



LET'S ACCELERATE ENERGY IN THE REGIONS

2019 Activity and Sustainable Development Report

TABLE OF CONTENTS

2

EDITORIAL OF DOMINIQUE MOCKLY

4

WE ARE MAKING THE ENERGY TRANSITION POSSIBLE

- 6 GAS: ACCELERATING THE FUTURE
- 8 TERÉGA IS CONTRIBUTING TO THE FRENCH AND EUROPEAN CARBON-NEUTRAL STRATEGIES
- 10 ANALYSIS OF OUR ENVIRONMENT, RISKS AND OPPORTUNITIES
- 13 COMMITTING TO RESPECT THE RULES OF ETHICS
- 14 TERÉGA BUSINESS MODEL
- 16 IMPACTS 2025: A STRATEGIC PLAN FOR AN ENERGY SOURCE OF THE FUTURE
- 18 BUSINESS EXCELLENCE TAKES CENTRE STAGE IN TERÉGA'S TRANSFORMATION
- 20 OUR GOVERNANCE
- 23 INNOVATION DRIVING THE ENERGY TRANSITION FORWARDS
- 26 ENSURING SERVICE CONTINUITY FROM OUR IT INFRASTRUCTURE

28

WE ARE ENERGISING THE REGIONS

- 30 TERÉGA NETWORK
- 32 A SUCCESSFUL FIRST YEAR FOR THE TRADING REGION FRANCE (TRF)
- 34 BIOMETHANE: A DEVELOPMENT OF THE NETWORK AND THE COMMERCIAL OFFERING
- 36 RION-DES-LANDES, A PROJECT OF GENERAL INTEREST
- 38 A YEAR OF MAJOR CHANGE FOR THE OPERATIONAL TEAMS
- 40 OPTIMISING THE LUSSAGNET STORAGE SITE
- 42 ENGAGING WITH LOCAL AND REGIONAL AUTHORITIES
- 44 CONTRIBUTING TO LOCAL LIFE

46

WE ARE IMPROVING DAY-TO-DAY LIFE FOR EVERYONE

- 48 SERVING OUR CUSTOMERS AND PARTNERS
- 50 TERÉGA, SKILLS DEVELOPER
- 52 THE WORKING ENVIRONMENT, A FACTOR OF ENGAGEMENT AND WELL-BEING
- 54 A NEW SOCIAL AND ECONOMIC COMMITTEE CLOSE TO THE GROUND
- 56 WORKING TOGETHER TOWARDS "ZERO ACCIDENT"
- 58 SAFETY: CONTROLLED OUTCOME INDICATORS
- 60 BE POSITIF: A RESPONSIBLE COMMITMENT TO SOCIETY
- 64 TERÉGA, A COMMITTED PATRON OF ARTISTIC CREATION
- 65 SUPPORTING DISABLED SPORT AND YOUNG SPORTSPEOPLE

66

ANNEXES

- 68 FINANCIAL INDICATORS
- 69 MARKET INDICATORS
- 70 HUMAN RESOURCES INDICATORS
- 72 CORRELATION TABLE FOR THE NON-FINANCIAL PERFORMANCE STATEMENT
- 75 REPORT BY THE INDEPENDENT THIRD PARTY

A key regional and national operator in the field of energy, for more than 75 years Teréga has been making use of its exceptional knowledge and expertise in the development and exploitation of transport and gas storage infrastructures. A central link in a chain connecting energy producers and consumers, our infrastructures are vital for the security of supply to both private individuals and companies. Located at the crossroads of major European gas flows, we also hold a key strategic position in the pan-European energy sector.

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

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

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

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



Dominique MOCKLY

Chairman of the Board
and Chief Executive Officer of Teréga SA

“2019 - A YEAR OF CONTINUED PURSUIT OF OUR STRATEGY: TO TRANSFORM TERÉGA BY 2025 SO AS TO BETTER INTEGRATE OUR ACTIVITIES INTO THE FUTURE.”

At a time when our business and our entire company are facing upheaval due to an unprecedented health crisis, 2019 can seem like a long time ago, relegated to a past in which the pandemic and the lockdown were still unthinkable. However, providing an update on progress made in the past year is even more important in such a context as this progress, of which we can be proud, is the result of our commitment and our collective efforts. These are the driving forces that will enable us to respond to this crisis we are experiencing and to fully integrate Teréga in the world of tomorrow.

WHAT IS YOUR ASSESSMENT OF 2019 FOR TERÉGA?

In 2019, we continued with the changes that we started several years ago to make Teréga a key player in the energy

transition, bringing together performance and responsibility. The year was marked by two big advances for the company.

Firstly, we strengthened our operational efficiency. Implementing our “Business Excellence by Teréga” plan would allow us to update our management system, strengthen our operational skills and solidify the position our customers’ position at the very heart of our corporate culture. The fundamental elements of this plan are now in place. This should allow us to prioritise customer satisfaction, prepare our staff for tomorrow’s business areas and conquer new markets.

The second major transformation is an acceleration in the diversification of our business areas and in the development of our expertise in biomethane and NGV. Armed with these new skills,

Teréga now has the resources to act as an energy catalyst in its regions.

These radical transformations are necessary to maintain our competitiveness and adapt to a drastically changing sector. It is thanks to the determination and constant efforts of all our staff that we have been able to continue with these changes.

2019 has therefore been a year of continued pursuit of our strategy: to transform Teréga by 2025 so as to better integrate our activities into the future, while remaining true to the identity and values that we have fostered for over 75 years.

WHAT WERE THE HIGHLIGHTS OF THE YEAR JUST GONE?

2019 was remarkable from an operational perspective as we maintained 100% of the promised availability

“2019 WAS REMARKABLE FROM AN OPERATIONAL PERSPECTIVE, AS WE MAINTAINED 100% OF THE AVAILABILITY OF OUR STORAGE AND TRANSPORT INFRASTRUCTURE.”

of our gas storage and transport infrastructure.

More generally, the year also featured two notable achievements. I am, of course, thinking of the creation of the Trading Region France. Having been in operation since the end of 2018, this new single zone in France has radically changed the gas market. Teréga is working at the very centre of an interconnected, more robust and more competitive market. This translated into a 27% increase in gas flows passing through our network in 2019.

The second achievement was the launch of the operational phase of the IMPULSE 2025 project, phase 1 of which was validated by the French Energy Regulation Commission. This also marked a key step forward in our ability to design and operate multi-energy smart systems. By fostering the integration of different electricity and gas networks, this project paves the way for innovative management of energy transport and storage resources. Teréga is showcasing its involvement in the development of innovative solutions that will lead to the emergence of tomorrow's energy models.

HOW ARE YOU APPROACHING 2020?

At the beginning of this year, which has been marked by the COVID-19 epidemic and the drastic health measures necessary to face up to it, we established an Activity Continuity Plan for the continuation of our public interest mission. Thanks to the increased

engagement of our teams, both in the field and working from home, Teréga is ensuring energy security in our regions, while also protecting all of our staff. For Teréga, the publication of the ATR7 and ATS2 natural gas storage and transport infrastructure tariffs for the 2020-2023 period issued by the French Energy Regulation Commission at the end of 2019 will give new visibility to its traditional operations for the next few years.

Backed by this point of support, 2020 should allow us to reach a new milestone in the implementation of the IMPACTS 2025 plan. By fully committing to digitise our business processes, this year, we will be able to take several decisive steps in terms of collecting and sharing data that will allow us to work more fluidly and efficiently across the organisation. The creation of the DataLab, which brings together all of Teréga's activities and processes, shows our determination to give further momentum to this development.

2020 will also be the year we become carbon neutral. This is a commitment we took back in 2016. For us, this was an essential objective that demonstrated our will to become a model stakeholder from an environmental perspective, by establishing a proactive policy to reduce and offset the footprint left by our activities. This requirement is fully in line with our ambition to support the transition of the French economy towards carbon neutrality by 2050.



WE ARE MAKING
THE ENERGY
TRANSITION
POSSIBLE




WE ARE ENERGISING
THE REGIONS



WE ARE IMPROVING
DAY-TO-DAY LIFE
FOR EVERYONE





WE ARE MAKING THE ENERGY TRANSITION POSSIBLE

Teréga firmly believes that gas is an energy of the future that will be essential for carrying out the energy transition. We are building and deploying the solutions of tomorrow, contributing to a sustainable energy system.

Gas: ACCELERATING THE FUTURE

By combining economic imperatives and environmental ambition, Teréga is developing original solutions to sustain the supply for our regions and address the major energy challenges.



Teréga is modifying its infrastructure so that it is able to integrate new gases.

The Green New Deal, the roadmap drawn up by the European Commission to prioritise the climate in European public policy for the next five years, was announced in 2019. This green deal sets a key objective for our continent: reaching carbon neutrality by 2050. To achieve this, our energy model must undergo a radical transformation, from centralised, primarily fossil-based production to a diversified, sustainable energy mix. As we set out to undertake this mammoth task, Teréga firmly believes that gas is an energy of the future that will be essential for implementing the energy transition. Indeed, once better integrated, more interconnected and more sustainable, gas will have a key role to play in the solutions that will be developed over the course of the next few years to halt global warming.

A HISTORIC NETWORK CONTRIBUTING TO THE ENERGY MIX OF 2050

As privileged partners in the management of our regions for over 75 years, Teréga invests in the safety and security, maintenance and strengthening of our infrastructures every year, so as to develop a network, available to



“THE IMPULSE 2025 PROJECT WILL ENABLE US TO DEMONSTRATE THAT, BY OPTIMISING EXISTING RESOURCES, WE WILL BE ABLE TO ADDRESS A LARGE PROPORTION OF THE CHALLENGES POSED BY THE ECOLOGICAL AND ENERGY TRANSITION.”

all, that is constantly becoming safer, more effective and better integrated into its environment.

From today, Teréga plans to take a new step by modifying its infrastructure so that it is able to integrate new sustainable gases, from pure hydrogen to biomethane. With high hopes for France, this network must be a significant asset to allow us to conceive of the energy solutions of tomorrow and achieve a sustainable energy mix.

The role of gas networks, storage sites and methane terminals in particular will be crucial in deploying hydrogen in France and achieving carbon neutrality by 2050 at reasonable cost. This infrastructure must in effect be capable of integrating low-carbon and renewable hydrogen in the medium term, whether this comes from recovered hydrogen co-produced in industry,

from pyrogasification of waste or biomass, from gas reforming with carbon storage or even from Power-to-Gas.

By moving far beyond natural gas, the Teréga network presents excellent opportunities for creating the energy mix of tomorrow.

GAS AT THE HEART OF THE NEW ENERGY SYSTEMS

In France, each energy system currently generates losses of 25 to 60% on average. As a driver of the energy transition, Teréga is endeavouring to design innovative solutions that will form the models of tomorrow and make it possible to optimise energy consumption. From today, industrial and digital technology will enable the development of integrated energy systems with interconnected and interlinked energies. For example, the IMPULSE 2025 project

that we launched in 2019 aims to deploy a smart multi-energy system scheduled to be operational by 2025. Gas, electricity and heat will therefore form a unique network helping to push forward the ecological transition. Through this project, Teréga is hoping to give value to lost energy by optimising the concept of the ‘right usage at the right time’ for the consumer and by bringing in a circular economy approach.

Likewise, the Jupiter 1000 project, in which Teréga is a partner, aims to pave the way for new energy sources by creating an innovative hydrogen production facility on an industrial scale. This initiative transforms renewable electricity into gas so that it can be stored. The objective is to contribute to structuring this new sector by developing the technology needed, by building associated economic and regulatory models and by lifting the technical conditions that apply today.

Contributing to the FRENCH AND EUROPEAN CARBON-NEUTRAL STRATEGIES

The French and EU roadmaps for achieving carbon neutrality by 2050 are ambitious. Teréga is actively contributing to the reflections and work carried out in order to increase the value of gas and ensure that it has a key role to play in achieving a low-cost energy transition that creates jobs.

With the adoption of the Energy-Climate Act in November, 2019 was a formative year for French energy policy. This act sets carbon neutrality as an objective for 2050. This requires a sixfold reduction in our current greenhouse gas emissions. While the objective is ambitious, it is necessary given the climate emergency. France is taking a multi-solution approach to achieve this objective, specifically by decarbonising its energy mix by reducing fossil fuel consumption, phasing out coal use and developing renewable energies such as biogas or hydrogen, to complement its renewable electrical energies. In the same vein, the Mobility Framework Act of 24 December 2019 aims to accelerate the deployment of new low-carbon mobility solutions, in particular using natural gas for vehicles or hydrogen. The regulatory changes present a

major challenge for Teréga. The company anticipates legislative and regulatory changes through its Institutional Relations centre and through its involvement in the various bodies. We have a Monitoring Committee composed of department representatives that is responsible for monitoring and implementing any texts published that apply to Teréga. It meets once a month.

TERÉGA IS COMMITTED TO FOSTERING THE GREENING OF GAS INFRASTRUCTURE

Convinced of the networks' key role in the energy transition, Teréga actively contributed to the work carried out in 2019 by the French Energy Regulation Commission, the Directorate General for Energy and Climate, the National Assembly, the Senate, professional associations or think tanks such as the Institut Montaigne. Its contributions focused primarily on the application of the "right to injection" decree that

resulted from the Agriculture and Food Act to facilitate the connection of bio-methane facilities to the gas networks.

THE COMPANY IS PARTICIPATING IN ONGOING WORK ON THE NEW GAS SECTORS

In the same way, Teréga is also involved in the reflections conducted as part of the decree currently being drafted by the government in order to enable the production, transport, storage and traceability of hydrogen. The decree also defines a support framework in cases where the hydrogen is been obtained from renewable or low-carbon energy. Along with other gas infrastructure operators, Teréga submitted a report to the government in November 2019 confirming the feasibility of integrating a significant volume of hydrogen into the gas mix by 2050, involving limited costs for adapting the infrastructure. In 2019, Teréga also joined the "New

Energy Systems” Strategy Committee and made a specific contribution to the work carried out to increase the competitiveness of the French methanisation sector. The aim of this committee is to structure the renewable energy sector in France and to act as an industrial partner for the Multi-Year Energy Programme.

TERÉGA HIGHLIGHTS THE KEY ROLE OF GAS AT EUROPEAN LEVEL

The role of gas in the European energy transition prompted heated debate within the European Union in 2019 in a renewed political context. Last May, the European elections were marked by a historical breakthrough by the green parties within the European Parliament. In the wake of this, the new President of the European Commission, Ursula von der Leyen, placed climate at the heart of a multi-sector strategy in order to

accelerate the energy transition and to make Europe the first carbon-neutral continent by 2050.

The Green Deal recently presented by the Commission supports this ambition while also paving the way for the revision of numerous legal texts. With the first act scheduled, the broad European Energy-Climate Act must set carbon neutrality in stone by relaunching the European industry and by supporting the regions in their

transition. Numerous acts of legislation will also be overhauled. In particular, one proposal expected in late 2020 among Brussels’ energy priorities is set to establish new sustainability criteria for the selection of “projects of common interest”.

The role of hydrogen has also aroused significant interest at regional, national and European level. This is a concrete example of an energy vector requiring these three levels to work together, thereby necessitating a joint approach at a very early stage. In this sense, Teréga has contributed to the public consultations held by the regulators. The Company actively took part in various working groups organised to highlight, as shown by the studies carried out by the Gas for Climate consortium, the key role that existing gas infrastructure can play in achieving a low-cost energy transition that creates jobs.



In France, the Energy-Climate Act sets out the drastic reduction in greenhouse gas emissions.

“EUROPE IS AIMING TO BE THE FIRST CARBON-NEUTRAL CONTINENT BY 2050. THE ROLE OF GAS IN THIS ENERGY TRANSITION TAKES CENTRE STAGE DURING THE DEBATES.”

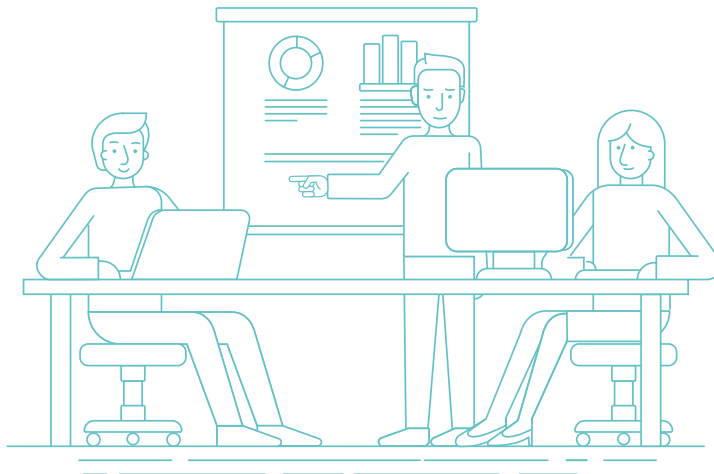
Non-financial risks and opportunities: ANALYSIS OF OUR ENVIRONMENT

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

The creation of Teréga's Non-Financial Performance Declaration therefore forms part of the company's overall approach. The non-financial risks, which form the basis of this Non-Financial Performance Declaration, have been identified based on Teréga's Risk Benchmarking Exercise, which is updated annually. The

Environment-CSR Department has analysed the risks from this benchmarking exercise, in particular with regard to the categories of information mentioned in Article L.225-102-1 of the French Commercial Code (namely social/societal aspects, the environment, respect for human rights and prevention of corruption and tax evasion), as well as Teréga's materiality matrix.

This analysis, shared with the Executive Committee and validated by the Chairman and CEO, enabled the non-financial challenges detailed below to be determined. The policies and actions implemented to manage these risks, as well as the results obtained, are presented throughout this report. —



NON-FINANCIAL CHALLENGES	DEFINITION
Managing legislative and regulatory changes and guaranteeing regulatory compliance.	The regulatory changes in line with the energy transition are key, structuring challenges for Teréga, especially the adoption of the Energy-Climate Act and the establishment of objectives for carbon neutrality by 2050 at regional, national and European level.
Anticipating energy market developments, particularly through Research and Innovation.	The energy market is undergoing changes for which the company must prepare itself through a suitable Research & Innovation (R&I) programme.
Ensuring personnel and third-party safety.	Operating a high-pressure gas network necessitates the implementation of adequate risk prevention measures for Teréga staff, its subcontractors, third parties and customers.
Working with our suppliers in accordance with our social commitments.	Teréga selects subcontractors and suppliers that respect its social commitments, particularly in terms of hygiene, safety and the environment.
Minimising our environmental footprint and acting in a socially responsible manner.	Teréga's contribution within its regions must be in line with the expectations of society in terms of energy policy and environmental impact.
Ensuring service continuity from our IT infrastructure.	Digital tools must be used increasingly while still maintaining the level of reliability required for the continuity of our activities.
Maintaining a calm social environment.	In this period of change, Teréga wants to maintain continuous and high-quality social dialogue.
Managing and developing skills.	The internal skill level must be consistent with the company's current and future challenges in terms of both support and operational functions.
Respecting ethics.	The ethical behaviour of a company such as Teréga is today a condition of its continued existence and its industrial and commercial success.
Promoting acceptance of our facilities within their regions.	The success of infrastructure projects is intrinsically linked to a positive reception from stakeholders (local residents, farmers, elected officials, etc.).
Ensuring a solid organisational structure to achieve our objectives.	The success of the IMPACTS 2025 Plan requires a robust and fluid organisation.

FOCUS ON THE MATERIALITY MATRIX

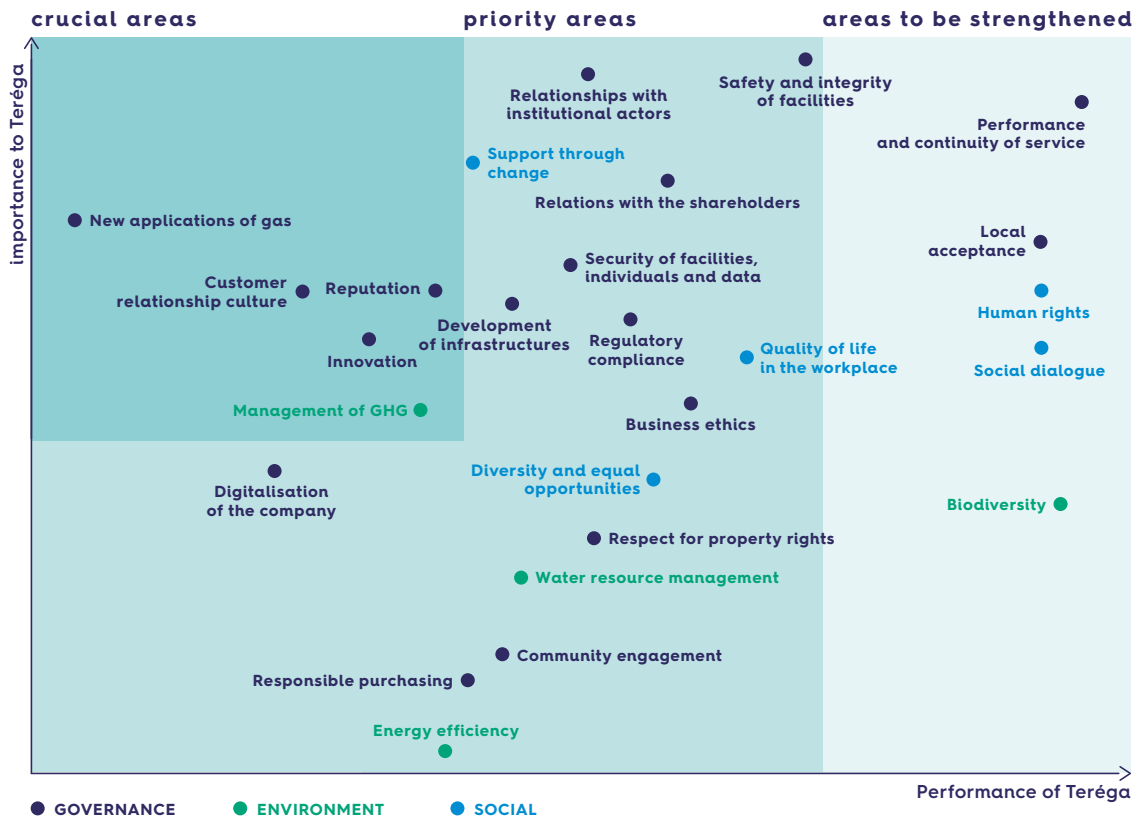
To carry out a materiality analysis is to translate exhaustively the social, societal and environmental issues that impact Teréga’s activities on a daily basis; failure to consider these could adversely affect its success. Conducted internally for the first time in 2017*, this materiality analysis has highlighted the areas of action for which consideration must be viewed

as being crucial, a priority or simply as needing to be strengthened.

These action areas are reflected in the IMPACTS 2025 business plan which establishes and defines Teréga’s environmental and socio-economic priorities. As such, there is no disparity between the company’s CSR commitments, and the material

challenges identified above. The role of the Environment-CSR Department is also to perform a monitoring function with the aim of pre-empting future challenges.

* 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 include a number of external stakeholders when it is updated in 2020.



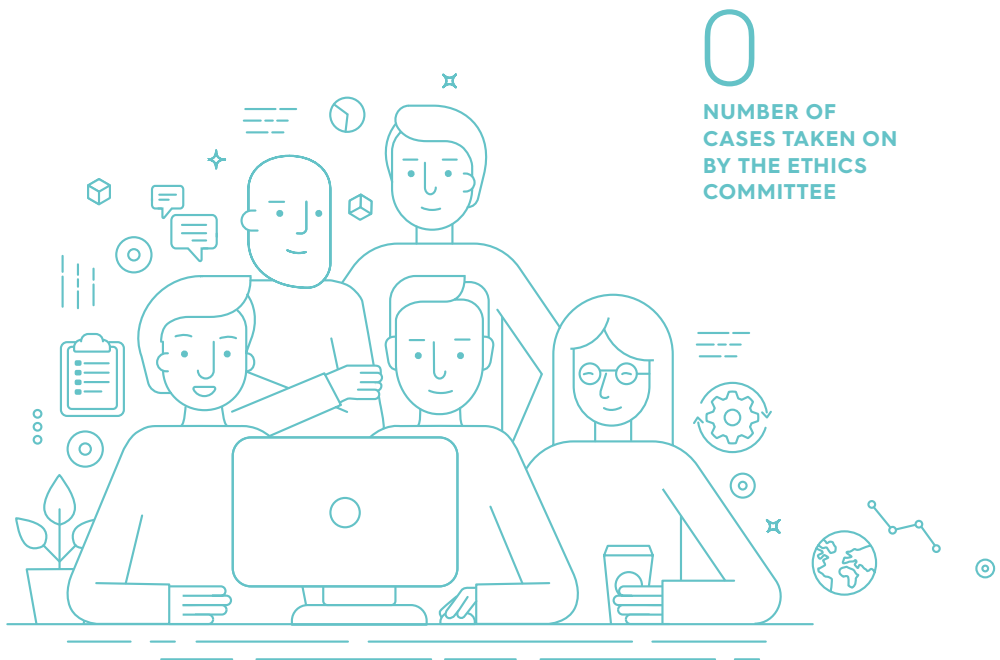
Committing to respect THE RULES OF ETHICS

Teréga firmly believes that involving everyone in respecting its values and ethical principles contributes to the company's reputation and allows it to carry out its missions by guaranteeing its legal security.

Nowadays, the ethical behaviour of a company is a condition of its continued existence and its industrial and commercial success. In this context, Teréga has set up its Ethics Committee, an internal reference point for all matters associated with ethics. In accordance with its Code of Ethics and its values, Teréga undertakes to carry out its activities transparently and responsibly. In line with this,

Teréga has established its Anticorruption Code of Conduct under the responsibility of its General Secretariat. This code, which was distributed to all staff in 2019, both meets the legal obligation to set up an anticorruption mechanism and is fully in line with the company's ethical culture. What is more, the company has a training setup that allows each staff member to understand the anticorruption rules, learn how to respond to typical

situations and acquire good anticorruption practices and good reflexes. Indeed, Teréga firmly believes that involving everyone in respecting its values and ethical principles allows it to carry out its missions by guaranteeing the legal security of the company, while at the same time contributing to its reputation.



Teréga Business Model

Resources

FINANCIAL

- Share ownership:
 - SNAM (40.5%)
 - GIC (31.5%)
 - Ouestgaz (18%)
 - Predica (10%)
- Investments: €145 million

INDUSTRIAL

- 5,135 km of transport pipelines
- 6.5 Gm³ of total gas storage capacity

HUMAN

- 653 staff

CUSTOMERS

- 65 shippers (Transport)
- 19 shippers (Storage)
- 113 industrial customers
- 152 public distribution systems
- 2 biomethane injection stations

INTELLECTUAL

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

ENVIRONMENTAL

- ISO 14001 (environmental management), ISO 50001 (energy management)

A REGULATED SECTOR

The French Energy Regulatory Commission [Commission de régulation de l'énergie, CRE] oversees the effective functioning of the gas market in France

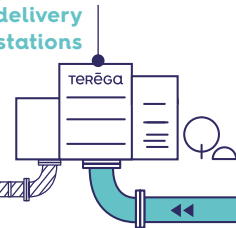
ENERGY TRANSITION

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

Public distribution systems



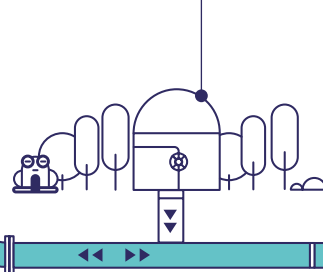
Teréga delivery stations



Interconnections with adjacent operators



Biomethane injection



- Teréga network
- Distribution network
- Transport network (excluding Teréga)

OUR MISSION: TO MAKE GAS A CATALYST FOR ENERGY TRANSITION

OUR VALUES



RESPONSIBILITY



COOPERATION



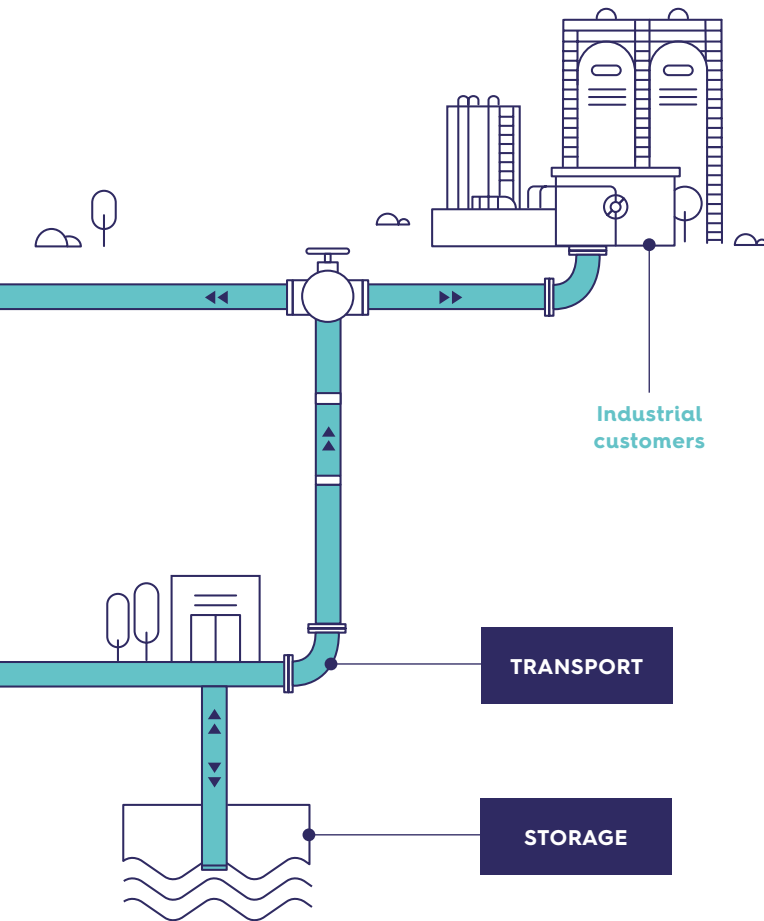
INNOVATION



AMBITION

PUBLIC SERVICE OBLIGATIONS

In accordance with the provisions of Article L. 431-3 of the French Energy Code on transport and Article L. 421-3 of the French Energy Code for storage.



Results

FINANCIAL

- **€500 million** in turnover

INDUSTRIAL CUSTOMERS

- **156,771 GWh** of gas transported
- **27,498 GWh** consumed in the TERÉGA area (industrial customers + public distribution systems)
- **33,100 GWh** of subscribed storage capacity, i.e. 100% of available capacity

HUMAN

- **89** people hired (permanent and temporary contracts)
- **93%** of staff trained
- Engagement score **7.3/10**
- Teréga TRIR: **1.1**

CUSTOMERS

- **98%** of customers satisfied (2019 survey among shipping and industrial customers)

INTELLECTUAL

- Around **45** R&I projects ongoing

ENVIRONMENTAL

- **0.8 tCO₂/GWh** transported*

*calculated using methane GWP = 34.

IMPACTS 2025

AN AMBITIOUS, STRATEGIC PLAN INVOLVING FIVE PRIORITIES



To guide consumers and the market



To improve efficiency and responsibility



To increase our visibility



To secure and accelerate



To reinvent the company's DNA

OUR REGIONS

15 departments in the South-West



IMPACTS 2025: a strategic plan for an energy source of the future

Faced with the upheaval in traditional gas business areas associated with the energy transition, Teréga is preparing for the future and achieving new milestones in the implementation of its IMPACTS 2025 plan. 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 really takes hold, the gas market is undergoing major changes. Customers are faced with a large choice of energy sources and a broad range of market players. That is why Teréga has set itself a dual objective: to be more attentive to the market and to put its customers at the centre of its corporate culture in order to anticipate future energy needs and foster business relationships in the long term. By improving its understanding of its customers and developing an 'à la carte' service offering, Teréga is creating 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 its infrastructure. This is why the constant improvement of Teréga's operational efficiency is of major strategic importance. This Business Excellence will allow us to maintain or even improve the performance of our historical infrastructure while also creating the necessary basis for developing new activities. This strategy goes

hand in hand with a sustainable and responsible approach, specifically through establishing effective rules for the prevention of industrial accidents and hazards, with the objective of "zero accidents, zero snagging, zero surprises" from our PARI 2025 programme. This sense of responsibility also brings with it an environmental undertaking: Teréga is committed to achieving carbon neutrality in 2020 through its BE POSITIF programme.



Priority 3

TO INCREASE OUR VISIBILITY

Teréga is asserting its position in the public debate in order to increase its standing and defend the role of gas in the energy transition, with two aims: to assume the role of catalyst in its region and become a key player in the energy mix. Although already well known among regional decision-makers, the company needs to make a name for itself in France and in Europe, because it is at these levels that the future of the energy sector will be decided.



Priority 4

TO SECURE AND ACCELERATE

Gas transport and storage activities make up Teréga's core business. Faced with the new energy horizons, Teréga needs to promote the excellence of its infrastructure, the flexibility of which has already allowed the company to integrate the new green gases. Teréga also needs to diversify its business areas and its expertise to accelerate the emergence of smart multi-energy systems that are capable of optimising relations between producers and consumers in a permanent manner. Finally, its Research & Innovation operations must make it possible to anticipate the technological changes that are crucial for the energy transition.



Priority 5

TO REINVENT THE COMPANY'S DNA

Two years after the launch of the IMPACTS 2025 plan, Teréga is undergoing a major internal transformation that will give it the means to fully take its place in tomorrow's energy landscape. We are rethinking our ways of working, and moving towards greater agility. By supporting and valuing every single staff member, we are engaging our teams in the success of this joint

project. Specifically, our management is changing to provide a bigger platform for individual initiatives, promote horizontal schemes, develop individual skills and establish working methods that take full advantage of the potential of digital tools.

CERTIFICATIONS

In 2019, Teréga retained its ISO certifications in their previous areas, specifically ISO 14001:2015, ISO 50001:2011 and ISO 9001:2015 (see box), all while working to expand the management system that we have integrated into all our operations to include four standards in their current versions. Therefore, this also involves the brand new standard ISO 45001:2018, which covers the occupational health and safety management system.



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)

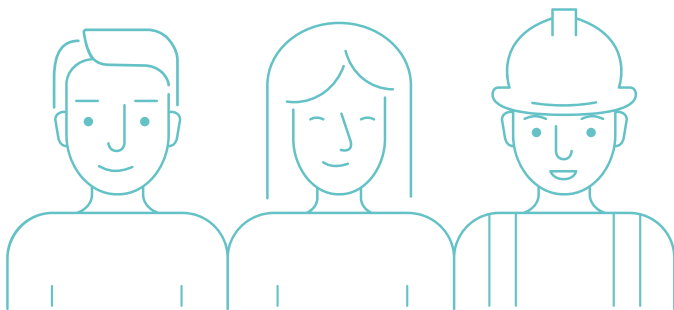
Business Excellence TAKES CENTRE STAGE IN OUR TRANSFORMATION

In order to become the leading player in tomorrow's gas market, Teréga is committed to an optimisation approach entitled Business Excellence. Simplicity, efficiency and transversality are the key words for this transformation, which is geared towards our customers.

Business Excellence puts competence and performance at the centre of Teréga's corporate culture. This programme consists in using new tools, new rationales and new organisational methods that simplify and streamline the operational functionality of the company to provide our customers

with seamless service quality. It is based on increasing the skills in the teams, adopting best practices and optimising processes and resources in each Department, both internally and externally, so as to contribute to the implementation of the IMPACTS 2025 strategic plan.

The approach has been structured around clear projects aimed at increasing the key business skills of the Teréga teams so as to maximise our global efficiency. The cornerstone of this approach is a pathway for developing skills that combines training, support and a buddy system and that is adapted to each staff member and each business area. The Business Excellence programme is deployed within our operational and support functions, across priority intervention areas for optimising each of our services, as defined using a precise and complete diagnostic tool.



44

BUSINESS EXCELLENCE INITIATIVES WERE CARRIED OUT



DEPLOYMENT OF SMILE AND MODELLO

In 2019, 44 Business Excellence initiatives were carried out, including in particular the energy optimisation of our buildings and the creation of an operational logistics centre for the Operations Department. The implementation of the Integrated, Lean and Progressive Management System (SMILE), backed up by good ISO practices, also allowed us to define new ways of operating, with external recognition achieved through certification. The success of each plan initiative is measured using performance indicators defined in advance and evaluated each quarter by Teréga's Executive Committee.

In the same vein, the Modello project aims to develop Teréga's management control and planning model in order to optimise strategic management and address the challenges created by our

future activities.

In line with our corporate values, we put people at the centre of this transformation, conscious of the fact that these changes require high standards and constant adaptation from our staff members.

2020 will see the consolidation of our Business Excellence strategy. By 2025, our objective is to enable all staff members to work efficiently and enthusiastically in a calm environment, by refocusing on the tasks that add the most value to their business area, all structured around a common goal: to make Teréga a key player in the energy transition, for the benefit of a broader customer base.

Our governance

A THREE-TIER ORGANISATION CERTIFIED BY THE FRENCH ENERGY REGULATION COMMISSION

The organisational structure of the Teréga group is based on three levels of companies. The company Teréga Holding owns 100% of the shares in Teréga SAS, a simplified joint-stock company, which is itself the majority shareholder in Teréga SA. The capital of Teréga Holding is held by four shareholders: SNAM with a 40.5% share, GIC with 31.5%, Ouestgaz with 18% and Prédica with 10%. This three-tier structure results from the application of the regulations governing ownership unbundling established in Directive 2009/73/EC

of 13 July 2009 concerning the internal market in natural gas. This structure was certified by the French Energy Regulation Commission in its ruling of 3 July 2014 granting certification to the company TIGF, now Teréga. The certification is valid indefinitely, in accordance with the provisions of Article L.III-4 of the French Energy Code.

A LIVING AND ACTIVE GOVERNANCE

The rules and operating methods of the Board of Directors of Teréga SA, Teréga's operating company, are laid out by the provisions of Articles L.III-8 and following of the French Energy Code and by the company's Articles of Association. The composition of the Board of Directors reflects the diversity, the complementarity of the technical skills of the directors and a focus on ensuring equal representation of men and women. The Board meetings give the directors an accurate and up-to-date view of Teréga's operational and financial performance as well as the context of the energy markets in which the company operates. Each Board meeting must include an up-to-date review of the application of the Teréga IMPACTS 2025 business plan. In 2019, the Board of Directors met

nine times, a testament to the commitment of the directors to support and assist in the business strategy proposed by the management committee. The Board of Directors relies on the work conducted by the Audit Committee to allow the directors to review and draw up the company's annual and quarterly accounts. During the General Shareholders' Meeting of 2 May 2019, Dominique Mockly was reappointed as Chairman and CEO of Teréga SA for a three-year term.

COMPOSITION OF THE BOARD OF DIRECTORS OF TERÉGA SA IN 2019

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

- 2 Directors representing SNAM
- 1 Director representing GIC
- 2 employee representatives
- The CEO of Teréga SA in his role as a Director

100%

ATTENDANCE RATE
AT MEETINGS
OF THE BOARD
OF DIRECTORS IN 2019



DOMINIQUE MOCKLY
CEO since 31 July 2016,
is also the Chairman
of the Teréga SA
Board of Directors.



STEFANO ZAMBONI*
SNAM



HÉLÈNE SEGUIS
TERÉGA



**JEAN-MARIE
HAGHCHEÑO**
TERÉGA



PAOLA BONANDRINI
SNAM



NICOLAS MACHTOU
GIC

* Appointed on 7 May 2020, he replaced Franco Pruzzi.

THE EXECUTIVE COMMITTEE

PATRICK HAMOU
Chief Operating Officer
①

MICHEL BOCHE
Chief Officer Infrastructure
& Projects
②

ROBERTO ZINGONI
Chief Financial and Purchasing Officer
③

DOMINIQUE MOCKLY
Chairman and Chief Executive Officer
④

GILLES DOYHAMBOURE
Chief Business and Regulation Officer
⑤

MARIE-CLAIRE AOUN
Head of Institutional Relations
⑥

ARNAUD LATEULADE*
Chief Security - Health - Safety -
Environment Officer
⑦

VALÉRIE LE GARS
Chief Human Resources Officer
⑧

OLIVIER BÉATRIX
Corporate Secretary
⑨

DANIEL WIDERA
Chief Transformation, Digital
and Performance Officer
⑩

JÉRÉMY PERROT
Head of Strategy
and Innovation
⑪

DOMINIQUE BOQUILLON
Chief Communication Officer
⑫



*Appointed on 1 April 2020, he replaces Bruno Tostain.

Innovation driving THE ENERGY TRANSITION FORWARDS

Teréga's Research & Innovation approach places the company at the centre of tomorrow's diversified and decentralised low-carbon energy system by devising solutions that promote the performance, flexibility and adaptability of its gas transport and storage infrastructure.

In 2019, conscious of the climate challenges, France adopted its Energy-Climate Act. This act declares a climate emergency and sets a national objective for carbon neutrality by 2050. To achieve this objective, the entire energy sector must undergo a profound change, chiefly the fossil fuel industry. Through its Multi-Year Energy Programme and National Low-Carbon Strategy, the Government's roadmap plans for drastic reductions in greenhouse gas emissions. The gas industry must therefore overcome some major challenges if it

is to retain its place and role in tomorrow's energy landscape. In this context of energy transition, backed up by the digital transformation, innovation is a strategic issue for Teréga.

FOUR KEY RESEARCH & INNOVATION OBJECTIVES

By means of a dedicated governance structure, Teréga's Research and Innovation Centre organises a cross-functional internal network that implements the IMPACTS 2025 Innovation Plan. This approach is consolidated by an innovation policy and involves approximately 60 in-house employees. To support the changes in the energy sector and become a key low-carbon player, Teréga is juggling several innovation programmes. Based on its core



APPROX.

60

STAFF INTEGRATED
INTO THE R&I NETWORK

€5 MILLION

AVERAGE ANNUAL
BUDGET FOR R&I

AROUND

45

R&I PROJECTS
ONGOING IN 2019

“AS AN INNOVATIVE COLLABORATIVE PROJECT, IMPULSE 2025 WILL ALLOW US TO DEPLOY A SMART MULTI-ENERGY SYSTEM THAT MEETS THE CHALLENGES OF TOMORROW.”

■ ■ ■

business and the topics associated with the energy transition, they are structured around four key objectives:

Objective 1 – Designing and running a smart integrity management system.

Research & Innovation’s priority is to pursue and promote efforts for continual improvement to optimise operational performance by combining data on protecting, inspecting, monitoring and maintaining facilities.

Objective 2 – Innovating to achieve a positive environmental balance sheet and optimum personal safety.

R&I is endeavouring to improve Teréga’s energy efficiency, reduce its global environmental footprint at the best possible cost and guarantee optimum personal safety. This objective is a key pillar in the company’s CSR policy that is based on providing a constant stimulus for internal innovation.

Objective 3 – Integrating new gases into the infrastructure.

R&I is providing key solutions to guarantee the quality of injected gases and the management of new inflows, which is necessary to balance the network. R&I supports the acquisition of knowledge and skills in the new business areas that have emerged in association with these activities.

Objective 4 – Developing the energy systems of the future.

R&I is rolling out projects that promote synergies between the various sources of renewable energy (electricity, methane, heat,

hydrogen). In this way, it is aiming to establish a position for Teréga’s infrastructure in the energy landscape of the future so that it becomes more closely connected and associated with other energy networks through greater complementarity and flexibility. This is the concept known as the multi-energy smart grid.

IMPULSE 2025, A NEW APPROACH TO THE ENERGY SYSTEM

The evolution of the energy system towards interconnected energy sources is crucial if we are to achieve the objectives of reducing consumption and



decarbonising the energy mix. It is a question of ensuring that all the energy sources work together, by deploying storage solutions, and by integrating and bringing together the different networks to create new synergies.

Teréga's flagship project here, IMPULSE 2025 (Innovating and mobilising to unify the energy systems), launched by R&I, aims to design this innovative system. The solution will bring together the various energy networks into one unified and connected system capable of optimising the interaction between a set of energy vectors by using smart digital network technologies.

Being able to control this system in real time will make it possible to instantly optimise energy consumption by evaluating all the energy sources and using the best option for each usage need. This monitoring will maximise the integration of local renewable energy sources and decentralised production. By improving the interactions between the various energy sources, IMPULSE 2025 will also minimise greenhouse gas emissions and the impact on the environment. IMPULSE 2025 relies on the flexibility and adaptability of Teréga's gas transport and storage infrastructure, which will form the central element of these future multi-energy smart grids.

OPERATIONAL PILOT SET FOR 2025

The aim is for IMPULSE 2025 to be operational at an initial site by 2025. To achieve this, its development comprises three steps. The first phase, which involves modelling the networks and technological building blocks of the preselected site, then simulating and optimising these to achieve different optimum energy configurations, will firstly be carried out in collaboration with academic partners. This will then be followed by an implementation phase to improve the performance of the equipment at the chosen site and the deployment of the technological building blocks identified. Finally, the piloting and industrial deployment phase will allow us to measure and optimise the performance indicators in real time.

TERÉGA'S R&I DRAWS ON A DIVERSE RANGE OF PARTNERS

Teréga's collaboration with various public and private research bodies allows us to develop the knowledge and skills within our teams. The partnerships forged with design offices, small and medium-sized enterprises and start-ups all help to develop innovative solutions that generate value. They also allow us to deploy new technologies or new sectors on an industrial scale. The company is also pooling its long-term efforts with other major energy players, in particular with GRTgaz and SNAM. To



1.6

INNOVATION ACTIVITY
(NUMBER OF INCOMING PROJECTS/NUMBER OF OUTGOING PROJECTS)

TARGET: > 0.9

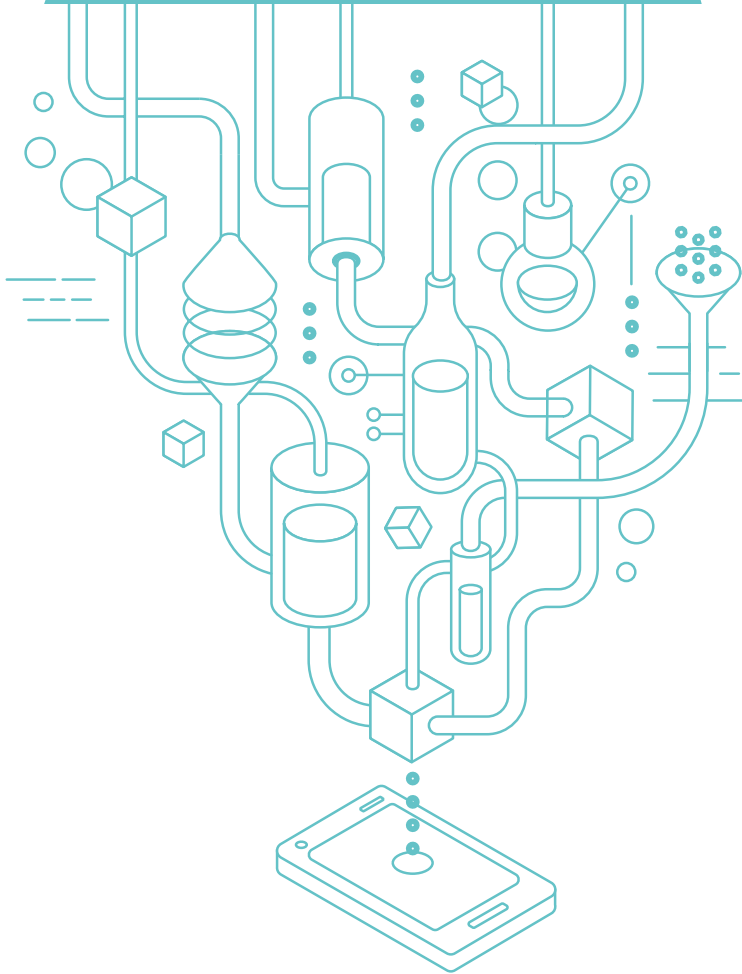
13

PROJECTS LAUNCHED IN 2019

8

PROJECTS ROLLED OUT IN 2019

strengthen this partnership movement, Teréga is developing open innovation by becoming involved in several associations, both in France and abroad. Teréga is cultivating this dynamic of innovation in our teams by promoting the inventions made. For example, we filed three initial patents in 2019 in the areas of energy efficiency, gas quality analysis and digital technology. ■



Guaranteeing THE AVAILABILITY OF OUR IT SYSTEM

Teréga is working to maintain the high availability of its IT system in order to guarantee the continuity of its activities. It is continuing with the implementation of its strategy and its Cloud-based service offer in order to achieve some of the best performance figures on the market.

The growing use of digital tools must be accompanied by maintaining a level of reliability that guarantees the continuity of Teréga's activities in the face of any critical interruption. The business has defined and introduced an Activity Continuity Plan at company level. This plan sets out the resources and measures to allow it to resume and continue its essential and critical operations, from the very moment that an event occurs that has a serious impact on their normal function.

GUARANTEEING THE HIGH AVAILABILITY OF VITAL AND CRITICAL APPLICATIONS

The Activity Continuity Plan includes a digital section managed by the Digital Transformation and Performance Department, which includes all the procedures required to prevent an operational disruption to the IT applications identified as being vital and critical to Teréga's activities. The applications considered vital are those that

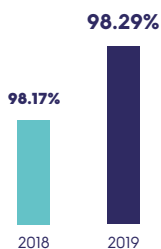
contribute to the main gas transport and storage activities. Critical applications are those that could have a major impact on the company (from a financial or commercial perspective or regarding reputation) if they were unavailable, resulting in financially bearable harm.

UPSCALING THE CLOUD STRATEGY IN 2019

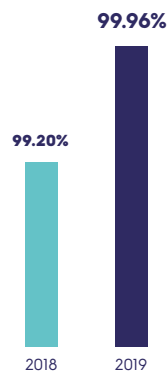
The implementation of Teréga's Cloud strategy will allow us to achieve some of the best rates of availability on the market across the entire IT system by pooling cloud infrastructure. At the same time, it will also guarantee service usage for staff members thanks to exhaustive surveillance of the infrastructure components, coupled with user experience monitoring. This approach therefore signals a major change, which is associated with the optimum development of the IT service and a continual delivery of value, while reducing costs and the environmental impact of Teréga's IT system.

After establishing the high availability of the infrastructure present within the company (on-premise) in 2018, 2019 saw us turn our attention to maintaining the expected level of availability. In parallel to this, the company has also pursued the deployment of its Cloud strategy, by examining the conditions for overhauling its on-premise infrastructure and migrating it to the Cloud. As part of this, Teréga dedicated 2019 to developing its IOBASE service offer: building and industrialising the bases for its native cloud infrastructure, finalising the implementation of the DevSecOps approach and continuing with the upskilling of its internal teams. Teréga is also set to deploy new automated availability indicators in 2020. This automation will allow the company to improve the performance and cost of these indicators.

RATE OF AVAILABILITY OF CRITICAL APPLICATIONS



RATE OF AVAILABILITY OF VITAL APPLICATIONS







WE ARE ENERGISING THE REGIONS

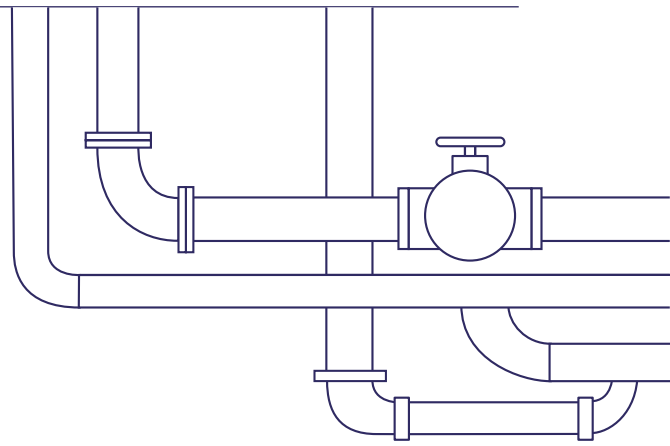
Every day, Teréga provides its customers with a secure, high-performance network, serving the energy needs of the regions. With deep roots in the local economy, we play a leading role in their sustainable planning and development initiatives.

Teréga network

TERÉGA, BASED IN THE SOUTH WEST OF FRANCE FOR OVER 75 YEARS

6.5 GM³

OF TOTAL GAS STORAGE CAPACITY



2.84 GM³

of marketable volume

25.7%

of the national storage capacities

5,135 KM





OF PIPELINES

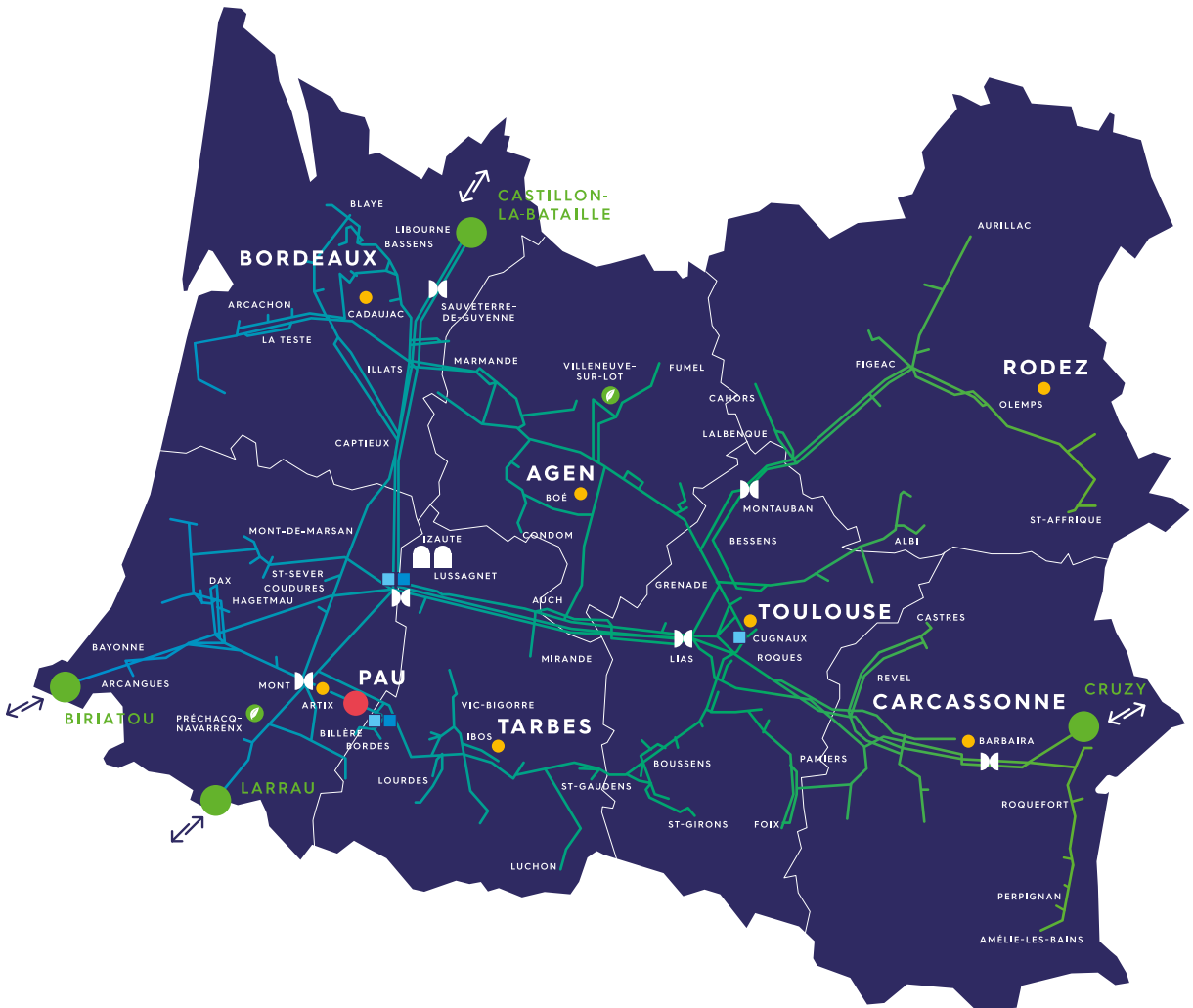
15.8%

of the French gas transmission pipeline network

23%

of the volume of French gas in the Teréga network

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



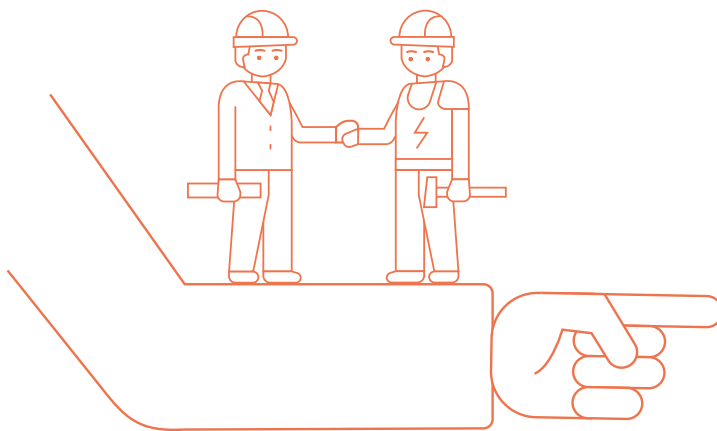
A successful year for THE TRADING REGION FRANCE

Up and running since the end of 2018, the Trading Region France (TRF), this new single zone in France, has significantly changed the wholesale gas market and achieved its twin objectives of making its prices competitive and the market more attractive.



On 1 November 2018, the two French markets PEG Nord and TRS merged to form the Trading Region France, setting a single price for the wholesale gas market in France. This new single market has been set up on the basis of ongoing co-construction measures implemented by the various market operators.

Teréga and GRTgaz have set the time-frames and costs for the information systems and operational mechanisms required for the correct functioning of the new gas flow exchange interfaces between the North and South geographical areas. This construction stage has also resulted in new mechanisms for market management, congestion management and network status monitoring.



A VERY COMPETITIVE GEP PRICE

The GEP (Gas Exchange Point) gas price has become the single wholesale market price for gas for the whole of France. When setting this single price, the first objective was to remove the price differences between the competitive North zone and the South zone, where prices were higher. This 'French price' has become more competitive, dropping significantly in 2019, often below the TTF price, which applies to the Dutch market that serves as the benchmark for Northern Europe.



The bolstering of the Gascogne Midi gas pipeline has made it possible to increase transport capacities as part of the creation of the Trading Region France.

A LIQUID AND MORE ATTRACTIVE MARKET

The second objective was to create a market that would allow for easy buying and selling through larger traded volumes, thus promoting competition. This objective has been met, since the number of players active each month on the GEP rose from 107 to 129 between the end of 2018 and August 2019, and is constantly increasing. The new contractual mechanisms used during 2019, which were put in place to deal with residual congestions, worked very well as a result of the localised spread, which proved decisive in attracting many operators. In addition, the TRF now offers equal and secure access to nine different sources of supply across the country, which represents another major success.

Thanks to the TRF, Teréga is now operating at the heart of an interconnected market that is more robust and more competitive. Coupled with the reform of the storage regulation, the single zone has strengthened the security of supply for the region and has brought greater flexibility in the use and arbitration of gas flows. —

INTERVIEW



Youssef Chekli

Head of Teréga's Pricing, Economics and Regulatory Affairs Department (DCR)

"The TRF has made the French market even more attractive in the long term"

How does the TRF look, one year on?

It's a great success. The TRF has simplified the French market, by providing a single benchmark price for the entire wholesale market and a single Gas Exchange Point. This simplification has proven very popular amongst gas market operators. Their number on the PEGAS spot market increased by more than 13%. The new system is working very well. The TRF is integrated and interconnected with other European markets. It has made the French market even more attractive. It is also a model that could serve as a benchmark to inspire other European markets.

What impact has it had for Teréga?

The TRF makes it easier to access all French storage facilities, having a direct impact on their fill levels. New operators are looking for capacity in France. Teréga has seen an increase in the number of participants and clients at its auctions, with new entities now on the scene, particularly traders. Gas flows through our network increased by 27% in 2019, to 157 TWh. They were significantly higher at the PIRINEOS interconnection point operated by Teréga that runs between France and Spain – up by 48%! The use of our subscribed capacities is up 13% compared to 2018, with substantial demand for interruptible capacities. Over the same period, flows from Spain to France increased nine-fold.

Biomethane : A DEVELOPMENT OF THE NETWORK AND THE COMMERCIAL OFFERING

Teréga commissioned 24 new industrial projects in 2019, all on time and within budget. The company also started rolling out a commercial strategy that promotes the development of biomethane in its local area.



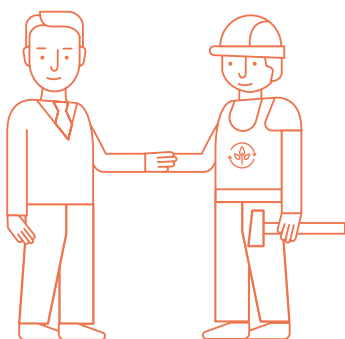
Teréga has proved its expertise in maintaining, securing and developing infrastructures.

Over the past year, Teréga has once again proved its expertise in maintaining, securing and developing natural gas transmission and storage infrastructure, with 24 new industrial projects being commissioned on time and within budget. All these projects were carried out in compliance with the company's environmental and social commitments.

TERÉGA MOVES TOWARDS BIOMETHANE

Biomethane is a sector with strong development potential, which will form an integral part of France's future energy mix. Teréga is supporting the coordinators of methanisation unit projects in its local area, in particular by offering them the connections to its transmission network which are best suited to their needs.

The inclusion of the right to injection in the Egalim law of 30 October 2018, also



known as the Agriculture and Food Law, will accelerate the development of this sector. Teréga is actively contributing to the practical application of the arrangements concerning the right to injection by putting in place, in partnership with all the natural gas network operators concerned, the best possible connection schemes for future methanisation units in its local area. This new principle is applied under the conditions and within the limits that make it possible to ensure the technical and economic significance of investments for reinforcing natural gas networks, which allow for the injection of the biomethane produced. Its implementation is based on dividing up the local area in order to take the best possible account of the actual local situation. The associated connection schemes must make it possible to promote biomethane production, while guaranteeing injection at the best technical-economic ratio for the local community.

REINFORCEMENT WORKS FINANCED BY TRANSMISSION TARIFFS

Investments to reinforce networks that meet the eligibility criteria defined by the regulations will be financed by the tariffs charged for using the natural gas distribution and transmission networks, with a fixed annual limit of 0.4% of the tariff grid revenues for distribution system operators and 2% for transmission system operators.

The terms and conditions of the right to injection are laid down by Decree No 2019-665 and by the associated order of 28 June 2019. The two texts define the investments for reinforcements (I), the probable injection volumes (V) and a capped technical-economic I/V ratio, below which reinforcements are financed by the tariff. Its implementation was specified by Ruling No 2019-242 issued by the French Energy Regulatory Commission (CRE) on 14 November 2019, in particular the different stages involved in dividing the territory into zones: the definition of the relevant zone, the development of connection schemes within this zone, their technical and economic validation criteria and the eligibility of investments for reinforcing socialisation via tariffs.

TERÉGA BEGAN ZONING AT THE END OF 2019

Teréga initiated the zoning measures at the end of 2019, working together

with France's national gas distribution network (GRDF) and local distribution companies. This initiative resulted in the territory being divided into almost 80 zones. Some connection schemes have yet to be determined, but an initial mapping of the eligibility of investments for reinforcing socialisation in the ATRT and ATRD tariffs should be completed by the end of March 2020. The connection schemes within each zone are constructed in partnership with the network operators concerned, as soon as an initial biomethane injection project in the zone in question has undergone a feasibility study. These schemes take account of the methanisable potential of each zone, and are fine-tuned with the various local stakeholders involved (energy unions, local authorities, chambers of agriculture, and so on). They are then submitted to the French Energy Regulatory Commission for approval before they can be deployed.

1. ATRT: Third-Party Access to Transport Networks
2. ATRD: Third-Party Access to Distribution Networks

Rion-des-Landes, A PROJECT OF GENERAL INTEREST

Opened in July 2019, the Rion-des-Landes gas pipeline will make local gas supplies more secure and pave the way for the injection of green gas. Just as with its other operations, Teréga carried out the project after first promoting the work in the local area.

The Rion-des-Landes project is a tangible response to meet the needs of the region and its population by bolstering the regional gas transmission network and preparing for the injection of green gas. Launched in the second quarter of 2016, this project involves constructing and operating a pipeline approximately 27 kilometres long between the municipalities of Rion-des-Landes and Castets, in the Landes department. Its deployment has safeguarded local natural gas supplies and bolstered economic growth in the region. In particular, the new pipeline has made it possible to meet industrial customers' increased consumption levels and to guarantee local public distribution connections.

POSITIVE EFFECTS ON THE REGION

Two interfaces have been created in the municipality of Laluque in order to supply its urban and industrial areas. Teréga has also installed optical fibre along the route, improving digital coverage in the regions.

The Rion-des-Landes project is a public utility, helping to meet a collective need through the transportation, distribution and sale of natural gas, while ensuring the continuity of public service. It is also of general interest, as it is playing a part in enhancing energy supply levels and boosting the local, regional and national economy. Besides these positive effects, the project has also provided the local economy with a number of significant advantages. Through the contracts awarded, the entire region has directly benefited from more than 10% of the investments made, equating to almost €1.7 million.

CLOSE CONSULTATION

For any infrastructure project to be successful, it is vital that the various stakeholders involved, such as local residents, farmers and elected officials, are in favour of it. As part of Teréga's pipeline projects, the Federal Affairs Department maintains close contact with the owners of the areas of land crossed by the company's pipelines. The aim of this approach, which is carried out jointly with the Infrastructure Projects Department, is to obtain a maximum number of amicable easement agreements on these areas of land. Depending on the size of the projects, public information meetings and

“THE RION-DES-LANDES PROJECT HAS SAFEGUARDED LOCAL NATURAL GAS SUPPLIES AND BOLSTERED ECONOMIC GROWTH IN THE REGION.”



Bolstering the Rion-des-Landes gas pipeline.

technical meetings may be organised by the project managers to notify the local residents and stakeholders of the impacts connected to the establishment of the work site.

From the pre-construction phase and throughout the implementation of the Rion-des-Landes project, Teréga consulted and worked closely with all the stakeholders in the local area (administrations, landowners, operators, distributors and energy suppliers), in strict compliance with the company's internal norms, standards and procedures. This approach has made it possible to devise safe solutions that have a reduced impact on the environment. Several measures have also been taken to ensure the safety of the project, including setting up an HSE challenge throughout the construction period, and holding a safety forum

and several safety drills, in collaboration with the Landes Fire and Rescue Department. These various initiatives have led to good safety results, with no accidents reported.

The sense of trust and proximity that has been established also represents one of the key successes of the project, which was inaugurated in July 2019.

98%

PASSAGE AGREEMENT RATE FOR INFRASTRUCTURE PROJECTS (FOR PROJECTS COMPLETED IN 2019).

OBJECTIVE FOR 2020 > 95%

0

REPORTED ACCIDENT FREQUENCY RATE (RAFR) AT THE RION-DES-LANDES SITE

A year of major CHANGE FOR THE OPERATIONAL TEAMS

Thanks to the commitment shown by the teams in the territorial Operations Department, the scheduled Monitoring, Inspection and Maintenance Plan (MIMP) has been successfully carried out, and a new organisational structure has been put in place that allows the Operations Department to play a part in the company's Business Excellence programme. Let's hear from Alexandre Lestrade and Stéphane Lafoeste Ramasaugues.



Alexandre Lestrade

Responsible for the Territory of Agen

WHAT HAVE BEEN THE STRIKING ASPECTS OF THE YEAR IN TERMS OF OPERATIONS?

Alexandre Lestrade. 2019 has been a year of major transition, marked by the overhaul of the business in seven territories and the simultaneous deployment of the Business Excellence programme. In the field, my teams have worked over a larger area, in four departments

(Gers, Gironde, Lot-et-Garonne and Tarn et Garonne), and have needed to familiarise themselves with new facilities while at the same time getting to grips with the new organisational structure. Despite this extra workload, we still managed to complete the entire scheduled Monitoring, Inspection and Maintenance Plan (MIMP) on time, and there are also major projects in the pipeline!



Stéphane Lafoeste Ramasaugues

Responsible for the Territory of Pau

TARGETS MET

Each Operational Coordination Office (COPT, COPS) consists of operational planning control officers and operational business officers. The Operational Transport Coordination Office (COPT), with its administrative and third-party works managers, is responsible for examining requests for third-party works and urban planning files (especially building permits, urban planning certificates, and the like). The Operational Transport Coordination Office (COPT) has successfully standardised practices, integrated scheduled activities into planning procedures, and implemented the monitoring, maintenance and inspection plan. The Operational Storage Coordination Office (COPS) has met its objectives for 2019, with the entire Preventive Maintenance Plan having been planned and implemented, and activities being prepared and carried out in accordance with both the budget and the storage availability rate.

“RE-APPROPRIATING THE MAINTENANCE OF THE FACILITIES IS ABSOLUTELY CRUCIAL.”

Stéphane Lafoeste Ramasaugues.

In the Territory of Pau, we also completed the MIMP and fulfilled our regulatory obligations. This year of major transition has required our teams to be greatly involved, adaptive and responsive, with the operational team being closely supervised and receiving significant training prior to developing their skills, a systematic reminder being given every day of the safety rules, and a great deal of collaboration with cross-functional entities, including operational coordination.

WHAT ARE THE BENEFITS OF THE NEW ORGANISATIONAL STRUCTURE?

A. L. The coordination and management of operations are now more centralised. By placing our priorities under a global perspective, we should be able to optimise our operations. The new tools that have been rolled out are beginning to bear fruit, especially when it comes to support and logistics. They are providing more fluidity, speed and efficiency. They are also very easy to use - the TERA tool for safety, to give one example, is proving to be a great success in the field.

S. L. R. Re-appropriating the maintenance of the facilities is absolutely crucial. By placing the operators, network maintainers and satellite staff within the same entity, the technicians can

gather a great deal of expertise. The big challenge was to put synergies in place between these two groups of staff, which used to work together fairly closely. We are now sharing these skills and building the business together, with a much less fragmented overview, by enhancing our skills in areas that lie at the heart of our business and by sharing everyone’s responsibilities and constraints.

HOW ARE YOU GOING TO TACKLE 2020?

A. L. Everyone is beginning to learn about their role and gain a real understanding of how they fit into this new system. We are learning lessons and analysing feedback in order to continuously improve and adapt the initially scheduled project solutions to the actual field conditions. The Click tool, which immediately connects the task planner with the technician stationed in the field, has changed significantly from its original version, with account being taken of the operational realities of day-to-day life.

S. L. R. The project is being rolled out in a flexible manner, and is still being deployed. It’s an exciting project, because by working with each other we are building a new chapter in the life of Teréga, and finding the best solutions together. ■

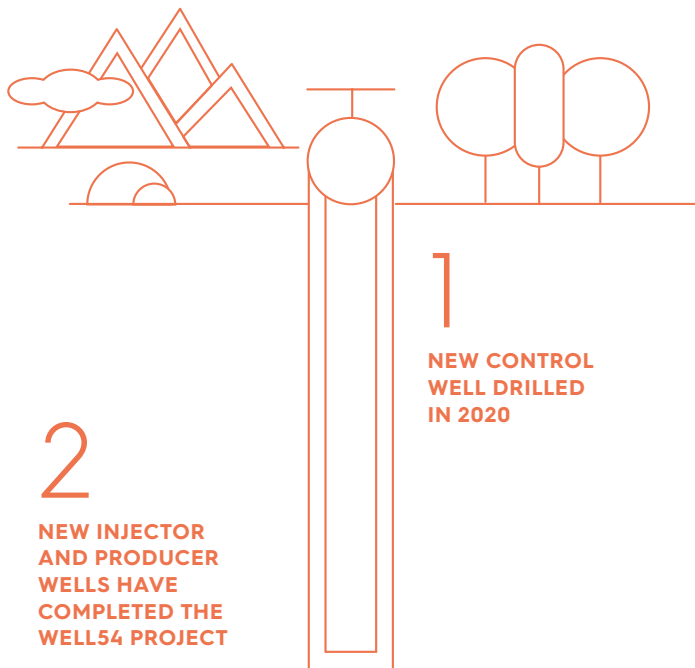


OPTIMISED INTERVENTIONS WITH THE OPERATIONAL COORDINATION DEPARTMENT

The new organisational structure rolled out on 7 January 2019 within the Operational Division as part of the Business Excellence by Teréga programme places the Operational Transport Coordination Office (COPT) and the Operational Storage Coordination Office (COPS) at the heart of its new operations. These Coordination Offices, which are integral to the business processes, ensure integrated operational management by optimising the planning of activities at the facilities, through scheduling, coordination and preparation. Integrated into the Operations chain, they also manage the allocation of resources, traceability and closure of operations, in conjunction with other entities and company departments, such as the Technical Coordination Office, the Infrastructure Projects Department and the Gas Movement Department. Teréga has introduced the Click tool for these Operational Coordination Offices (COP). This digital solution for planning and managing interventions can be used on the move and ensures the traceability of the works carried out. Click also makes it possible to generate reports from the field, improving the analysis capacity and the relevance of the company’s performance indicators.

Optimising THE LUSSAGNET STORAGE SITE

During 2019, Teréga carried out a sustained campaign to optimise the equipment at its underground storage platforms in Lussagnet and Izaute, drilling two additional wells. Four rework operations were also carried out. These interventions have made it possible to increase the reliability of the facilities and the capacities for injection and withdrawal from storage, in order to meet our clients' ever-growing demand for flexibility.



At Lussagnet, the two new injector and producer wells complete the WELL54 project. The two wells were commissioned after being drained at the end of the year. The feedback and the continuity with previous campaigns have improved the efficiency of this campaign, which was completed within the scheduled timeframes.

ENSURING THE INTEGRITY OF THE FACILITIES

As part of its 'Maintenance and Safety' campaign, Teréga has changed the production sections of four of its wells in order to keep them compliant with the industry standards over time. The optimisation of the sequence of operations reduced well downtime to a strict minimum and enabled the wells to resume operations during the winter period of heavy withdrawal. This performance is based on feedback from previous operations of the same nature. In addition, Teréga plans to drill a new control well in 2020 and to restart two of its wells as part of its 'Maintenance and Safety' operations.

TWO REGULATORY SHUTDOWNS PERFORMED

In order to comply with the French ministerial order of 20 November 2017 governing the in-service monitoring of Pressure Equipment (PE), Teréga



Equipping the Lussagnet storage platforms.

regularly carries out inspections and recalibration works on 1,250 items of equipment, through an Accredited Inspections Department (AID), based on a Maintenance and Inspection Plan set up jointly and validated by the administration.

The various phases of regulatory shutdowns are managed by the Methods Department and its 'Shutdown team', which consists of a shutdown manager, operations managers and gas storage technicians. The aim of these shutdowns is to carry out, in complete safety and over a defined period of time, all the works required to guarantee the integrity and proper operation of Teréga's facilities, in accordance with the regulatory deadlines placed on the AID. The list of works to be carried out is determined jointly with the AID, the Technical Coordination Office and the

Maintenance Storage Department. This makes it possible to draw up a complete shutdown file providing ranges of interventions, a platinising and provision plan, AID inspection sheets, planning, an equipment inventory, consultation

specifications, a table for comparing offers, work risk analyses, prevention plans, and so on. An increased presence in the field allows the shutdown to be performed under the best possible safety conditions, in close collaboration with the companies involved, from the tender phase to the initiation and continuation of the shutdown, through joint visits, risk analyses, safety talks, and the like.

When each shutdown comes to an end, Teréga holds a joint feedback session with the external companies involved, which allows it to build on good practices and identify and work on any areas where there is room for improvement. This feedback session serves as the basis for preparing for the next shutdown. —

SHUTDOWNS IN FIGURES

The major shutdowns performed in the summer of 2019 required the involvement of close to twenty people per day for a nine-week period (equating to 7,160 hours of work), with more than 350 work permits being issued. 90 items of equipment were treated, which included the separation and dehydration column, capacitor, filters, valves, piping, and so on.

In addition, the shutdown of compressor C19 in October and November 2019 required the involvement of close to ten people per day over nine weeks (equating to 3,146 hours of work), with more than 110 work permits being issued. Thirty items of equipment were overhauled and recalibrated.

Engaging with LOCAL AND REGIONAL AUTHORITIES

Teréga is contributing to the energy transition in partnership with the regional and local authorities. The company is heavily involved in the initiatives and new energy usage scenarios being developed in their regions.

The year 2019 saw several important milestones being reached with various local authorities, which confirmed Teréga's role as a committed player and energy driver in the regions. One of the priorities of the Nouvelle-Aquitaine and Occitania regions and the territories that they govern is to draw up energy transition road-maps for developing renewable gases. In 2019, this initiative brought together Teréga's teams and all the other players operating in the sector.

TERÉGA INVOLVED IN BIOGAS STUDIES IN NOUVELLE-AQUITAINE AND OCCITANIA

Nouvelle-Aquitaine is highly ambitious when it comes to deploying green gases. The region has launched two studies, one focusing on the development of biogas production and the other concerning the rise of CNG/Bio-CNG mobility. The gas infrastructure managers, including Teréga, have been involved in those studies. Nouvelle-Aquitaine's Regional Planning, Sustainable Development and

Territorial Equality Programme (SRAD-DET), which was adopted in December 2019, envisages green gas to make up 30% of the region's gas consumption by 2030, and 100% by 2050. At the end of 2019, the region also unveiled its CNG/Bio-CNG master plan, which aims to shift a large part of green gas use towards mobility. Teréga is also involved in studies focusing on Nouvelle-Aquitaine's hydrogen road-map. The Occitania region has raised the methanisation targets in its new energy transition road-map for 2050 (REPOS2). The document also focuses

on CNG/Bio-CNG mobility as a transitional solution before the switch to large-scale hydrogen mobility.

ACTIONS TARGETED AT INTER-MUNICIPAL BODIES AND LOCAL PLAYERS

Teréga firmly believes that a successful energy transition must be based on a model that creates economic and industrial activities and provides a wide range of social opportunities within the regions. In order to develop tangible projects around the energy transition, the company is helping to

**“TERÉGA FIRMLY BELIEVES
THAT A SUCCESSFUL ENERGY
TRANSITION MUST BE BASED
ON A MODEL THAT CREATES
ECONOMIC AND INDUSTRIAL
ACTIVITIES WITHIN THE REGIONS.”**



Teréga site that contributes to the region's economic activity.

draw up Regional Climate Air Energy Plans (PCAET) and is heavily involved in local initiatives.

Set up by the French government in 2019, ecological transition contracts represent a new partnership approach between the State, local authorities and socio-economic players in the region to structure local sectors around the energy transition and to support the implementation of projects. This approach makes it possible to build a network of authorities undergoing the transition, which act as demonstrators.

Teréga is involved in the action plans of the Pau-Béarn-Pyrénées ecological transition contract, building on its own tangible projects, which aim to deploy Bio-CNG mobility, develop methanation and make energy systems run as efficiently as possible.

COMMENT



Alain Rousset

President of the Nouvelle-Aquitaine region

“Public-private co-construction is part of the climate challenge.”

“Nouvelle-Aquitaine is rising to the challenge of global warming. Our Néo Terra road-map on energy and ecological transition is redirecting our policies, together with all the region's key stakeholders, towards a form of development that is resilient to climate change. Its trajectory is based on the development of renewable energies and new technologies, with these technologies then being re-appropriated by French companies.

Teréga has contributed to all the work concerning the future energy saving or renewable energy scheme that we are currently producing. This co-construction and the public-private relationship that we have reinvented in Nouvelle-Aquitaine are part of the climate challenge. We need companies, we need to mobilise the agricultural sector and we need to get everyone in that sector on board if we are to achieve a new energy mix and arrive at a mix of solutions in which everyone must find its place – to do this, we must mobilise all the resources needed to achieve the objectives that have been set.

These resources are initially based on agricultural and forestry potential, with bio-waste being converted into biomethane, which will be stored and injected into the network. To reach the target of 30% of the gas consumed in the region being green by 2030, we will need more than 270 biogas plants; we currently have just 70. We therefore need to carry out a huge amount of work to recover technologies and re-industrialise the sector. The challenge will then be to produce gas from wood and by methanation. We will lend our support to various projects put in place by companies and laboratories – whether public or private – focusing on these technologies, which have not yet been fully developed.

We are carrying out a comprehensive environmental project for the region in order to promote agriculture and ‘clean’ mobility, and are doing our utmost to involve all parties and not leave anything out.”

Contributing TO LOCAL LIFE

As an energy and synergy driver in the regions, Teréga has forged strong links with civil society, local businesses and the general public, through initiatives that contribute to regional well-being and influence.

As a representative of Béarn, Teréga is proud to play a part in developing the province's reputation by promoting local initiatives. The company has been based in the Pyrénées Atlantiques for over 75 years, and remains committed to boosting Béarn's economy and influence by helping to develop the local energy sector.

A TOURNAMENT AND A TOUR TO UNITE PASSIONS

In 2019, Teréga backed the launch of a new major local sporting event – the Teréga Open Pau-Pyrénées. This elite tennis tournament contributes to the influence of the south west region. Over 2,500 spectators attended the inaugural event. The Teréga Open Pau-Pyrénées represents a perfect meeting place for business partners and all the economic players in the region, from start-ups to medium-sized companies. The annual event also helps to strengthen the ties between communities, businesses and the general public, bringing them together under the aegis of sporting values.

Teréga is a partner of the French Fab Tour. Set up by the French investment bank Bpifrance, this initiative aims to promote the industry, its sectors of excellence and its new faces by touring

the regions of the country. Likewise, the summer tour shows the general public how the sector is changing and the technological upheavals that are opening up new avenues, particularly with respect to environmental challenges. By being an active member of this project, Teréga is able to highlight the role it is playing in transforming energy production and consumption trends, underlining its positive impact on tomorrow's society.

A KEY PLAYER IN THE LACQ-PAU-TARBES TERRITOIRES D'INDUSTRIE SCHEME

Launched in 2019 in around twenty French territories by the French government and the National Council for Industry, the Territoires d'Industrie (Industrial Territories) scheme is part of a country-wide strategy for a vast industrial recovery. It aims to make the French territories involved more attractive by encouraging innovation,

Teréga participated in the French Fab summer tour.



TERÉGA Open Pau-Pyrénées



Official photo of the 1st Teréga Open Pau Pyrénées.

attracting more projects and improving recruitment in the regions. Teréga's Chairman and CEO, Dominique Mockly, has been appointed the industrial point of contact for the Pays de Béarn as part of the Lacq-Pau-Tarbes *Territoires d'Industrie* scheme. An initial contract worth €150 million was signed on 15 July 2019 to finance 29 initiatives in this region. The IMPULSE 2025 project led by Teréga to deploy a multi-energy system is one of the projects that has been selected.

With the digital world constantly evolving, highly qualified IT professionals remain something of a rarity. To support the ambitions set out in its IMPACTS 2025 transformation plan, Teréga is internalising this expertise, by focusing on generating an innovative local fabric. The creation of the Teréga Cloud Academy - the only one of its kind in Béarn - is one of the steps of this initiative. Since October 2019, five students from the CESI engineering school in Pau, who passed the initial selection process in July, have been taught by Teréga employees about the new specific practices of the Cloud and

about the development of niche technologies, through a specific two-year part-time course.

TERÉGA SUPPORTING ÉLAN BÉARNAIS AND SECTION PALOISE

Teréga has partnered Élan Béarnais in the Basketball Champions League for the 2019-2020 season. As an official partner of the club since 2010, Teréga has constantly supported the club's development: they both share common values based on their historic attachment to their region.

The partnership between Teréga and Section Paloise rugby union club is a coming together of two major

stakeholders in the region. Teréga, an official partner since 2016 that has constantly sought to be involved in the club's project over the seasons, is extending its partnership. Teréga's commitment hit a new milestone in the 2019-2020 season with the Company acquiring the naming rights for the East Stand of Stade du Hameau (6,800 spectator capacity), which will now be known as the Tribune Est-Teréga, or the Teréga East Stand. More than just naming rights, this new aspect of the partnership is a demonstration of how Teréga is fully rooted in the region, of its attachment to the club and of their shared values.

“THE TERÉGA OPEN PAU-PYRÉNÉES HELPS TO STRENGTHEN THE TIES BETWEEN ECONOMIC PLAYERS, BRINGING THEM TOGETHER UNDER THE AEGIS OF SPORTING VALUES.”





WE ARE IMPROVING DAY-TO-DAY LIFE FOR EVERYONE

Teréga brings a positive energy to improve well-being and advance the common good. As a responsible stakeholder, we are building an inclusive and sustainable ecosystem together with our partners, our employees and all of society to create value we can all share.

Serving OUR CUSTOMERS AND PARTNERS

Teréga is supporting its customers and all of its commercial partners by deploying innovative and effective solutions, providing assistance, listening to their concerns and working to guarantee their satisfaction, all to create more equally shared value.

Teréga's primary concern is its customers and their satisfaction, two elements that form the focus of its day-to-day operational framework. In 2019, its teams launched new initiatives to continue maintaining a quality customer relationship in the long term and to improve that relationship on a permanent basis.

Internally, Teréga now uses the e-deal CRM software. This tool allows it to manage all of its customer interactions so that it can better centralise and share information in a more organised and secure way.

In October 2019, Teréga launched its new customer portal. As the company's commercial showcase and baseline point of entry for its operational relationships with its shipping customers, this space improves the availability of the range of information required to manage their activities: contracts, maintenance, capacity usage levels, invoicing, etc. The portal design follows a guideline that is faithful to the Teréga approach: putting the company in the customer's shoes in order to provide the right information, at the right time and in the right place.



98%

OF CUSTOMERS STATED THAT THEY WERE SATISFIED OR VERY SATISFIED WITH THEIR BUSINESS RELATIONSHIP WITH TERÉGA.

BUILDING CUSTOMER RELATIONSHIPS TOGETHER

To do this, Teréga decided to develop the new portal together with its customers, via Ambassador Clubs. Run jointly by the Business and Regulation Department and the Transformation, Digital and Performance Department teams, these clubs brought customers together on a regular basis so as to better target their needs, select the functions that customers most want to see and build a portal that is truly adapted to their needs.

Face-to-face subject-specific workshops were organised into a half-day session held in collaborative spaces selected to encourage and facilitate exchange. The screens and services have therefore been designed and tested directly by customers, from portal ergonomics right down to data format. This privileged moment of proximity allowed us to create logistics and invoicing control dashboards that are well-suited to customer needs and that were offered to our shipping customers in late 2019, when the first version of the new customer portal was launched. This approach will continue, and the tool will be regularly enhanced thanks to the vision and contributions of our customer ambassadors.

IMPROVING CUSTOMER SATISFACTION

This joint approach allows us to provide a better user experience for Teréga customers and to improve their level of satisfaction. To measure this, Teréga has been publishing a Satisfaction Barometer since 2009. The barometer is drawn up by an independent third-party every other year together with our shipping and industrial customers. The result shown by the latest barometer speaks for itself: in 2019, 98% of Teréga customers stated that they were satisfied or very satisfied with their business relationship with the company. 2019 was also punctuated by Teréga's two annual sales conventions. The Customer Convention was an opportunity for our

“IN 2019, THE RATE OF PURCHASING COVERAGE REACHED 81%. THE OBJECTIVE FOR 2020 IS TO ACHIEVE A COVERAGE RATE OF 85%.”

customers to analyse the highlights of the past year and for us to present the big changes to come. The changes in our range of storage services were exhibited at our Storage Convention.

In our efforts to permanently serve our customers, Teréga also organised numerous bilateral meetings, either on request or at specialist trade shows, such as E-world, which takes places annually and involves a number of our customers. Teréga also set up the Trading Sessions, which aim to use operational examples to explain to our customers how to apply the applicable contract regulations and how to efficiently use the information made available, irrespective of the customers’ level of specialisation.

REAL PARTNER PROXIMITY

Teréga pursues a purchasing policy that is based on a network of local partners and on the resources available in its region. This policy is in line with the Company’s ambition to build a local network that is both efficient and responsible. Through its purchasing, Teréga’s primary intention is to strengthen its role as a responsible principal and to foster innovation, all while developing and optimising its partner relationships.

The suppliers are tied to Teréga’s CSR (Corporate Social Responsibility) priorities via its zero-accident objective set out in the PARI 2025 programme and its BE Positif (Positive Environmental Balance Sheet) programme.

As a signatory to the Responsible

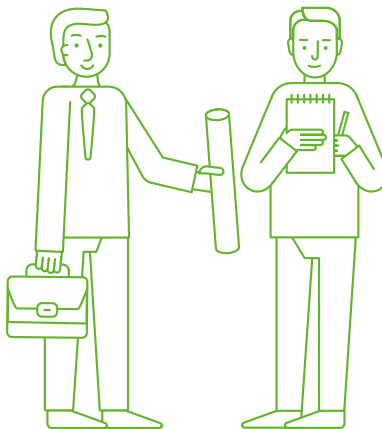
Supplier Relations Charter, Teréga reaffirmed this CSR commitment at the Salon des Achats exhibition held on 21 May 2019 in Bordeaux, a voluntary step in line with the ambitions set out in the IMPACTS 2025 strategic plan.

A MUTUAL, RESPONSIBLE AND INCLUSIVE COMMITMENT

By means of this charter, Teréga is solidifying its position as a responsible principal and is committed to fostering progress as a stakeholder in the energy transition. Through the ten principles laid down in the charter, the company confirms the commitments it has already made, in particular the integration of an environmental approach, fairness towards suppliers and the solicitation of business from local companies.

In 2019, Teréga achieved almost 50% of its purchasing volume with companies

within the region, as was the case for the previous three years. Teréga continues to favour geographical proximity in supplier selection, given offers of equal quality. Its suppliers are selected on the basis of their compliance with HSE criteria (health, safety and environment), which makes it possible to issue a three-year certification. This certification system allows them to progress and guarantees that a quality HSE culture is maintained. 105 companies received HSE certification from Teréga in 2019. Teréga also signed a charter of commitment to foster an inclusive society in October 2019, at the launch event for its Inclusive Tour, attended by Muriel Pénicaud, French Minister of Labour. In this way, the company is reaffirming its will to pursue a proactive policy that promotes employment for disabled people. The Group regularly calls on Entreprises Adaptées [sheltered workshops] and Établissements d’Aide par le Travail [vocational rehabilitation centres] within its region, commissioning them to provide various services, specifically catering, laundering or vehicle washing. ■



Teréga, SKILLS DEVELOPER

Today's skills will make tomorrow's Teréga.
This is why the company is endeavouring to develop
the skills of its employees.

The skills of Teréga's staff must enable them to address the company's current and future challenges, in terms of both support and operational functions. To that end, Teréga is establishing personalised skills development plans tailored to each employee. The company made a significant investment in training in 2019 as part of its IMPACTS 2025 plan, with 4,527 learners (people on study leave), of which 2,111 are pursuing the Business Excellence transformation project set up by the Operations Department (BE DOP). In total, Teréga dedicated €2.1 million to this component in 2019, in return for 38,155 hours of training. This investment will continue over the coming years to contribute to the success of the business plan.

NEW PROJECTS

Two further Business Excellence projects were launched for the Infrastructure Projects (DPI) and Business and Regulation (DCR) Departments, each with an ambitious skills development component. By applying the engineering setup put in place as part of the BE DOP project and by using the analysis of individual skills as a basis, the company was able to set up a project manager professionalisation programme for the DPI, launched in late 2019, and



a customer culture programme for the DCR, launched in 2020.

2019 was also marked by further new features: the launch of an anticorruption serious game, the deployment of an HSE and finance for non-financial employees e-learning course, the setup of a "school" with several themed workshops allowing the "students" to handle equipment identical to that which is used at our gas installations. Virtual reality is also used to address the sensitive topic of "the bypass pipeline", and a project on electricity maintenance is currently being finalised, ready for deployment in 2020.

MAGIC, THE NEXT PHASE

2019 also saw Teréga launch phase 2 of its Manager for a Global and Integrated Community (MAGIC) programme with training modules that allow participants to discover new empowering approaches to managerial roles.

The Manager Positif [positive manager] training module was a resounding success among the 60 managers who took part, giving them the skills to initiate and encourage a positive dynamic within their teams. 97 managers also participated in co-development workshops which focussed on their managerial practices and on resolving given situations. This training drive has had a positive impact with managerial efficiency scores rising from 6.8 in 2017 to 7.2 in 2019.

In addition, Teréga continued with the deployment of its HR information system, which makes the company's employment records and an associated initial skills model available to staff members. The approach will be refined in 2020, through the Teréga Pass project in particular, so as to strengthen the ability of our staff to be key players in their own professional development.

JOINT INTERVIEW



Céline Sentis

Skills Training Project Manager
in the HR Department



Philippe Lafitte

Head of the Operational
Support Cell

Focus: the skills development plan in support of the Operations Department's Business Excellence strategy.

What exactly does the plan entail?

Céline Sentis. To make this transformation a success and to assist in the deployment of this Business Excellence project, we have set up a major skills development programme coordinated by the HR Department. This programme aims to help us master our strategic and core business skills with a view to bringing our maintenance activities in-house. It also aims to develop the skills that Teréga will need in the future, and to contribute to achieving our new ambitions. The challenges involved in this programme lie in developing our range of services and giving our staff the opportunities to acquire the skills required to master their activities. This is a significant investment that sends a strong signal demonstrating that humans are at the core of Business Excellence. We have been running this programme since January 2019 while also maintaining our safety standards and operational activity.

What is the training offer?

Philippe Lafitte. Together with Operations, the Training department and our experts, we have developed a global offer based on the skills gaps identified in terms of our target organisation, with more than 50 modules specifically geared towards the need for maintenance skills. It combines several initiatives including training, field support/buddy system and operational applications. It primarily covers aspects of maintenance, operation and HSE, but also includes training on IT tools and processes, and managerial training.

How is it deployed?

C. S. Launched at the start of 2019, the plan will run until 2022. This is a major commitment from Teréga to support employees and will affect 245 people. We completed 45% of the plan in 2019, with 3,237 days of training and 422 training sessions. This required widescale mobilisation and commitment from the training teams while still maintaining strong operational activity. I would like to thank the HR team as well as all staff members and managers for their involvement in this skills development programme.

What is the role of the support cell?

P. L. To facilitate the change process. We have supported managers in organising the buddy system. Since mid-2019, there has been a skills validation tool in place to guarantee that each member of staff has mastered the new skills that they have acquired. Our role is to facilitate staff evaluation via individual two-hour interviews that allow us to measure skills acquisition using a benchmark specific to each job. This fundamental work also allows us to give our staff members a better understanding of the challenge and to help them accept the workload required. Their commitment is key to the project's success. We are now entering into a final indicator phase, before reintegrating the conventional HR process.

RATE OF ACCESS TO TRAINING BY SOCIO-PROFESSIONAL CATEGORY

93%

Rate of access to training
(i.e. 631 employees)

92%
OETAM

94%
Senior
managers

The objective of
maintaining a high level
of access to training
(>90%) has therefore
been achieved.

The working environment, A FACTOR OF ENGAGEMENT AND WELL-BEING

Faithful to its values of responsibility and cooperation, Teréga supports its employees through innovative and ambitious initiatives that promote their engagement and their well-being at work.

Teréga unites its employees around a common vision, a common ethic and a common mindset driven by four key values that reflect its DNA, guide its actions on a day-to-day basis and uphold its ambitions: responsibility, cooperation, innovation and ambition. Supported by these values, Teréga pursues the development of a human resources and social innovation policy that promotes the engagement and well-being of its staff.

EMBEDDING AN AGILE CULTURE

In 2019, Teréga's various departments appointed a pilot responsible for carrying out an inspiring project among their teams to strengthen the adoption of these values in their day-to-day behaviour and to embed working methods geared towards greater agility, boldness, horizontality and cooperation into their processes.

These initiatives were carried out in an innovative way, during seminars, staff meetings, discussions over coffee and creativity sessions, with the assistance of various media: posters, comic strips,

photos, animations and films. A film produced with all the illustrations used by the various departments was then shared during the Teréga Annual Convention to promote this collaborative work.

PROMOTING THE EMPLOYMENT OF PEOPLE WITH DISABILITIES

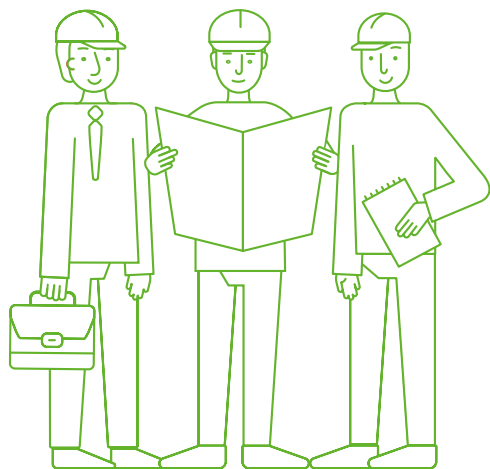
As an inclusive company, Teréga signed the Inclusive Tour Charter of Commitment on 10 October 2019, in the presence of the Minister of Labour, to promote employment for people with disabilities in companies adapted for that purpose. In 2019, Teréga also set about raising awareness among its staff on the subject of disability by getting involved in European Disability Employment Week, which took place from 18 to 24 November 2019.

In particular, the company raised awareness of its partnership with the *Établissements et Services d'Aide par le Travail* [vocational rehabilitation centres] and *Entreprises Adaptées* [sheltered workshops], thanks to two actors from a theatre troupe who moved around the various Teréga offices. Workshops were also organised to give the vocational rehabilitation centres from the region the opportunity to showcase the products that they had made for staff to taste and buy. A range of sweet products made by the Saint-Pée d'Oloron-Sainte-Marie vocational rehabilitation centre was offered to all staff outside head office.



7.3

ENGAGEMENT INDEX
(BIENNIAL SURVEY
CONDUCTED IN 2019)



**THE CAPITAL FORME PROJECT
GAINS MOMENTUM**

As part of its policy on quality of life in the workplace, Teréga launched its innovative sports coaching project, “Capital Forme”, in 2019 in partnership with the performance cell of Élan Béarnais, the Pau basketball club. This collaboration is a unique opportunity for Teréga to benefit from expertise from the world of sport in order to create a corporate culture favourable to the development of physical activity, which brings numerous benefits

for employees: physical and mental well-being, providing oxygen to the brain and maximising intellectual capacities. It will allow Teréga to define activity programmes adapted to the needs of each individual and to offer these on a voluntary basis.

**PROMOTING MENTAL
WELL-BEING, PHYSICAL WELL-BEING
AND SOCIAL CONTACT**

Launched by Élan Béarnais in June 2019, the first phase of the project consisted in observing and understanding the

constraints presented by Teréga’s business areas among 75 staff members from different departments over six sites. The construction phase was launched in September 2019 around three key pillars: mental well-being, physical well-being and social contact. For example, Teréga and Élan Béarnais have built a programme of strengthening and flexibility exercises, which is available on line with tutorials and support from coaches. Two conference cycles are planned, led by a psychologist specialising in supporting high-level athletes and focusing on managing stress, organisation at work, mental load, etc. A “Move your Buddy” app will also be launched to foster the creation of a network and social contact around sport, culture and well-being. Relaxing chairs will also be made available. The project is currently being deployed. ■

TERÉGA’S FOUR VALUES



RESPONSIBILITY

Our commitment: to work responsibly by guaranteeing the safety of individuals, infrastructure and supplies, and by respecting our environment.



COOPERATION

Our conviction: to cooperate in a spirit of mutual respect, and progress together.



INNOVATION

Our mindset: to cultivate a spirit of innovation and flexibility to anticipate the new challenges facing gas.



AMBITION

Our projection: to share our ambitions to build the future of gas and its infrastructure into tomorrow’s energy model.

A new Social and Economic Committee CLOSE TO THE GROUND

Teréga's Social and Economic Committee was set up in June 2019 to foster social dialogue. This unique new body brings together the tasks of the former staff representative bodies.

Teréga's new Social and Economic Committee replaces the elected staff representatives in the company. It is a merger of all the representative bodies: staff representatives, the works council and the health, safety and working conditions committee. The Employment Law Department establishes the social agenda with the social partners and leads the social dialogue. Company agreements constituting the social foundation of the company are negotiated and signed on a regular basis.


PRIOR AGREEMENT ON SOCIAL DIALOGUE

The setup of the Social and Economic Committee was preceded by the conclusion of a company agreement on social dialogue between Teréga's management and the trade union organisations. The intention of the guiding principles of this agreement is to foster social dialogue that is adapted to the company's operations and the challenges it faces, with a single Social and Economic Committee supported by four permanent commissions: a health, safety and working conditions commission, a social

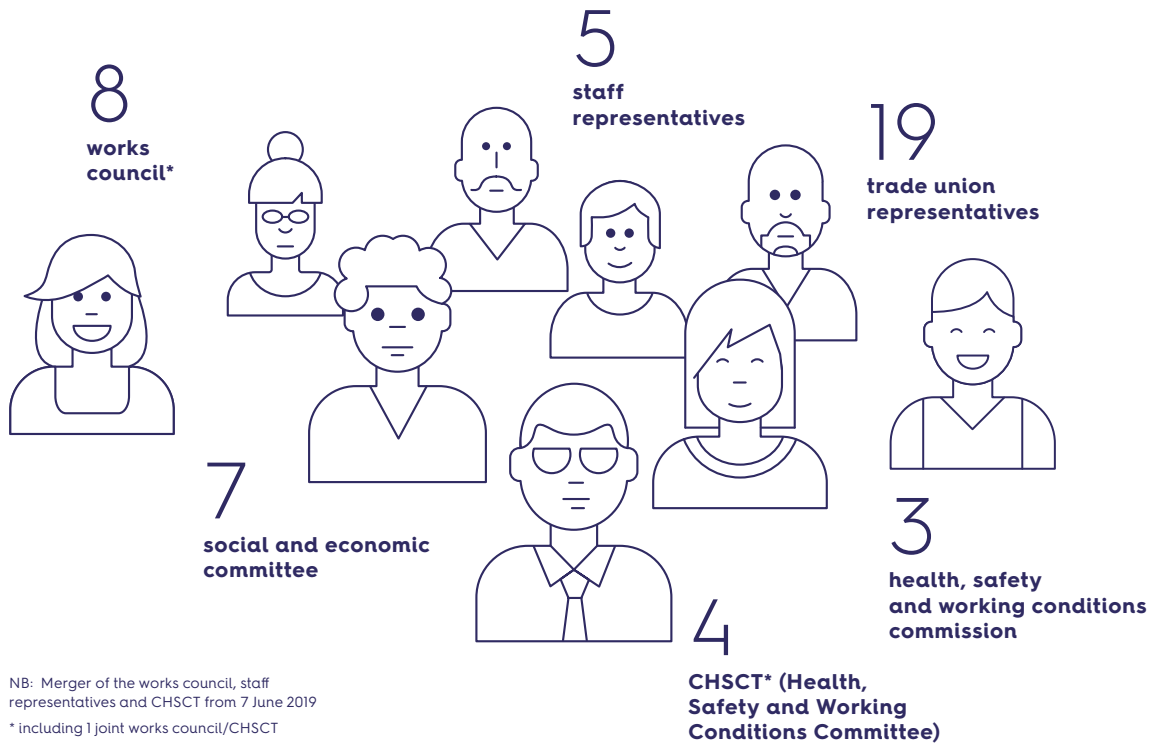
policy commission, a skills training commission and an accommodation commission. Given the specific nature of the company's operations and its priority safety objective, the role and specific contribution of the health, safety and working conditions commission have been reaffirmed in line with the French National Oil Industry Collective Bargaining Agreement. The necessary resources are provided to the trade union organisations and Social and Economic Committee in order for them to perform their mission. By establishing local representatives, it is possible to keep local exchanges as close to day-to-day realities as possible.

A SOCIAL AND ECONOMIC COMMITTEE CLOSE TO THE GROUND

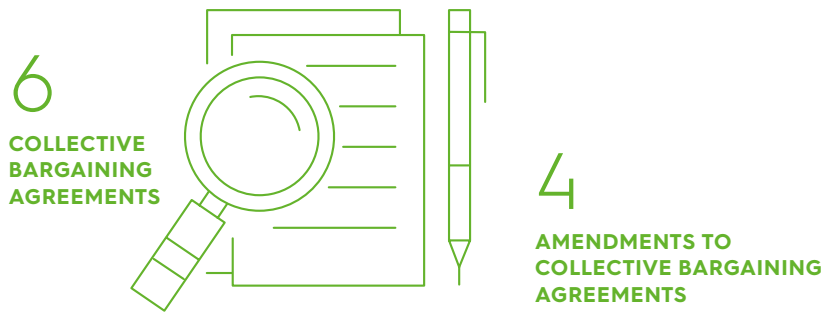
The Social and Economic Committee professional elections were held from 27 May to 7 June 2019 with 71.06% of employees participating in the vote. The committee is formed of 14 elected full members, 14 elected deputies, 4 trade union representatives and 4 commissions, excluding the commissions associated with social and cultural activities.

With great understanding of local situations, 17 local representatives were appointed from among the elected members of the Social and Economic Committee and from the applications submitted from employees not elected to representative positions, for sites that do not have any members on the Social and Economic Committee. These spokespeople play a privileged intermediary role with Teréga's staff for all individual and collective complaints regarding the application of employment regulations and the agreements applicable throughout the company. The local representatives are also the privileged spokespeople of the members of the health, safety and working conditions commission when exercising their powers in matters of health, safety and working conditions. Specifically, they can pass on staff suggestions for preventing risks and improving working conditions to the commission. 

NUMBER OF MEETINGS HELD IN 2019



NUMBER OF AGREEMENTS SIGNED IN 2019



Working together towards “ZERO ACCIDENT”

For Teréga, guaranteeing the safety of people and facilities is a top priority. As a responsible industrial operator, the company follows a structured and systematic approach to control all risks associated with its activity and to reach “zero accident, zero snagging and zero surprise” by 2025.



Safety is a core value for Teréga and a constant requirement. As a core element of the company's DNA, risk control encompasses three areas: workplace health and safety, industrial safety and operational security including cybersecurity. From incident prevention to protection against malicious acts, these three areas of intervention are closely linked and contribute to the safety and protection of our staff members, our customers, our partners, our facilities and the environment in which they interact. Given the potential risks, the stakes are high. This is why Teréga has been committed to an ambitious Industrial Accident and Risk Prevention programme (PARI 2025) since 2018. Now entrenched into the company's processes, this programme strengthens risk management and promotes a safety

culture integrated into the three areas concerned on a daily basis, through specific measures, actions and objectives. PARI 2025 is led by the Health and Safety at Work, Operational Support and Coordination, Quality of Life at Work, and Industrial Safety and Security Departments, as well as by the Third-Party Coordination, Authorisation and Regulation Department and covers all aspects associated with preventing Undeclared Works to protect the network of pipelines.

RIGOROUS MANAGEMENT SYSTEMS

The structured safety approach implemented by Teréga is based on the deployment of several management systems. In the area of Health and Safety at Work, Teréga is committed to achieving ISO 45001 certification through an integrated management

system that also covers the environment (ISO 14001), energy (ISO 50001) and quality (ISO 9001).

Based on a voluntary commitment, this new standard, ISO 45001, aims to establish a prevention and anticipation approach based more on the human component, incorporating people at the core of the mechanism. Teréga's safety standard has also been built using the structure of ISO 45001 in order to reinforce consistency across the organisation.

The company's major accident risk prevention system is based on the accident prevention and processing activities organised via its Safety Management System (SGS) and the cornerstone of that system, the risk assessment. In 2019, Teréga sent the government the latest five-year update to the risk assessment of its Izaute storage facility and the risk assessment of its 5000 km of gas pipelines. This document allows the company to guarantee and demonstrate its effective control of the risks across its network.

ADDRESSING THE HUMAN AND ORGANISATIONAL FACTORS

People are at the heart of Teréga's business areas. They also take centre

“CONSIDERING THE HUMAN AND ORGANISATIONAL FACTORS IS ESSENTIAL FOR ACHIEVING BETTER SAFETY PERFORMANCE.”



ANTICIP TRAVEL: INCREASED SAFETY WHEN TRAVELLING

Deployed internally, the ANTICIP Travel app provides staff with support before and during their business trips in France and abroad. This solution allows us to better manage risk situations or serious events. The platform provides e-learning training modules on safe travelling and country-specific “health and safety” sheets for each destination. Staff tracking during their trip and the option to send real-time alerts make it possible to initiate safety interventions if necessary, in the event of a malicious act, a hazard or an assault.

stage in its risk management strategy, which means that considering the human and organisational factors is essential for achieving better safety performance. In order to expand this approach, Teréga launched several training programmes in 2019, in the form of awareness-raising theatre workshops on safety leadership and shared awareness of major risks.

LINKING UP TERÉGA'S PARTNERS

On the ground, safety is also gaining traction among our partners. In 2019, Teréga notably expanded its QOACQ last minute risk analysis tool, which we launched in 2018, to include the visual management of pipeline construction projects. This daily “What, Where, With, How, Who” analysis grid conducted with the companies involved invites teams to verify and anticipate the safety of works before they are launched, and to better manage the risks of joint activity.

Teréga also promotes cross visits between project managers and companies working on the same building site. These benevolent exchanges allow participants to take a fresh look at the site, better identify risk situations and share good practices.

In its Purchasing process, Teréga has increased its requirements in terms of compliance with HSE rules in its selection criteria, monitoring and service evaluation in order to better assess the overall quality and to promote best practices. Teréga's partner companies are starting to feel the effects of this initiative, which will be rolled out more widely in 2020.

DIGITAL SOLUTIONS CONTRIBUTING TO SAFETY

Teréga has several digital tools at its disposal to strengthen prevention. Implemented as part of the PARI 2025 project, the TERA (Terega Events Report Application) mobile app allows users to report risk activities or situations and accidents in real time, with photos and geolocation. These events are processed by HSE officers who identify the actions to be taken to reduce the risks and permanently improve operational safety.

In addition, the development of HSE reporting using digital tools such as Datalab also fosters the creation of tailored relationships in each entity. Another initiative launched was a safety induction e-learning approach for drilling activities. It was then extended to the storage centre, and will soon be rolled out in the compressor station centre. The “e-pdp” app, also launched for storage operations, now makes it possible to draw up digitised prevention plans.

Safety: controlled OUTCOME INDICATORS

The reduction in the number of personal injury accidents in 2019 and a good control over Undeclared Works have not diverted Teréga from its priority: to continue to embed a rigorous culture that respects basic safety rules.

The workplace accident Frequency Rate (FR) improved in 2019. After a peak in accidents on building sites and an increase in potentially severe hazardous situations in 2018, the Teréga teams came together with the companies working on the sites to analyse these events and reverse the trend. Indeed, Teréga’s intention is to achieve “0 severe accident” by 2025. 2019 also saw the initial effects of the actions implemented take hold, with a reduction in the number of personal injury accidents. However, one finding does emerge: accidents deemed to be potentially severe are still happening. The downward trend in the frequency

rate is no guarantee that the most severe accidents are being prevented. Teréga therefore further developed its pilot system to focus on the crux of prevention, i.e. severe events that have actually occurred, as well as events with a high potential to be severe. The aim is to address their root causes to prevent them from occurring again. This approach allows us to focus on the essentials, while giving greater visibility to the monitoring of actions.

A SOLE SNAGGING INCIDENT WITHOUT LEAK ASSOCIATED WITH THIRD-PARTY WORKS OBSERVED IN 2019

	2015	2016	2017	2018	2019
Number of incidents of snagging of TERÉGA infrastructure linked to third parties	2	1	1	1	1

A snagging incident without leak caused by a clearing machine took place on 5 July 2019, damaging an overhead line in Biscarrosse (Landes). This incident resulted in the establishment of an action plan to identify the overhead parts of the network that could be exposed to this type of activity.

NO WORK-RELATED ILLNESSES WERE REPORTED IN 2019

	2015	2016	2017	2018	2019
Number of work-related illnesses reported to the Social Security authority	0	3	0	1	0

Workstation examinations were carried out and plans made to prevent the risks of musculoskeletal disorders associated with screen work.

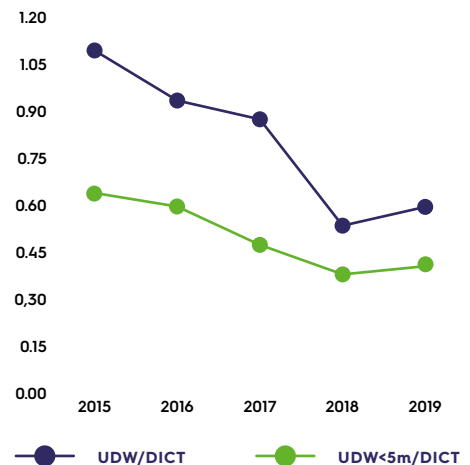
CONTROLLING UNDECLARED WORKS (UDW)

For Teréga, third-party site supervision is a major and ongoing concern. The most significant industrial risk for the company is the rupture of a gas pipeline during earth-moving works, followed by a leak and a resulting fire. The regulations oblige all works project managers and all companies intending to carry out earth-moving works to declare these in advance to the underground network operators by means of a Notice of Intent to Begin Works (DICT). In 2019, the number of building sites monitored by Teréga increased by 4%. Within this period, the slight increase in the UDW/DICT ratio compared with the previous year does not negate the continuous downward trend observed since 2012 and the objective of reducing this ratio by 10% each year.

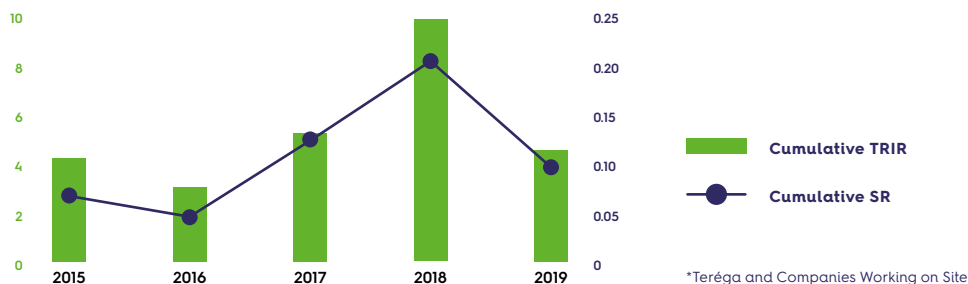
	2015	2016	2017	2018	2019
Authorities	17	8	7	4	5
Public works	54	49	50	25	30
Local residents	24	27	20	15	17
Total	95	84	77	44	52
UDW/DICT ratio	1.09%	0.93%	0.87%	0.53%	0.59%

“TERÉGA IS FURTHER DEVELOPING ITS PILOT SYSTEM TO FOCUS ON THE CRUX OF PREVENTION.”

TREND OF UDW/DICT RATIO (%)



CHANGE IN ACCIDENT FREQUENCY RATE (TRIR) AND SEVERITY RATE (SR)



BE POSITIF: a responsible commitment TO SOCIETY



Every day Teréga strives to “avoid, reduce and offset” the energy and environmental impacts of its activities on the whole, by giving particular attention to biodiversity. Teréga is committed to a virtuous approach to be carbon neutral by 2020 via its BE Positif programme.

As a responsible stakeholder, Teréga has a duty to make a contribution to energy policy and environmental impact within its regions in line with the expectations of society. The IMPACTS 2025 plan was developed to meet societal expectations and objectives in terms of incorporating challenges surrounding energy and carbon neutrality, challenges that have now been written into the Multi-Year Energy Programme and the National Low-Carbon Strategy, France’s two road-maps for the energy transition.

TOWARDS ZERO CARBON IN 2020

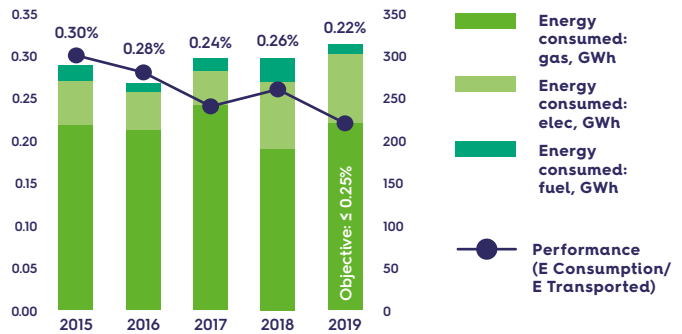
The BE Positif (Positive Environmental Balance Sheet) programme, which Teréga’s Environment and CSR Department has been running for three years, is part of this approach. It aims to gradually erase the environmental footprint of the Group’s activities so as to achieve a neutral footprint by 2020 and generate value by 2025. These objectives, incorporated into the corporate plan, involve all Departments, the

Operations and Infrastructure Projects Departments in particular. This environmental approach is based on the three-pronged methodology of “avoid, reduce and offset”. The first step consists in avoiding impacts wherever possible: emissions into the atmosphere, travel that can be avoided,

abuses of biodiversity, etc. If unavoidable, these impacts must be reduced to a minimum. Whatever the technology chosen and the operating methods put in place, a certain amount of energy will, however, still be necessary to move the gas, which will in turn have a carbon load. Therefore, faced with

ENERGY PERFORMANCE

This refers to the quantities of energy consumed in GWh for Teréga’s activities per GWh of gas transported on our network.





these impacts that can neither be prevented nor reduced, another solution is to offset.

16% IMPROVEMENT IN ENVIRONMENTAL PERFORMANCE

The systematic application of this methodology requires us to think in a different way, to constantly reconsider our operating methods and work techniques, in order to fully integrate the notion of environmental neutrality into our processes. This approach is based on the daily commitment of each member of staff at all levels of the company, including in defining the corporate strategy and our investment choices. In 2019, Teréga continued the deployment of its BE Positif programme by launching major multi-themed initiatives to reach its objective of carbon neutrality by 2020.

The company improved its environmental performance by 16% in 2019 by optimising the functioning of its compressor fleet, specifically its electric compressors. The efforts made by the technical teams to permanently adapt the way the installations function depending on need allowed the

SO WHERE DOES DIGITAL TECHNOLOGY FIT INTO ALL OF THIS?

As the BE Positif programme applies across all of Teréga activities, it is also part of our digital strategy. In this sense, the concept of digital frugality should also allow us to do more with less. During the Digital Day on 30 October 2019, Teréga presented a status report on its digital carbon footprint, as well as suggestions for improvement relating to access objects and printing. An action plan should be in place by early April 2020, backed up by monitoring indicators that are accessible to everyone. The intention is then to expand this to include the calculation centre, storage facilities, networks and applications over the course of 2020.



10

NUMBER OF LOCAL COMPLAINTS IN 2019



ENVIRONMENTAL PERFORMANCE



This refers to the quantities of CO₂ produced by Teréga's activities per GWh of gas transported on the Teréga network (in tCO₂e/GWh transported).

■ GHG tCO₂e
● Environmental performance (in tCO₂e/GWh transported)



company to significantly reduce the energy required to transport gas. This was positive given the fact that there was also an increase of almost 30% in gas transit across the Teréga network over the same period thanks to the creation of the Trading Region France, which, in effect, generated an increase in the amounts of energy needed to transport and store this gas.

A MOBILE RECOMPRESSION UNIT TO AVOID EMISSIONS

Teréga received its truck-mounted recompression unit in 2019. Known as MOBILCOMP, this compressor will capture the gas previously emitted into the atmosphere during works operations and will reinject it downstream back into the gas network.

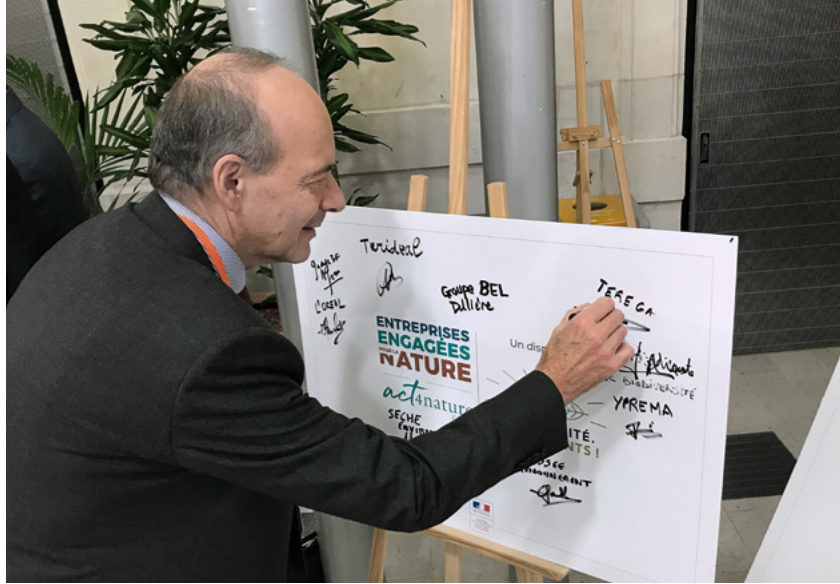


WHAT IS CARBON NEUTRALITY?

Carbon neutrality implies a balance between carbon emissions and the absorption of carbon from the atmosphere by carbon sinks. To achieve net zero emissions, all greenhouse gas emissions throughout the world will need to be offset through carbon sequestration. A carbon sink is defined as any system that absorbs more carbon than it emits. The primary natural carbon sinks are soils, forests and oceans. According to estimations, natural sinks remove between 9.5 and 11 Gt of CO₂ every year. As a reminder, annual global CO₂ emissions reached 37.1 Gt in 2017.

In 2019, Teréga published the balance sheet of its greenhouse gas emissions, which is available at <https://www.bilans-ges.ademe.fr/>

Source: European Parliament.



Dominique Mockly, Chairman of the Board and Chief Executive Officer of Teréga, signed the Entreprises Engagées pour la Nature-Act4Nature France Charter in 2019.

This solution will avoid the omission of several thousand tonnes of methane. Initial tests carried out at the end of December after the mobile unit was received have already enabled our technical teams to familiarise themselves with the system.

One of the reduction pathways of the BE Positif programme aims at self-production of the energy required to run the Teréga facilities using renewable sources. The company launched a solar

production project with a capacity of around 10 MWp, in partnership with regional technical specialists and in coordination with the departments of the French Energy Regulation Commission. Named SOLUS, this project is set to enter into operation in 2023. It will cover 20% of the electricity needed by Teréga’s storage facilities.

Finally, in 2019, Teréga also examined the potential offsetting solutions that will contribute to achieving its carbon-neutral target. In 2020, this global strategy will counterbalance the company’s level of irreducible emissions, as a continuation of the “avoid and reduce” steps.

COMMITTED TO PRESERVING BIODIVERSITY

In 2019, Teréga reaffirmed its commitment to preserve biodiversity by becoming a signatory to the “Entreprises Engagées pour la Nature - Act4Nature France” charter [Companies Committed to Nature - Act4Nature France]. Driven by the French National Office for Biodiversity, the Act4Nature initiative replaces the National Biodiversity Strategy, under which Teréga’s commitment has been recognised since 2014 by the Ministry for

WATER

	2016	2017	2018	2019
Teréga				
Consumption of water from drinking water networks – all sites (m³)	8,060	7,657	8,160	8,184
Storage site				
Volume of process water discharged into the natural environment after water treatment at Lussagnet (in m³)	2,693	2,773	4,842	5,921

WASTE

	2015	2016	2017	2018	2019
Quantity of Teréga waste generated (in tonnes)	1,605	1,867	2,957	1,426	1,065
(%) reused	63%	92%	85%	75%	64%



€350,087

THE AMOUNT OF THE PROVISION REQUIRED BY THE LUSSAGNET* SITE IN RELATION TO PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS

*In line with the schedule set by a prefectural order, 100% of this amount has accrued since July 2018.

the Ecological and Inclusive Transition. As part of this, Teréga is committing to respect ten common principles put into practice through individual specific, relevant and measurable commitments, including preserving biodiversity as part of the corporate strategy, listening to stakeholders, systematically applying the “avoid, reduce and offset” methodology or partnership with experts from local environmental associations.

In 2020, Teréga will continue its environmental commitment through several further initiatives: reducing plastic usage before regulatory changes come in, consolidating a mobility and

travel policy that promotes low-carbon modes of transport and deploying a zero pesticide strategy aimed at finding alternatives to phytosanitary products in the maintenance of some installations.



200

HA OF ECOLOGICAL OFFSET SITES MANAGED BY TERÉGA



Hubert Duprat,
Martyr, 2019.
Produced with
the support of the
Centre Pompidou
Accélération
endowment fund
and Teréga.

Teréga, a committed patron OF ARTISTIC CREATION

In 2019, Teréga continued its commitments with the cultural world via its participation in the Centre Pompidou Accélération endowment fund, sharing the firm belief that we must communicate with artistic creation today in order to imagine the world of tomorrow.

Since March 2018, Teréga has been a member of the Centre Pompidou Accélération endowment fund. The fund brings together companies that have chosen to engage in an original dialogue with the world of art, the teams and the community of this cultural establishment. Teréga's participation in this bold initiative showcases its ambition in patronage and reveals a certain vision in terms of the relationships between the world of business and that of artistic creation. Within this framework, Teréga participated in the inauguration of the first season exhibition entitled *Points de rencontres* [meeting points], held

on 22 October 2019. This event was attended by renowned names from the world of art, including Serge Lasvignes, Director of the Centre Pompidou, Bernard Blistène, Director of the Musée national d'art moderne [National Museum of Modern Art] and Matthias Leridon, President of the Centre Pompidou Accélération endowment fund. The exhibition, held from 23 October 2019 to 27 January 2020, gave the public the opportunity to discover the works created by the artists in residence at each of the seven companies who are fund patrons on the theme of "emotion", including *Martyr* by artist Hubert Duprat, hosted by Teréga.

Supporting DISABLED SPORT AND YOUNG SPORTSPEOPLE

Teréga commits to working with handball club Le Billère Handball to promote disabled sport and training for young people.

The “Handensemble” section welcomes 15 adults aged between 28 and 50 with mental disabilities. These adults have been a full team at the club since 2016, which holds the Sport Handicap label. This guarantees that the players receive suitable training and have access to support given their disability.

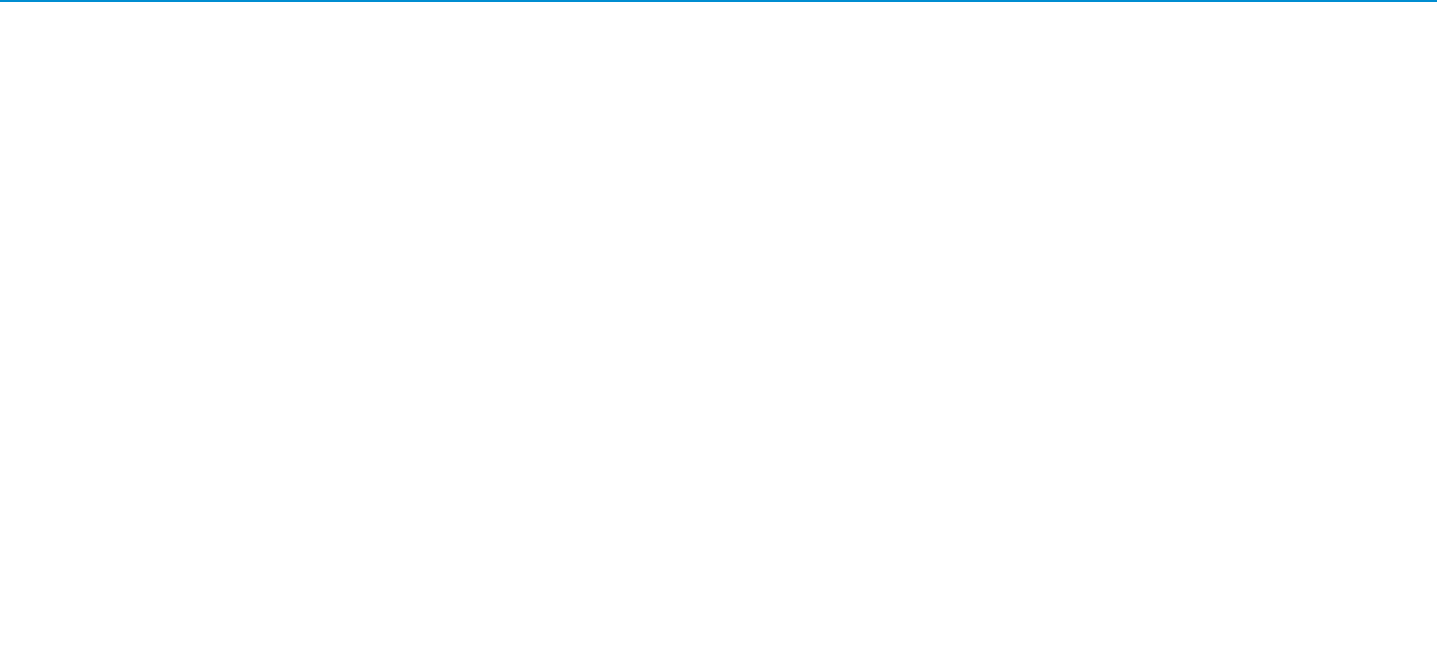
The partnership with Teréga specifically allows the team to travel to neighbouring departments to test their skills against other disability sports teams at the same level.

The Roger Tetin training centre at Billère Handball welcomes 20 young people aged between 18 and 22 from the BHB youth clubs, neighbouring clubs or from far-flung regions (Brittany, Alsace, etc.).

All the players follow a school curriculum or university programme and the success of this joint sports-university project forms the basis for keeping these young people in the programme. All these young people benefit from the same supervision as the professional group in terms of both their medical and physical well-being. In addition, academic support is provided by the centre manager, supported by two association volunteers.



Part of the “Handensemble” section of the Billère Handball Club.



APPENDICES

Financial indicators

TOTAL REVENUE

€500M



The turnover for the Transport business, €339 million, achieved growth of around 5% compared to 2018. This result is linked to the increase in authorised income due to the investments put in place and the increased capacity subscriptions, particularly at the inter-connection point with Spain. The turnover for the Storage business, €161 million, is up by around 4.5% compared to 2018, thanks to the increase in authorised income due to the investments put in place.

TOTAL INVESTMENT

€145M



Our investments for 2019 totalled €145 million. For the Transport business (€101 million), the investments concerned development of the network and the modernisation, safety and maintenance of our infrastructures. For the Storage business, the investments totalled €44 million and correspond primarily to modernisation projects, safety and infrastructure maintenance.

Market indicators

TRANSPORT AND STORAGE

156,771 GWH

Quantity of gas transported

65

Number of transport shippers

19

Number of storage shippers

33,100

GWH
Subscribed storage capacity

100%

Subscribed storage capacity/available capacity

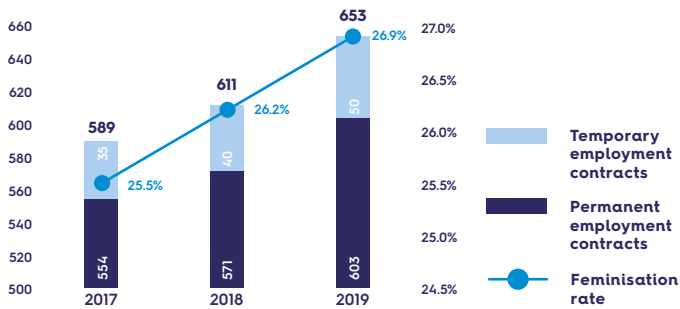
TOTAL CONSUMPTION IN THE TERÉGA AREA

27,498 GWH



Human resources indicators

NUMBER OF EMPLOYEES PER CONTRACT TYPE AND FEMINISATION RATE



653

No of employees

INCOMING-OUTCOMING EMPLOYEES



PROFESSIONALISATION

6

No of trainees (placements longer than one week)

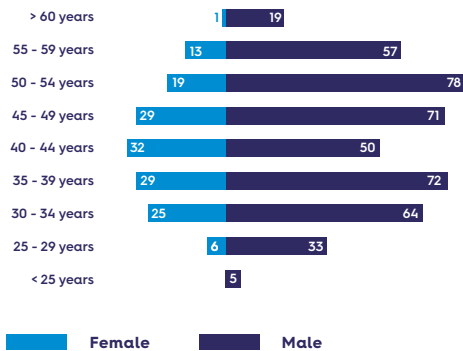
6

No of apprenticeship contracts

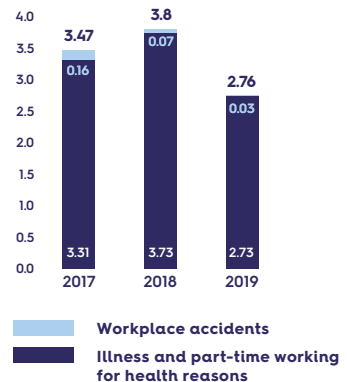
35

No of work-study contracts

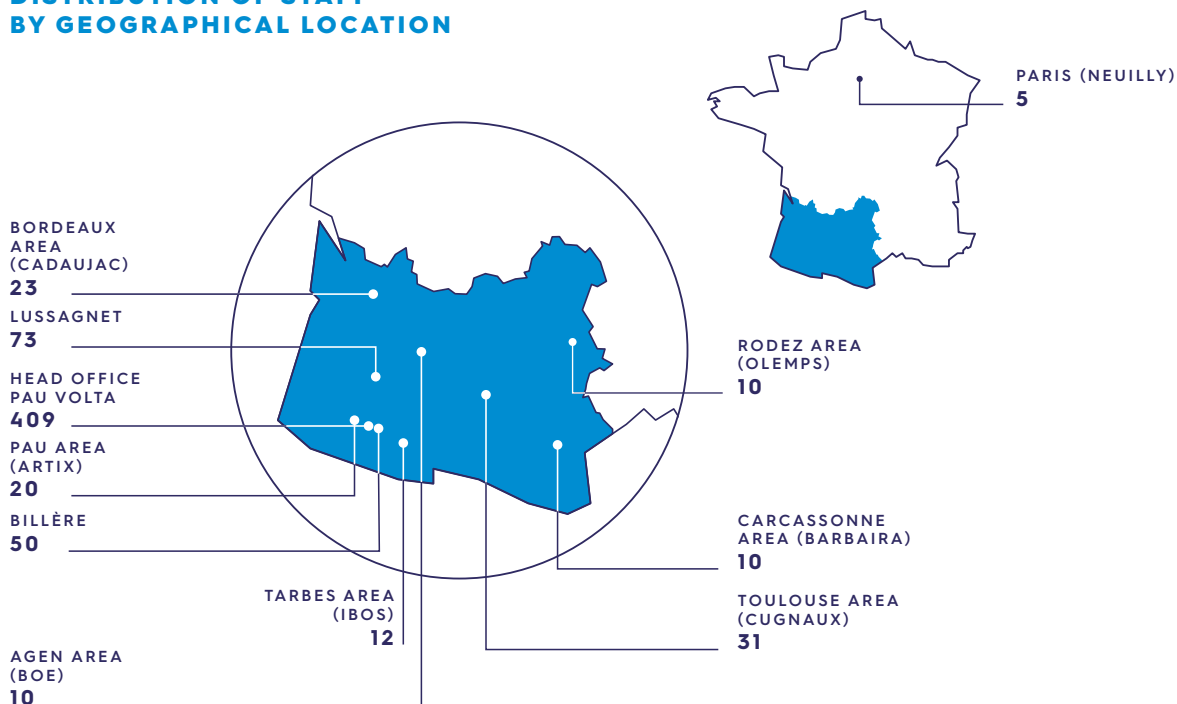
AGE PYRAMID



ABSENTEEISM (%)



DISTRIBUTION OF STAFF BY GEOGRAPHICAL LOCATION



GENDER EQUALITY

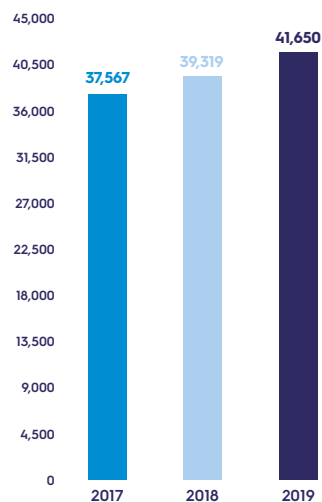
73 2020 index based on 2019
79 for the previous year

The findings for 2019 are very strongly linked to the context of the transformation of the Company, which has generated individual measures oriented towards a predominantly male population within Operations. Accordingly, the continuation of Teréga's actions and practices should see us return to a more favourable index over the coming years.

ORGANISATION OF WORKING TIME

	2017	2018	2019
Number of part-time employees	17	23	20
Number of employees working from home (1 day per week)	12	14	30

PAYROLL (IN THOUSANDS OF €)



Correlation table FOR THE NON-FINANCIAL PERFORMANCE STATEMENT

The following tables set out the elements of the report constituting the Teréga Non-Financial Performance Statement included in the Sustainable Development Activity Report. These elements have been audited by an independent third-party organisation, whose opinion is published in this report.



IN RESPECT OF ARTICLE R.225-105 OF THE FRENCH COMMERCIAL CODE

The various elements required are presented in the following pages of this report.

- the business model is provided on pages 14 and 15 of the report;
- the description of the main risks (challenges) is provided on pages 10 and 11 of the report;
- the policies, due diligence and results associated with these challenges are presented in the report as follows:

NON-FINANCIAL CHALLENGES	ARTICLE IN THE ACTIVITY AND SUSTAINABLE DEVELOPMENT REPORT PRESENTING THE POLICY AND DUE DILIGENCE	KEY PERFORMANCE INDICATOR
Managing legislative and regulatory changes and ensuring regulatory compliance	Contributing to the French and European carbon neutral strategies (p. 8-9)	An indicator was established in 2019 and is currently being consolidated
Anticipating changes to the energy market, particularly through research and innovation	Innovation driving the energy transition forwards (p. 22-25)	Innovation activity (p. 25)
Ensuring the safety of staff and third parties	Working together towards “zero accident” (p. 56-57) Safety: controlled outcome indicators (p. 58-59)	Total Recordable Incident Rate (p. 59) UDW/DICT ratio (p. 59)
Working with suppliers in accordance with our societal commitments	Serving our customers and partners / alongside our partners (p. 48-49)	Rate of Purchasing coverage (p. 49)
Minimising our environmental footprint and acting in a socially responsible manner	BE Positif: a responsible commitment to society (p. 60-63) Engaging with local and regional authorities (p. 42-43)	GHG emissions (tCO ₂ e)/GWh transported (p. 61)
Ensuring service continuity from our IT infrastructure	Guaranteeing the availability of our IT system (p. 26-27)	Rate of availability of critical and vital applications (p. 27)
Maintaining a calm social environment	The working environment, a factor of engagement and well-being (p. 52-53) A new Social and Economic Committee close to the ground (p. 54-55)	Engagement index (p. 52)
Managing and developing skills	Teréga, skills developer (p. 50-51)	Rate of access to training (p. 51)
Respecting the rules of ethics	Committing to respect the rules of ethics (p. 13)	Number of cases taken on by the Ethics Committee (p. 13)
Promoting the acceptability of our facilities in the regions	Rion-des-Landes: a project of general interest (p. 36-37)	Passage agreement rate for DPI projects (p. 37)
Ensuring we have a solid organisation to achieve our objectives	Our governance (p. 20-21)	Attendance rate at meetings of the Board of Directors (p. 21)

Teréga undertakes to identify objectives for all of its policies.

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

The following table set out the elements required under Article L.255-102-1 of the French Commercial Code and the manner in which TERÉGA responds in this Activity and Sustainable Development Report.

ARTICLE L.225-102-1 OF THE FRENCH COMMERCIAL CODE	CORRESPONDENCE IN THE TERÉGA ACTIVITY AND SUSTAINABLE DEVELOPMENT REPORT
The impact on climate change of the company's activity and of the use of the goods and services it produces	BE POSITIF: a responsible commitment to society (p. 60-63)
Societal commitments:	BE POSITIF: a responsible commitment to society (p. 60-61)
• to sustainable development,	Engaging with local and regional authorities (p. 42-43)
• to the circular economy,	Not relevant with regard to the risk analysis
• to fighting food waste	Not relevant with regard to the risk analysis
• to fighting food insecurity	Not relevant with regard to the risk analysis
• to respecting animal welfare and responsible eating	Not relevant with regard to the risk analysis
The collective agreements concluded within the company and their impact on the company's economic performance and the working conditions for staff	Number of agreements signed in the article on the SEC (p. 54-55)
Action to fight discrimination and promote diversity and measures implemented to benefit disabled people	The working environment, a factor of engagement and well-being (p. 52-53)
Fighting corruption and tax evasion	Committing to respect the rules of ethics (p. 13)
Human Rights	Not relevant with regard to the risk analysis

Report by the independent THIRD PARTY,

on the consolidated non-financial statement included
in the management report

TERÉGA

40, avenue de l'Europe, 64000 Pau

For the year ended December 31, 2019

TO THE SHAREHOLDERS,

As an independent third party and certified by COFRAC under number 3-1055 (information available on www.cofrac.fr), we hereby report to you on the non-financial statement for the year ended December 31, 2019, included in the management report pursuant to the legal and regulatory provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

THE ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, the Management Board is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code, in addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ISO17020 requirements and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

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

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation and the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF OUR WORK

The work described below was performed in accordance with article A. 225-1 and following articles of the French Commercial Code :

- we obtained an understanding of all the activities of the companies included in the scope of consolidation and, the description of the principal risks;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 I III

■■■

- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II when relevant in regards to the principal risks and includes a clear and reasoned explanation for the absence of required Informations required in article L. 225 102-1 III, 2°;
- we verified that the Statement presents the business model and the principal risks associated with all the companies' activities included in the scope of consolidation, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we referred to documentary sources and conducted interviews in order to:
 - assess the process used to identify and confirm the principal risks and the consistency of the key performance indicators used with respect to the principal risks and the policies presented;
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we verified that the Statement covers the scope of consolidation, i.e. all the companies included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement;
- we asked what internal control and risk management procedures the entity has put in place and we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
 - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 63% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the companies included in the scope of consolidation.

MEANS AND RESOURCES

Our work was carried out by a team of 3 people between february and april and took a total of 11 weeks. We conducted 20 interviews with people responsible for preparing the Statement.

CONCLUSION

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

COMMENTS

Without qualifying our conclusion, the reader's attention is drawn to the paragraph "Correlation Table for the Non-Financial Performance Statement" concerning policies.

The reader's attention is drawn to the absence of KPI for one policy: "Managing legislative and regulatory changes".

*Key performance indicators and other quantitative outcomes:

- Innovation activity
- Total Recordable Incident Rate
- UDW/DICT ratio
- Rate of Purchasing coverage
- GHG emissions (tCO₂e)
- GHG emissions (tCO₂e)/GWh transported
- Rate of availability of vital applications
- Rate of availability of critical applications
- Engagement index
- Rate of access to training
- Passage agreement rate for DPI projects
- Attendance rate at meetings of the Board of Directors

Done in Toulouse, 28 April 2020

THE INDEPENDANT THIRD-PARTY BODY
SAS CABINET DE SAINT FRONT

Pauline de Saint Front
Associate Director

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