GAZTRANSPORT & TECHNIGAZ

Société anonyme (*French public limited company*) with a share capital of € 370,783.57
Registered office: 1, route de Versailles – 78470 Saint Rémy-lès-Chevreuse
662 001 403 Versailles Trade and Companies Register

REPORT FROM THE BOARD OF DIRECTORS ON THE PROPOSED RESOLUTIONS TO THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS ON 14TH NOVEMBER 2019

Dear Shareholders,

We have convened this extraordinary general meeting, in accordance with the law and the articles of association, to submit for your approval, the resolutions authorizing the Board of Directors to proceed with the free allocation of existing shares or shares to be issued to employees and executive officers of the Company or certain of them.

It is proposed to approve the two following resolutions.

RESOLUTION FALLING WITHIN THE AUTHORITY OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

Authorization to allow the Board of Directors to proceed with the free allocation of existing shares or shares to be issued to employees and executive officers of the Company or certain of them (1st resolution)

1. Context of the authorization request

All the resolutions submitted during the combined shareholders' meeting of May 23, 2019, were adopted by the shareholders, except for the fourteenth resolution authorizing the Board of Directors to proceed with the free allocation of existing shares or shares to be issued to employees and executive officers of the Company or certain of them.

This resolution was approved by 62.38% of the shareholders present or represented while a majority of 66.67% was required.

Following discussions conducted by the Company with certain shareholders and proxy advisors, the Board of Directors entrusted the Nomination and Remuneration Committee with the task of addressing the concerns of the shareholders of the Company by proposing amendments to the draft resolutions and the explanatory documentation related to the shareholders' meeting so as to comply with best market practice; and providing additional information on the terms and conditions of the proposed free allocation of shares.

The Board of Directors considers that the free allocations of performance shares are essential for the Group's long-term compensation policy, to attract and retain high-performing employees in a competitive and dynamic environment. The free allocation of shares has the advantage of allowing beneficiaries to be more involved in the development and results of the Group and thus, it is an important tool for the Group to motivate executive officers and their teams around the GTT corporate project.

In view of these reasons, you are again asked to authorize the Board of Directors to proceed with the free allocation in one or more phases, of existing shares or shares to be issued to employees of the Company or its associated companies within the meaning of Article L. 225-197-2-I 1) of the French commercial code and certain eligible executive officers, or certain of them, in accordance with the following provisions.

2. Main characteristics of the authorization

In order to improve its corporate practices and meet the expectations of its shareholders, the Company notes that any free allocation of shares to the benefit of corporate officers or employees will be subject to performance conditions.

The Company wishes to stress the details of (i) the nature of the performance conditions, and their assessment period; (ii) the sub-ceiling for the allocation to the executive officers; and (iii) the contemplated vesting and retention periods.

- **Beneficiaries**

The free allocation of shares will benefit all or a portion of the employees and/or corporate officers of the Company or its associated companies within the meaning of Article L. 225-197-2 of the French commercial code. Thus, it is envisaged to allocate all or some of the shares that would be authorized under this resolution, to the corporate officers and to approximatively fifty key employees (i.e. 15 % of the Company’s workforce as at this date), including the members of the Company’s executive committee and a large proportion of its managers.

- **Nature of the shares**

The shares that will be allocated to the beneficiaries will be existing shares acquired as part of the share buyback program or issued as part of a reserved share capital increase (excluding preference shares). 100% of the shares that will be freely allocated to the beneficiaries will be subject to performance conditions.

- **Maximum amount of the authorization**

The maximum amount of shares that may be granted shall not exceed 150,000 shares, for the period of this authorization, i.e. 0.4% of the Company's share capital at the date of this meeting (subject to any adjustment).

- **Sub-ceiling of allocation concerning executive corporate officers**

The total number of shares granted freely to the executive officers pursuant to the proposed authorization, shall not represent more than 50% of all the free allocations that may be made pursuant to the proposed authorization (i.e. 0.2% of the share capital of the Company as of today, subject to any adjustment).

The Board of Directors intends to motivate executive officers, whose skills and industry expertise have been decisive in the continuous development and continuous performance of the Company since its IPO.

The Board of Directors considers that the motivation and retention of the executive officers is decisive for achieving the medium-term objectives of the Company, particularly in the field of LNG as fuel, as well as ensuring delivery of the major changes required for the Group's development.

The market value of the performance shares granted to executive officers may not exceed 300% of their fixed compensation for the relevant period.

Any free allocation of shares to executive officers would therefore be subject to a double ceiling, in terms of volume and value.

- **Vesting and retention period**

The allocation of the shares to their beneficiaries will become final after a vesting period set by the Board of Directors that shall not be shorter than 3 years and, if applicable, a retention period to be decided by the Board of Directors.

The Board of Directors may decide that the vesting of the shares will be subject to a presence condition within the Group at the end of the three (3) years of the vesting period.

- **Performance conditions**

The number of shares definitively acquired by the beneficiaries will be determined at the end of the three-year period in accordance with performance conditions assessed over the same period. All the shares allocated to the beneficiaries will be subject to performance conditions determined on the basis of the Company's quantitative objectives.

The applicable performance conditions will be demanding and will concern both the group's financial performance and its performance relative to the market. Any allocation would thus be subject to the following conditions:

- Company’s consolidated net result objective, determined by reference to a standard financial indicator (EBITDA, net income, etc.), assessed by comparing the average value recorded for this indicator over a period of three consecutive financial years as from the date of the allocation.

  The vesting of shares under this condition would be triggered upon achievement of the objective, and capped at 40% of the total allocation if the objective were to be exceeded by 8%; the number of allocated shares would be determined by linear interpolation between the triggering threshold and the cap.

- A business volume objective (determined by reference to revenue or order book) in new markets (in particular, LNG activities as fuel and other services), measured by comparison with the average business volume recorded over a period of three consecutive years as from the date of the allocation.

  The vesting of shares under this condition would be triggered upon achievement of the objective, and capped at 30% of the total allocation if the objective were to be exceeded by 33,33%; the number of allocated shares would be determined by linear interpolation between the triggering threshold and the cap.

Considering the nature of activities in these new markets, linked to the energy transition and the obligation to reduce polluting emissions, this criterion is directly correlated with the group's non-financial performance.

The determined objective levels provided for under the two aforementioned performance conditions are strategic and economically sensitive information that cannot be made public. The level of achievement of these objectives will be communicated once the performance assessment has been established.

- A market performance objective, relative and external, determined on the basis of the Company's total shareholder return over a period of 3 years as from the date of the allocation (the "**GTT TSR**"), compared to the average of the total shareholder returns of (i) the STOXX 600 Oil & Gas index and (ii) the SBF 120 index of Euronext Paris, each assessed over the same period (the "**Benchmark TSR**"). For the purposes of this condition:

    - the GTT TSR shall be equal to the change (in percentage) between the average share price over the last 20 trading days of the first financial year of the three-year period, including cumulated dividends, and the average share price of the Company over the last 20 trading days of the last financial year of the three-year period, including cumulated dividends.

    - The Benchmark TSR shall be equal to the arithmetic average of the change (in percentage) between the average values of the reference indices, including cumulated dividends, over the last 20 trading days of the first financial year of the three-year period and the average values of the reference indices over the last 20 trading days of the last financial year of the three-year period, including cumulated dividends.

  The vesting of shares under this condition would be triggered if the GTT TSR reaches 85% of the Benchmark TSR, and capped at 30% of the total allocation if the GTT TSR reaches 110% of the Reference TSR; if the GTT TSR is equal to the Benchmark TSR, the number of shares acquired would represent 20.4% of the total allocation under the plan.

The performance criteria used for these performance share plans are demanding. In particular, the conditions provided for in the 2014-2018 plan (Plan No. 2), implemented at the time of the Company's initial public offering in 2014, and structured in 4 series of grants, gave right to the acquisition of 62% of the shares. This plan is the only plan benefitting the corporate officers and members of the Executive Committee that is fully vested as of the date hereof.

- **Duration of the authorization**

This authorization will be granted for a period of 38 months beginning from the date of the extraordinary Shareholders' Meeting.

This authorization will replace the authorization for the same purpose granted to the Board of Directors by the Shareholders' Meeting of May 17, 2018 (14th resolution).

RESOLUTION CONCERNING POWERS

Powers to carry out formalities (2nd resolution)

The second resolution relates to the powers necessary to carry out publications and legal formalities regarding this general meeting.

All these elements reflect Company's intention to follow best market practice while satisfying the expectations of its shareholders. We therefore invite you to adopt the text of the resolutions that have been submitted to your vote.

For the Board of Directors,

Philippe Berterottière, Chairman and Chief Executive Officer