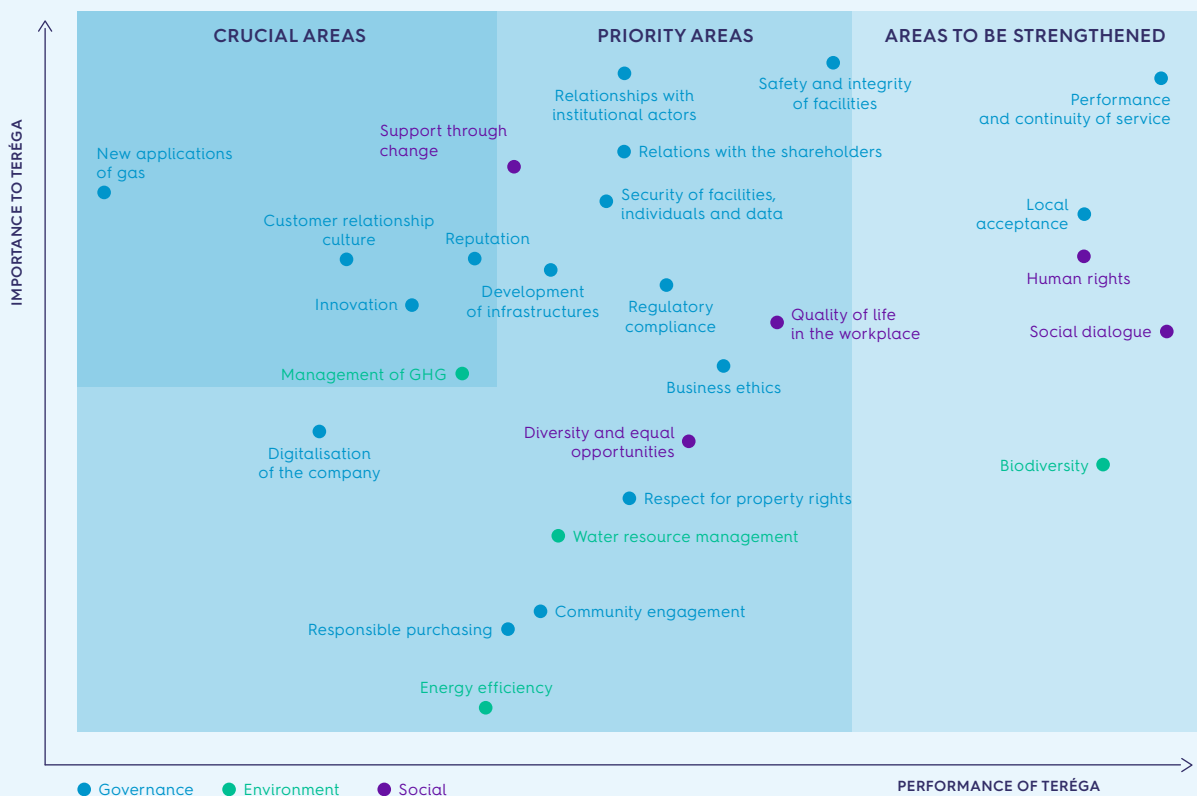
3

AMENDMENTS TO
COLLECTIVE BARGAINING
AGREEMENTS SIGNED IN 2017

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.



Materiality analysis and definition of CSR strategy

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 participatory, and will ultimately include a number of external stakeholders.

Correlation table

Regulatory reference L.225-102-1 of the French Commercial Code	Correspondence
1. Social information:	
a. Employment	
Total workforce and distribution of staff by gender, age and geographical area	Human Resource Indicators
Hirings and dismissals	Human Resource Indicators
Pay and pay trends	Human Resource Indicators
b. Work organisation	
Organisation of working time	Human Resource Indicators
Absenteeism	Human Resource Indicators
c. Health and safety	
Health and safety conditions in the workplace	"Zero accidents, zero snagging" PARI 2025 Human prevention
Work-related accidents, particularly their frequency and seriousness, and work-related illnesses	Safety indicators
d. Industrial relations	
Organisation of social dialogue, particularly procedures relating to informing, consulting and negotiating with staff	Human Resource Indicators
Assessment of collective bargaining agreements, particularly in health and safety	Human Resource Indicators
e. Training	
Training policies implemented, particularly in the area of environmental protection	Box "A tailored training policy"
Total number of training hours	Human Resource Indicators
f. Equal treatment	
Measures taken to promote gender equality	Teréga: working towards equality in the workplace and against all forms of discrimination
Measures taken to promote the recruitment and integration of persons with disabilities	Teréga: working towards equality in the workplace and against all forms of discrimination
Policy to combat discrimination	Teréga: working towards equality in the workplace and against all forms of discrimination
2. Environmental information	
a. General environmental policy	
The organisation of the company to take into account environmental matters and, where relevant, environmental assessment or certification initiatives	Total commitment to the environment Teréga presentation (certifications)
Resources devoted to the prevention of environmental risks and pollution	Total commitment to the environment
The amount of provisions and guarantees for environmental risks, provided such information is not liable to cause serious prejudice to the company in an ongoing dispute	Environmental indicators
b. Pollution	
Measures to prevent, reduce or repair releases into the air, water and soil with a serious impact on the environment	Total commitment to the environment
Consideration of all forms of pollution specific to an activity, particularly noise and light pollution	Total commitment to the environment
c. Circular economy	
Prevention, recycling and reuse measures and measures relating to other forms of enhancement and elimination of waste	Environmental indicators
Actions to combat food	A responsible and sustainable Purchasing policy
d. Sustainable use of resources	
Water use and supply according to local constraints	Environmental indicators
Consumption of raw materials and measures taken to improve their efficient use	RGM: towards a more fluid and homogeneous network – key figures

Regulatory reference L.225-102-1 of the French Commercial Code	Correspondence
Energy consumption, measures taken to improve energy efficiency and the use of renewable energies	Total commitment to the environment R&I: exploring new avenues Environmental indicators
Use of soils	Total commitment to the environment Environmental indicators
e. Climate change	
Significant sources of greenhouse gas emissions generated from the company's activities, particularly as a result of the use of the goods and services it produces	Environmental indicators
Measures taken to adapt to the effects of climate change	Total commitment to the environment
Mid- and long-term voluntary targets to reduce greenhouse gas emissions and measures taken to achieve them	Total commitment to the environment
f. Protection of biodiversity: measures taken to preserve or restore biodiversity;	Total commitment to the environment
3. Societal information	
a. Societal commitments to promote sustainable development	
Impact of the company's activities on employment and local development	A responsible and sustainable Purchasing policy
Impact of the company's activities on local populations	STEP: a European project in energy solidarity PARI 2025: targeting "Zero accidents, zero snagging"
Relations with social stakeholders and arrangements for dialogue with them	Teréga bolsters its role and institutional image Teréga puts its customers at the heart of its strategy STEP: a European project in energy solidarity
Partnership or patronage initiatives	Total commitment to the environment R&I: exploring new avenues Teréga is continuing with its sport sponsorship and cultural patronage activities Teréga: working towards equality in the workplace and against all forms of discrimination
b. Subcontracting and suppliers	
Consideration of social and environmental matters in the purchasing policy	A responsible and sustainable Purchasing policy
In supplier and subcontractor relationships, consideration of their Corporate Social Responsibility (CSR)	A responsible and sustainable Purchasing policy
c. Fair trade practices: measures taken to promote consumer health and safety	Teréga sells services to business customers, not to consumers as defined in the French Consumer Code
d. Information relating to the fight against corruption: actions taken to prevent corruption	Teréga presentation - Ethics Box
e. Information relating to actions to promote human rights	
Promotion and respect of the provisions of the core conventions of the International Labour Organization (ILO), relating: - to respecting freedom of association and the right to collective bargaining; - to the elimination of discrimination in respect of employment and occupation; - to the elimination of forced or compulsory labour; - to the effective abolition of child labour. Other actions taken to promote human rights.	Teréga presentation - Ethics Box



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