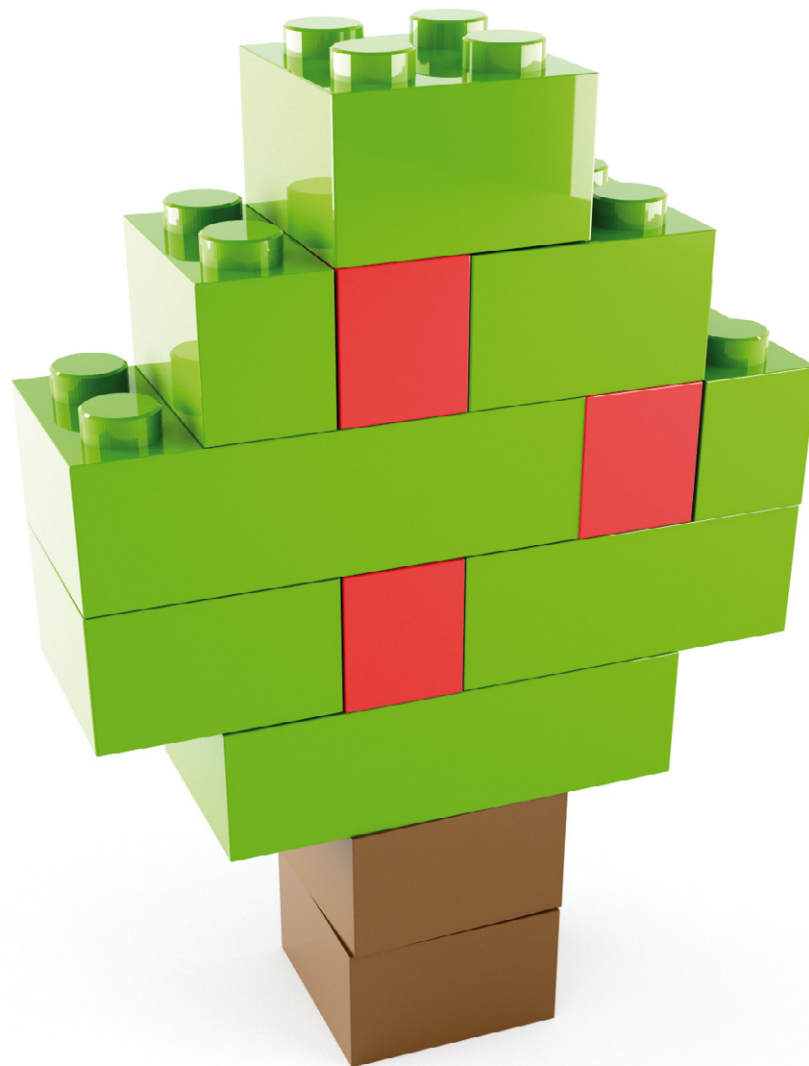


**corporate
responsibility**
report

2013





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Letter from the Chairman

Dear shareholders,

Throughout 2013, Gas Natural Fenosa has continued to work towards maintaining the constant improvement in our business project, with the firm commitment towards dialogue with all our stakeholders.

Our important presence in over 25 countries and a balanced business model, both from the geographical standpoint and in terms of activity, makes us a solid, integrated company with a marked international focus, which offers safe and efficient supply to its over 20 million customers. Our commitment towards providing a diversified services, underpinned by the core values of energy efficiency and sustainable mobility, has allowed us to achieve service and satisfaction levels from our customers which are higher than other companies in the sector.

With the aim of keeping this leading position, we presented the update of the Strategic Plan in November 2013. The idea was to adapt it to the new regulatory framework, and to the current energy and macroeconomic scenario. Against this background, international activity and efficiency plans will continue to be the drivers to reduce the regulatory impact in Spain and pave the way for growth from 2015 onwards.

The seven corporate responsibility undertakings approved by the Board of Directors, which establish the framework for this report, help to channel our relations with stakeholders and are also used to define ambitious action plans which include stakeholders' expectations.

Within the framework of our commitment towards integrity, I believe that one of the most important steps taken in 2013 has been our renewed membership of the United Nations Global Compact. We have also made progress in implementing the Human Rights Policy, through training employees and executing plans to improve the social well-being of communities located near our investment projects.

Furthermore, with the aim of working towards constantly improving corporate responsibility, the company signed up for the Bettercoal initiative, promoted by leading European utilities companies. The aim of this initiative is to extend ethical, social and environmental criteria throughout the coal supply chain.

We were awarded the global Family Responsible Company certificate, granted by the Más Familia Foundation with the guarantee of the Spanish Ministry of Health, Social Policy and Equality. Particularly sensitive initiatives such as the "Capacitas Project", for handicapped people, and the ongoing efforts of our world-famous Corporate University, are examples of the company's commitment towards the inclusion and development of our employees, and of our suppliers and clients through the Extended University.

In the field of sustainability, of particular importance in the energy sector, 2013 was a year in which we reduced greenhouse gas emissions, and the company also signed the Biodiversity Pact, promoted by the Spanish Ministry of Agriculture, Food and the Environment, which demonstrates and consolidates to an even stronger degree our concern about the environment.

Health and safety in the workplace is another one of Gas Natural Fenosa's strategic and essential objectives. During 2013, we went to great lengths to explore the company's safety culture in greater depth, by starting up the "Commitment with Health and Safety Plan". This programme is also applied to suppliers, adopting a clear business leadership in order to bring about a visible change in people's behaviour.



These initiatives and other progress in corporate responsibility continue to be recognised by the different sustainability indices in which we take part. In 2013, Gas Natural Fenosa was the global leader in the gas utilities sector of the Dow Jones Sustainability Index for the second successive year, and, for the eighth successive year, forms part of its European version, DJSI Europe. Also, for the twelfth year in a row, the company has been included in the FTSE4Good index, a global benchmark which is particularly demanding in the field of ethics and the environment. The Carbon Disclosure Project ranking (CDP 500) put the company in the leading position worldwide for transparency and management of climate change.

During 2013, we continued attaching great importance to our commitments to results and to society at large.

Before I finish, I would like to point out that this report has been drawn up following the parameters of the latest version of the GRI guide (G4), in which the company made an exhaustive

in-depth analysis of relevant communications for sustainability and social responsibility, to help to improve the response to our stakeholders' needs for information and expectations.

I invite you to read our Corporate Responsibility Report, which reflects the collective effort, commitment and dedication of a team that seeks excellence in everything it does.

A handwritten signature in blue ink, appearing to read 'S. Serra', enclosed within a large, stylized oval flourish.

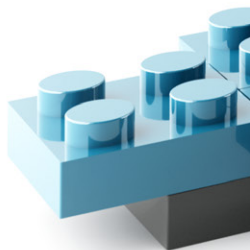
Salvador Gabarró Serra
Chairman of the Board
of Directors

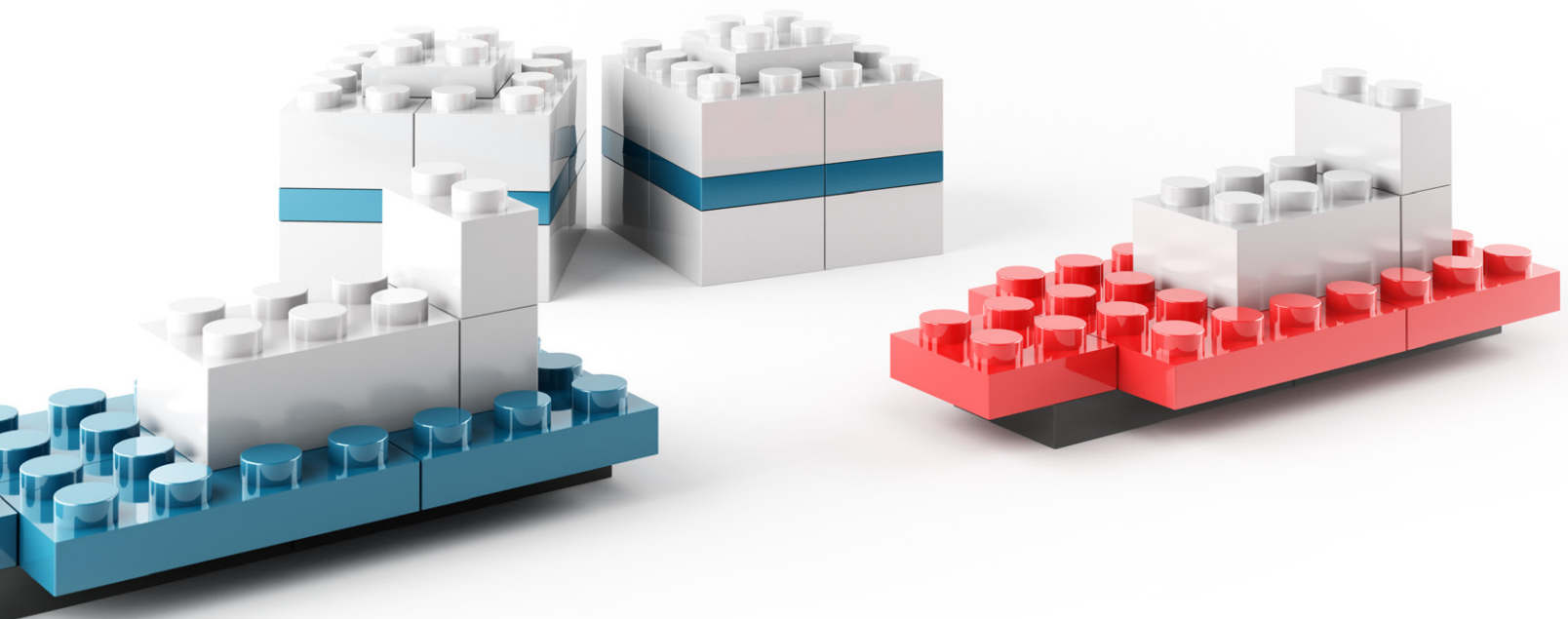


Business Model

08 Gas Natural Fenosa in figures.

21 A competitive and integrated model.







Gas Natural Fenosa in figures

Gas Natural Fenosa is a leading multinational group in the energy sector and a pioneer in gas and electricity integration. It operates in 25 countries, offering services to around 20 million customers across five continents. Our installed power amounts to 15.4 GW and it offers a diversified mix of electrical generation.

Gas Natural Fenosa in the world

- Gas flow.
- ◆ Liquefaction plant.
- ◆ Regasification plant.
- ◆ Leased regasification plant.
- ▲ Long-term gas contracts.
- Europa-North Africa gas pipeline (EMPL).
- Medgaz gas pipeline.

Puerto Rico
NG/LNG infrastructure and generation of electricity.

Dominican Republic
Electricity generation.

Mexico
Gas distribution and electricity generation.
NG/LNG commercialisation.

Guatemala
Telecommunications.

Costa Rica
Generation.

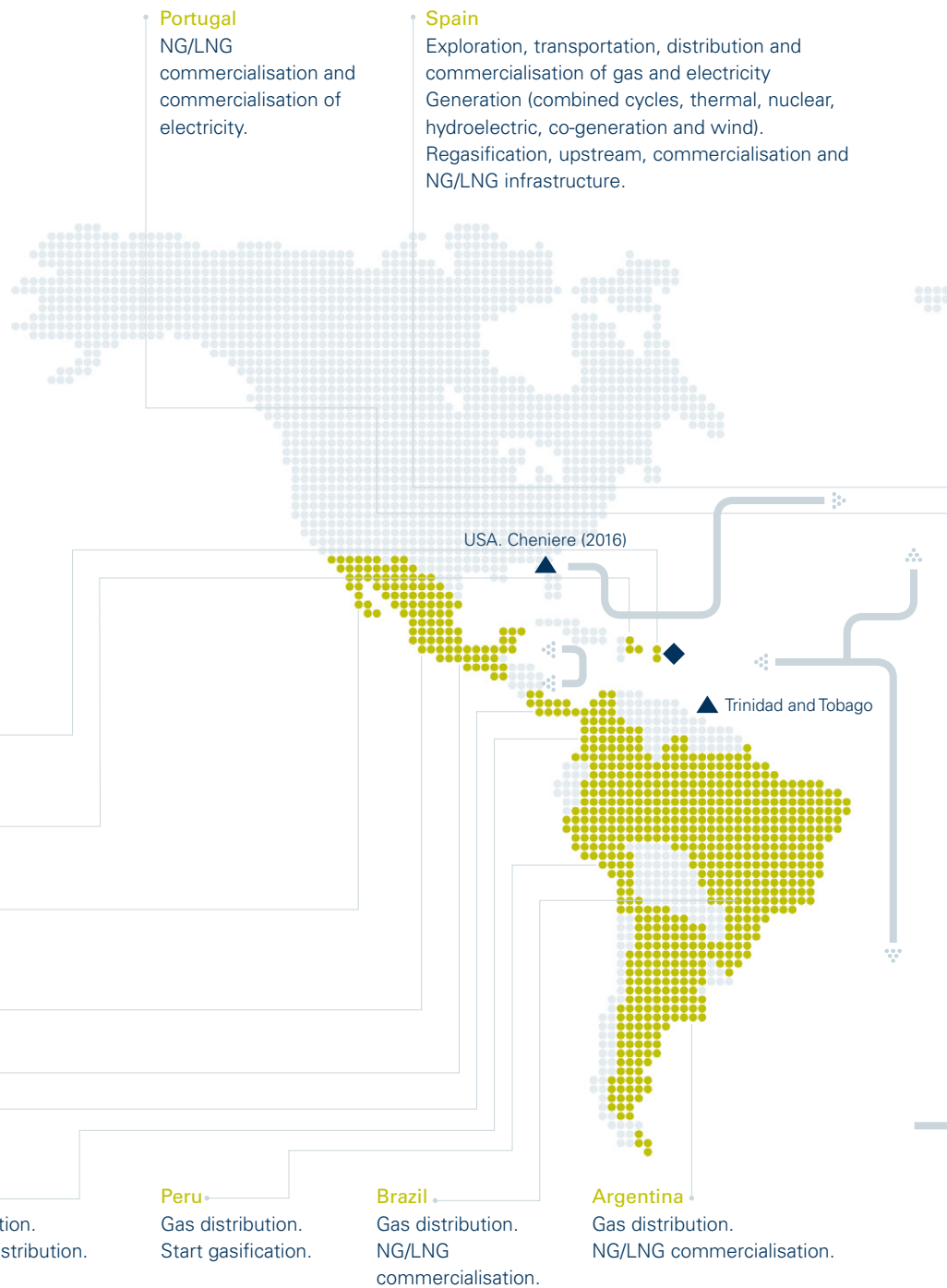
Panama
Electricity distribution and generation.

Colombia
Gas distribution.
Electricity distribution.
NG/LNG commercialisation.

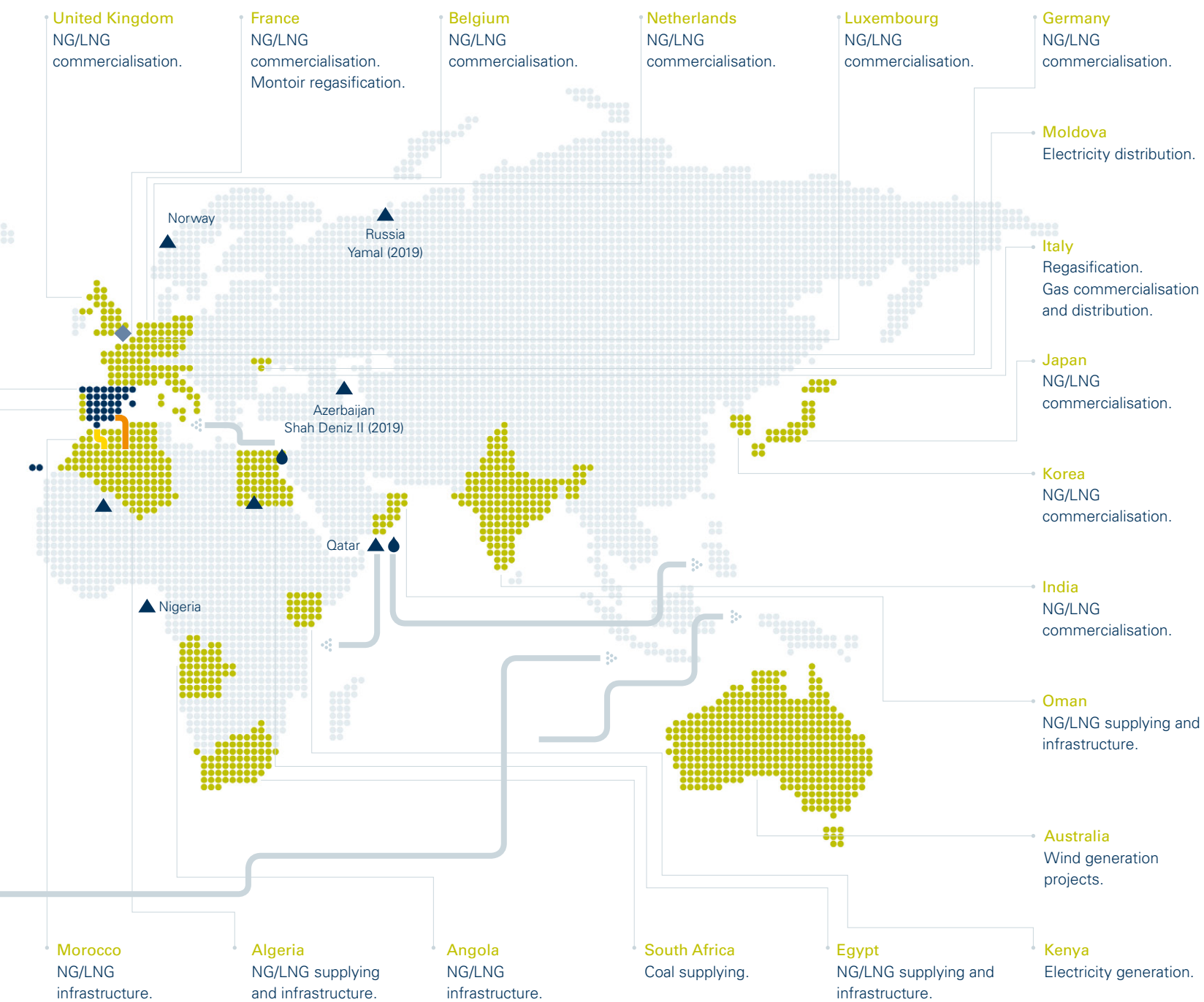
Peru
Gas distribution.
Start gasification.

Brazil
Gas distribution.
NG/LNG commercialisation.

Argentina
Gas distribution.
NG/LNG commercialisation.



For further information on the Group's corporate structure by business activities, refer to the 2013 Consolidated Management Report.



Note: the map shows the countries where the company has some kind of business activity, regardless of whether or not it has personnel or a commercial office there.

NG: Natural gas.
LNG: Liquefied natural gas.

Presence in the world

Spain

Gas Natural Fenosa is currently the largest integrated gas and electricity company in Spain. The company is a leader in Spain, where it distributes natural gas to over 1,000 Municipalities in nine Autonomous Regions and has over 5 million customers. In the electricity business, Gas Natural Fenosa is the third-largest company and has an important presence in different technologies: combined cycle plants, hydroelectric, coal-fired, renewable and nuclear.



Rest of Europe

- Germany, Belgium, France, Holland and Luxembourg.** In these countries, Gas Natural Fenosa operates through its subsidiary, Gas Natural Europe, which specialises in energy commercialisation in the European market; its headquarters are in Paris. In France, the company has the important Montoir regasification plant.
- Italy.** The company has operated in central and southern Italy since 2002. It distributes and commercialises gas to close to half a million customers through Gas Natural Italia, Gas Natural Vendita Italia, Gas Natural Distribuzione Italia, and Gas Natural Rigassificazione Italia. The company also plans to build a regasification plant.
- Moldova.** Through its subsidiary Red Uni3n Fenosa, which specialises in electricity distribution in central and southern Moldova, including the capital (Chisinau), the company provides a service to over 800,000 customers.
- Portugal.** Gas Natural Fenosa operates in the Portuguese gas and electricity commercialisation market through its subsidiaries Gas Natural Comercializadora, and Gas Natural Servicios SDG.
- United Kingdom.** On the UK market, Gas Natural Fenosa operates in natural gas commercialisation.



America

- **Argentina.** Gas Natural Fenosa, via Gas Natural BAN, has operated in Argentina since 1992. Here it distributes natural gas to a total of 1.5 million customers in 30 municipalities of the northern and western areas of Buenos Aires province.
- **Brazil.** The company has operated in Brazil since 1997, through three companies called Ceg, Ceg Río and Gas Natural SPS, which distribute gas to approximately 900,000 customers in the state of Rio de Janeiro and in southern Sao Paulo.
- **Colombia.** Present on the Colombian market through Gas Natural ESP and Electricaribe. In Colombia, the company provides services to 2.5 million customers through natural gas distribution and commercialisation in inland Colombia (Bogota and Soacha) and to almost 2.4 million electricity customers on the Atlantic coast.
- **Costa Rica.** Gas Natural Fenosa operates on the Costa Rica electricity generation market, where it has the la Joya hydroelectric power plant with installed power of 51 MW. The company is also developing another hydroelectric generation project: the Torito plant.
- **Guatemala.** The company takes part in the telecommunications business in Guatemala through its subsidiary Gas Natural Fenosa Telecomunicaciones Guatemala.
- **Mexico.** The company is the main gas distribution operator in Mexico. It provides services to eight states in Mexico, including Mexico City, making a total of 1.3 million customers, and it also takes part in the Mexican electrical generation sector, with installed power of 2 GW in combined cycles.
- **Panama.** Present in the Panama electricity market, in the areas of Central Panama, West, Interior, and Chiriquí with a total of half a million customers and the electricity generation market, through hydroelectric and thermal power plants (33 MW).
- **Puerto Rico.** Gas Natural Fenosa operates in this country through Ecoeléctrica, Ltd, which has a combined cycle plant with 263 MW installed power, and a regasification plant.
- **Peru.** Gas Natural Fenosa began its gas distribution business in Peru in 2013, specifically in Arequipa and south-west Peru. Dominican Republic. Gas Natural Fenosa is present on the generation market in the Dominican Republic through two thermal power plants with installed electric power of 198 MW.



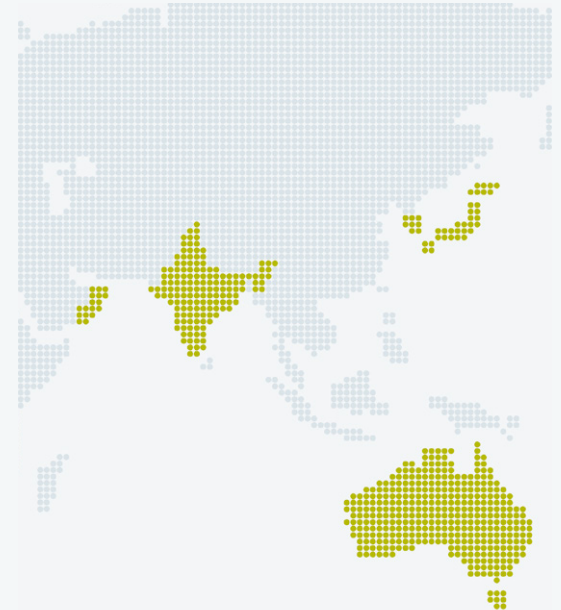
Africa

- **Angola.** Gas Natural Fenosa and Repsol, in partnership with other companies, signed a shareholders agreement to develop an integrated gas project in Angola in 2008.
- **Algeria.** Is the main supplier of natural gas for the group, and also has a stake in the Medgaz gas pipeline.
- **Egypt.** It takes part in the energy sector in this country through the Damietta liquefaction plant, where it has a 14% stake through its subsidiary Unión Fenosa Gas.
- **Kenya.** Gas Natural Fenosa takes part in the Kenyan electrical generation market through a power plant with 112 MW of installed capacity.
- **Morocco.** Gas Natural Fenosa's activity in Morocco is primarily focused on the operation of the Moroccan section of the North Africa-Europe gas pipeline.
- **South Africa.** In 2007, it bought a 70% stake in Kangra Coal, the owner of the Savmore coal mine in South Africa.



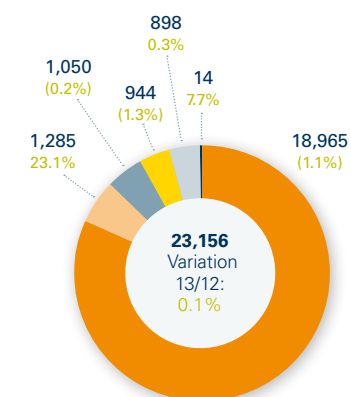
Asia and Oceania

- **Australia.** Gas Natural Fenosa operates in Australia through a company called Unión Fenosa Wind Australia. There is not commercial activity yet, for the time being the company is developing different wind power projects.
- **India, Japan and Korea.** The company operates in these three countries through the commercialisation of liquefied natural gas (LNG).
- **Oman.** Through its subsidiary, Unión Fenosa Gas, it has a 3.7% shareholding in the Qalhat liquefaction plant, in the Sultanate of Oman.





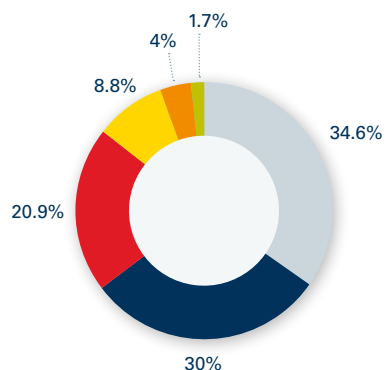
Contribution to society (millions of euros)



- Employees¹.
- Public administration².
- Financial entities³.
- Employees⁴.
- Shareholders⁵.
- Social actions.
- Variation with 2012.

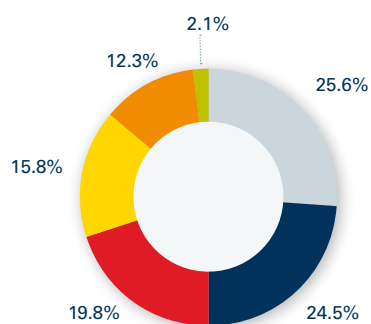
¹ Payment to suppliers for procurement and other operating expenses, without including tax.
² Only includes payment of own taxes.
³ Financial load.
⁴ Personnel expenses without deducting works carried out for own assets.
⁵ Dividends.

Shareholders and investors of Gas Natural Fenosa



- "la Caixa" Group.
- Repsol Group.
- International institucional investors.
- Minority shareholders.
- Sonatrach.
- Spanish institutional investors.

Contribution to Ebitda by activity



- Latin America.
- Gas.
- Gas distribution in Europe.
- Electricity.
- Electricity distribution in Europe.
- Others.



Main figures of Gas Natural Fenosa

Operations	2013	2012	2011
Gas distribution sales (GWh)	424,808	409,774	395,840
Gas transportation/Empl (GWh)	122,804	116,347	111,855
Gas distribution supply points (in thousands)	11,948	11,663	11,372
Electricity distribution supply points (in thousands)	7,543	8,309	8,133
Gas distribution network (km)	123,690	120,760	116,438
Electricity generated (GWh)	53,756	56,268	56,616
Personnel	2013	2012	2011
Number of employees	16,323	17,270	17,769
Financial (in millions of euros)	2013	2012	2011
Net turnover	24,969	24,904	21,076
Gross operating profit (Ebitda)	5,085	5,080	4,645
Operating profit	2,963	3,067	2,947
Total investments	1,636	1,386	1,406
Net profit attributable to the company	1,445	1,441	1,325
Stock information (euros/share)	2013	2012	2011
Share prices as at 31 December	18.69	13.58	13.27
Profit	1.44	1.45	1.39

Installed capacity by energy source and regulation system

	Close 2013 (MW)	Close 2012 (MW)	Variation 13/12 (%)
Power installed in ordinary system. Spain	11,581	11,714	(1.1)
Hydroelectric	1,914	1,907	0.4
Nuclear	604	604	0.0
Coal-fired	2,065	2,048	0.9
Combined-cycle	6,998	6,998	0.0
Power installed in special system. Spain	1,147	1,113	3.1
Total installed power. Spain	12,728	12,827	(0.8)
Power installed in ordinary system. International	2,692	2,692	0.0
Hydroelectric	73	73	(0.5)
Fuel-oil	321	321	0.1
Combined-cycle	2,298	2,298	0.0
Total power	15,420	15,519	(0.6)

Net energy production by energy source and regulation system

	Close 2013 (GWh)	Close 2012 (GWh)	Variation 13/12 (%)
Production in ordinary system. Spain	30,744	34,425	(10.7)
Hydroelectric	4,434	1,665	166.3
Nuclear	4,287	4,434	(3.3)
Coal-fired	5,430	7,724	(29.7)
Combined-cycle	16,593	20,602	(19.5)
Production in special system. Spain	3,041	2,719	11.8
Total production. Spain	33,785	37,144	(9.0)
Production in ordinary system. International	19,971	19,104	4.5
Hydroelectric	320	370	(13.6)
Fuel-oil	1,671	1,784	(6.3)
Combined-cycle	17,980	16,951	6.1
Total production	53,756	56,248	(4.4)

General gas distribution indicators

	Argentina	Brazil	Colombia	Spain	Italy	Mexico	Total	Variation 2012/13 (%)
Gas activity sales (GWh)	73,164	88,961	18,736	191,189	3,786	48,973	424,808	3.7
Network renewal (km)	7	33	2	5		38	85	(23.4)
Distribution network (km)	24,033	6,476	20,293	47,678	6,958	18,252	123,688	2.4
Increase with regard to 31/12/2012 (km)	427	186	433	1,033	222	673	2,974	0.5
Regulatory inspections	0	0	339,568	1,099,855	0	0	1,439,423	24.1
Network overhauled (km)	12,965	4,158	5,094	23,995	2,931	16,520	65,663	(2.4)
Renewal of connections (units)	10,092	2,017	0	2,031	0	3,942	18,352	6.1

Electricity produced using renewable sources broken down by country (GWh)

	2013	2012	2011
Costa Rica	239	270	262
Spain	7,005	3,921*	4,826*
Panama	81	100	118
Total	7,325	4,291	5,207

* 2012 and 2013 figures from Spain differ from those previously published, owing to a change in how the indicator is calculated, which includes the production of electricity using ordinary hydraulic technology.

Average efficiency by technology and regulation system (%)

System	Technology	Efficiency*
Ordinary. Spain	Coal thermal.	34.48
	Combined-cycle	53.46
International	Combined-cycle	53.71
	Fuel-oil	40.14

* Efficiency over Net Calorific Value (NCV) calculated as the average weighted by the real production of each technology.

Average availability factor by technology and regulation system

System	Technology	Availability 2013 (%)	Availability 2012 (%)	Availability 2011 (%)
Ordinary. Spain	Hydroelectric	92.61	92.35	79.89
	Coal thermal	98.37	97.43	88.04
	Fuel thermal	0.00	95.35	88.58
	Nuclear	87.69	89.78	90.49
	Combined-cycle	94.26	94.99	94.42
Special. Spain	Wind	96.62	96.80	98.70
	Small hydro	97.11	97.86	98.00
	Cogeneration plants	94.53	92.07	92.50
International	Hydroelectric	97.75	96.52	96.92
	Diesel engines	88.56	89.07	85.40
	Combined-cycle	95.16	92.44	88.85

Gas Natural Fenosa's electrical distribution facilities (by country)

Countries	Step-down transformers		
	Number	Capacity (MVA)	Length of power lines (km)
Colombia	84,109	6,277	50,716
Spain	40,366	13,766	114,291
Moldova	8,795	1,947	32,835
Panama	43,449	2,691	21,440
Total low- and medium-voltage	176,719	24,681	219,282
Colombia	223	4,884	1,661
Spain	835	27,916	9,062
Moldova	181	1,606	1,820
Panama	91	1,192	153
Total high-voltage	1,330	35,598	12,696
Total	178,049	60,279	231,978

Electrical energy losses in transport and distribution (%)

	2013	2012	2011
Ordinary regime. Spain	8.57	8.13	8.09
Colombia	16.89	17.38	18.25
Moldova	10.75	12.39	13.11
Panama	10.01	10.44	10.23

Key corporate responsibility indicators

Customer orientation	2013	2012	2011
Percentage of satisfied customers (%)			
Spain ¹	7.09	7.10	6.94
Italy	7.75	7.74	7.62
Moldova	8.00	8.41	-
Latin America	8.21	8.29	8.58
Portugal	6.92	-	-
Suppliers with contracts currently in force	8,815	7,595	9,411
Total purchase volume awarded (millions of euros)	2,930	2,785	2,603

Commitment to results	2013	2012	2011
Net turnover (millions of euros)	24,969	24,904	21,076
Gross operating profit. Ebitda (millions of euros)	5,085	5,080	4,645
Total investments (millions of euros)	1,636	1,386	1,406
Net profit (millions of euros)	1,445	1,441	1,325
Dividend (millions of euros) ²	898	895	821
Evolution of Gas Natural Fenosa's classification on the DJSI	88	86	85

Environment	2013	2012	2011
Direct greenhouse gas emissions (GHG) (t CO ₂ e)	20,796	24,272	23,177
Emissions of GHG/Electricity generation (t CO ₂ e/GWh)	399	454	371
Methane emissions in transportation and distribution (t CO ₂ e/km grid)	9.9	11.5	11.8
Emissions of SO ₂ /electricity produced (g/kWh)	0.37	0.48	0.31
Emissions of NO _x /electricity produced (g/kWh)	0.64	0.82	0.72
Emissions of particles/electricity produced (g/kWh)	0.04	0.04	0.03
Generation of hazardous waste (t)	8,212	5,126	7,333
Recycling of fly ash (%)	38	27	25

¹ Figure for residential customers.

Interest in people	2013	2012	2011
Staff rate. (No.of employees)	16,323	17,270	17,769
Men/Women (%)	71/29	70/30	71/29
Women in management posts (%)	25.25	24.19	22.52
Personnel costs (millions of euros)	861	871	858
Training hours per employee	55.7	52.7	52.2
Annual investment in training (euros)	10,332,184	8,982,897	8,827,857
Employees covered by collective bargaining agreements (%)	79.6	78.3	78.8

Health and safety	2013	2012	2011
Accidents requiring sick leave	152	157	174
Days lost	4,184	3,547	4,853
Mortalities	0	2	1
Frequency rate	5.07	4.96	5.43
Severity rate	0.14	0.11	0.15
Incident rate	10.56	10.25	11.25
Absenteeism rate (%)	1.70	2.14	2.94

Commitment to society	2013	2012	2011
Evolution of the contribution from Gas Natural Fenosa (millions of euros)	14.07	12.70	13.80
Breakdown by type of action (%)			
Social	45.50	51.00	41.70
Environmental	12.94	13.30	13.30
Cultural	41.56	35.80	45.00
No. of sponsorship and social action activities	470	383	446

Integrity	2013	2012	2011
Correspondence received by the Code of Ethics Committee	79	47	40
Number of messages received per 200 employees	0.97	0.53	0.45
Geographical origin of correspondence (%)			
Argentina	1	4	-
Brazil	13	-	5
Colombia	5	11	12
Italy	1	-	-
Kenya	-	2	-
Mexico	15	19	25
Panama	4	-	-
Spain	57	62	45
Average time for resolving correspondence (days)	34	41	45
Audit projects analysed on the basis of the risk of fraud	36	41	34
Communications received in the area of human rights	0	0	0
No. of persons trained on the human rights policy	11,360	9,681	9,048





A competitive and integrated business model

Gas Natural Fenosa is an integrated gas and electricity company, whose business model is based on four main strengths:

- Being a best in class operator in energy distribution and sales.
- Having efficient and diversified power generation that enables it to manage the natural resources at its disposal competitively.
- Having a solid international position, where there is healthy outlook for development.
- Possessing human resources that are committed and highly experienced in its business.

Gas Natural Fenosa's business focuses on the complete life-cycle of gas, from exploitation through to commercialisation, and on the generation, distribution and commercialisation of electricity, activities that account for more than 99% of the company's Ebitda. It also carries out other lines of business, such as energy services, which encourage diversification of activities and revenue, anticipating market trends in order to deal with the



specific needs of customers and be able to offer them a comprehensive service that does not focus solely on the sale of energy.

Our company's business is based on the regulated and liberalised gas and electricity markets, with the contribution from our international business growing day by day.

Line of business

Leadership in the gas business

Gas Natural Fenosa operates throughout the gas value chain. Gas Natural Fenosa is the leader in the Spanish distribution market, bringing natural gas to over 1,000 Municipalities in nine autonomous regions, and exceeding five million customers. It is also the leading distribution company in Latin America, and has an important presence in the Italian market.

Furthermore, thanks to its procurement portfolio of liquefied natural gas (LNG) and natural gas, amounting to around 30 bcm, a unique and integrated gas infrastructure with a fleet of ten methane ships, the company is one of the largest LNG operators worldwide

and a standard-bearer in the Atlantic and Mediterranean basins, with a privileged position for developing new markets, mainly in the Mediterranean area, in Latin America and in Asia.

The strategic lines of Gas Natural Fenosa focus on internationalisation of gas sales and on developing infrastructures, using the company's current position.

Standard-bearer in the electricity business

Gas Natural Fenosa is the third-ranking operator on the Spanish market, where it distributes to 3.8 million customers, and plays an important role in Latin America, with 2.9 million customer, and Moldova, with 0.8 million customers.

The company has far-reaching knowledge in all generation technologies and provides an energy implementation infrastructure which is able to adjust to the needs of each energy model and the real situation in each particular country.

It currently focuses its priorities on completing production projects that are already under way, boosting the marketing of energy services for homes and businesses, and strengthening the wholesale commercialisation business.

Gas supply and transportation

Gas Natural Fenosa buys natural gas, both in gaseous form and as liquefied natural gas (LNG). The company manages sections of gas pipelines and has its own fleet of methane ships. It also has several regasification or liquefaction plants to change the gas from one state to another, for it to be transported and reintroduced to the gas system, and carries out various hydrocarbon exploration, research, production and transportation projects all over the world. All of this enables the company to cover the needs of the different businesses in a flexible and diversified way.

The system's reliability is reinforced through storage facilities, which consists of underground deposits, assuring a steady supply of natural gas in the event of seasonal variations or temporary peaks in demand.

Gas Natural Fenosa has a flexible, diversified and competitive supply portfolio of 30 bcm.

Electricity generation

Gas Natural Fenosa's electricity production in Spain and Latin America (15.4 GW) is supported by a balanced, competitive and environmentally-friendly generation mix consisting mainly of natural gas combined cycle plants, which are the cleanest fossil fuel plants to be found. The company also has hydroelectric production, wind and photovoltaic energy farms, co-generation plant, coal and fuel-oil power plants, and takes part in two nuclear power stations in Spain.

The management capacity and experience in electricity sector, along with its unique position in the gas market make the company a benchmark in this sector



Distribution

The company carries out distribution activities in the electricity and natural gas sector.

Gas Natural Fenosa distributes natural gas in the domestic commercial market and on the wholesale industrial market, within and outside Spain. The company is leader in the Spanish and Latin American market, and has a major presence in Italy. The company is currently focusing on to the development of infrastructures and the expansion of the network to new markets in Europe and America.

It also provides electricity distribution activities in Spain, Moldova and Latin America. This line of business includes electricity distribution to small and large users: from residential consumer and SMEs, up to major companies. Electricity distribution in Spain includes both regulated electricity distribution activity as well as the grid services with customers.

Gas Natural Fenosa distributes electricity to over 7.5 million supply points and gas to 12 million supply points, in both the residential-commercial and industrial markets.

Commercialisation

Gas Natural Fenosa operates in gas and electricity commercialisation, both in Spain and across the world. The company's position in the international gas commercialisation market is consolidated through moving into new markets in this field in the Mediterranean area, Latin America and Asia.

Also, in the field of energy efficiency in the residential, tertiary and industrial markets, it is continuing to work on developing value added energy solutions and services, taking an active role in promoting energy efficiency and saving, in accordance with energy policies.

Leading electricity commercialiser in the wholesale and retail segments with a broad range of value added services



Other lines of business

In addition to the aforementioned lines of business, Gas Natural Fenosa has a prime position in the upstream and downstream gas and electricity markets, allowing it to obtain additional margins through adequate trading activity, present along the complete length of the value chain and for all commodities. In electricity, the group's generation capacity of over 12.7 GW installed in Spain provides it with assets on which to base a trading strategy to optimise their value.

Furthermore, its over fifteen years of experience, and its financial, technological and innovative capacity allowing it to offer a broad range of telecommunication solutions with the maximum quality and guarantee. It uses its exhaustive and far-reaching knowledge of the international telecommunications market, high quality in infrastructures and services offered, economic solvency to cope with large-scale projects, and financial strength to

be able to guarantee long-term contracts, thus enabling it to provide services based on a large number of telecommunications solutions for the wholesale market.

Gas Natural Fenosa also provides operation and maintenance services for electrical generation facilities and industrial plants focused on managing their assets and their useful life, through its subsidiary Operación y Mantenimiento Energy. It currently operates a pool of 100 plants with installed capacity of over 15,000 MW.

Lastly, Gas Natural Fenosa owns 70% of Kangra Coal, the owner of the Savmore coal mine, in South Africa, where it is in charge of operating this field, in the Mpumalanga region, 315 kilometres south-east of Pretoria.

Energy that thinks

Gas Natural Fenosa focuses its efforts on satisfying society's energy requirements, providing its customers with environmentally-friendly quality services and products, offering its shareholders a growing and sustainable return, and its employees the chance of developing their professional skills.

Its main goal is to supply society with energy so it can maximise its development and well-being, making innovation, energy efficiency and sustainability into cornerstones of the business model.

- **An experienced company.** For 170 years, Gas Natural Fenosa has worked towards improving day by day so as to be able to offer services to society through the use of the most advanced technologies available. The company's hundred years of experience, coupled with its competitive positioning, makes Gas Natural Fenosa a company that is ready to successfully tackle the challenges of a globalised market.

- **An efficient company.** Gas Natural Fenosa's success is based on achieving more with less. Efficiency has become the company's watchword and defines the way in which it acts, enabling it to achieve the desired objectives through optimum use of human, financial, physical and technological resources available.
- **A responsible company.** For Gas Natural Fenosa it is essential to contribute towards the development and well-being of all the communities

with which the company is in contact, and it does so by offering an energy supply that is sustainable, safe and environmentally-friendly, and which respects human rights.

- **An innovative company.** Innovation is one of the driving forces of Gas Natural Fenosa's development since its founding. In addition to R&D projects, it carries out technological surveillance, technology transfer and promotion of innovative culture activities.

Guaranteed supply

It is essential to guarantee a regular gas and electricity supply to its customers for providing a quality service and for fulfilling the company's social function.

Gas Natural Fenosa has a balanced gas procurement portfolio, with about 40% of supplies in the form of natural gas, and 60% as liquefied natural gas (LNG). The former provides a high level of stability from the standpoint of volume, and LNG offers great flexibility from the standpoint of the destination where the gas is to be positioned.

Gas Natural Fenosa has procurement contracts with a large number of countries, including, inter alia, Algeria, Norway, Nigeria, Trinidad and Tobago, Qatar, etc. The company's relations with suppliers are also structured through stable long-term contracts. This assures the company of a regular supply, so it only has to access the spot market on specific occasions and basically to take advantage of market opportunities.

Furthermore, in order to cope with short term changes in demand or supply issues, Gas Natural Fenosa has contracts for the use of underground storage space in most of the countries where it operates. Also, in Spain's case, it plays an active role in developing

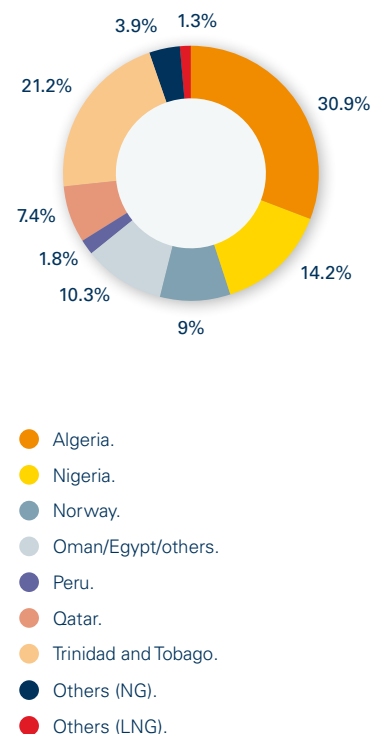
underground storage deposits, and operates Marismas, one of the Almonte fields, in the province of Huelva.

As far as electricity production is concerned, Gas Natural Fenosa has its own capacity within the different technologies used in the Spanish system, enabling it to keep a flexible production mix in order to cope with changes in raw materials prices - basically gas and coal - and the quantity of non-manageable energy sources (water and wind).

Because of the great flexibility provided by the gas and coal procurement portfolio, the gas combined cycle plants, and, to a lesser degree, thermal coal-fired plants, can be used as backup for non-manageable renewable energies, so providing security in the supply to the national grid.

Lastly, the extensive gas and electricity distribution network and its excellent operation and maintenance, allows the company to achieve high reliability levels, having a direct impact on the service quality offered to customers.

Diversification in sources of supply





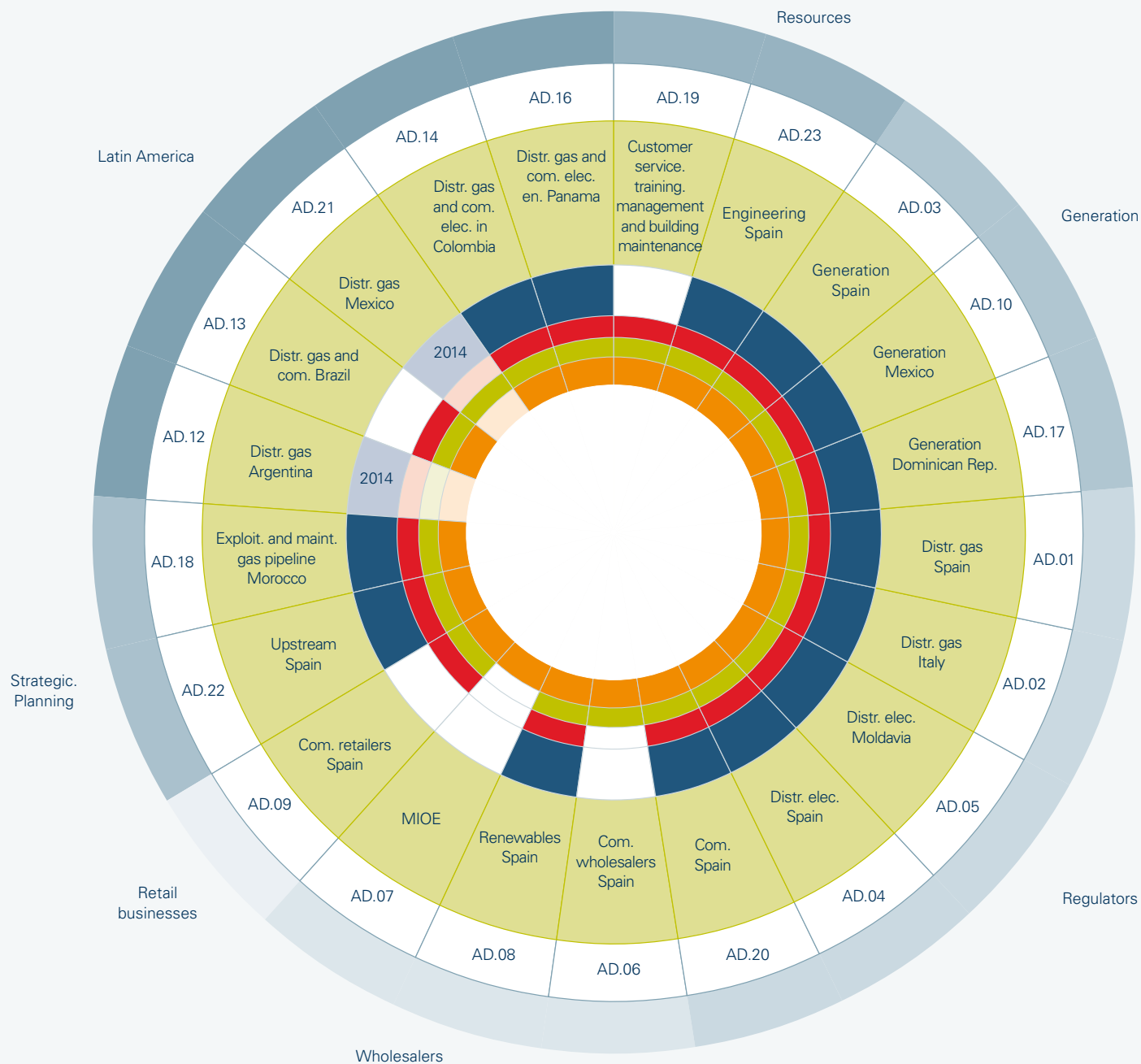
Integrated management system of Gas Natural Fenosa

During 2013, Gas Natural Fenosa set up a project to implement an integrated management system to cover quality, the environment and health and safety, in all the processes, businesses and countries in which it operates.

In order to support the installation project, the company consolidated the standards navigator as access application to internal documentation (procedures, standards, etc.) and external documentation (UNE, ISO standards, etc.) as well as to Themis, as a tool to allow consultation of the compulsory legal requirements, and also Enablon, an application which manages targets of the integrated system and of environmental indicators.

The integrated management system is made up of a single manual which is deployed in each business area and geographical area through 23 annexes. In 2013, in Spain, the upstream activities, and the recovery of the Meirama mine in La Coruña, were added to the integrated management system. The scopes of the systems were extended to commercial activity of Colombia and Panama. The company has also made significant progress in implementing the activity system developed in Argentina and gas distribution in Mexico.

Certified processes included in the Integrated Management System of Gas Natural Fenosa



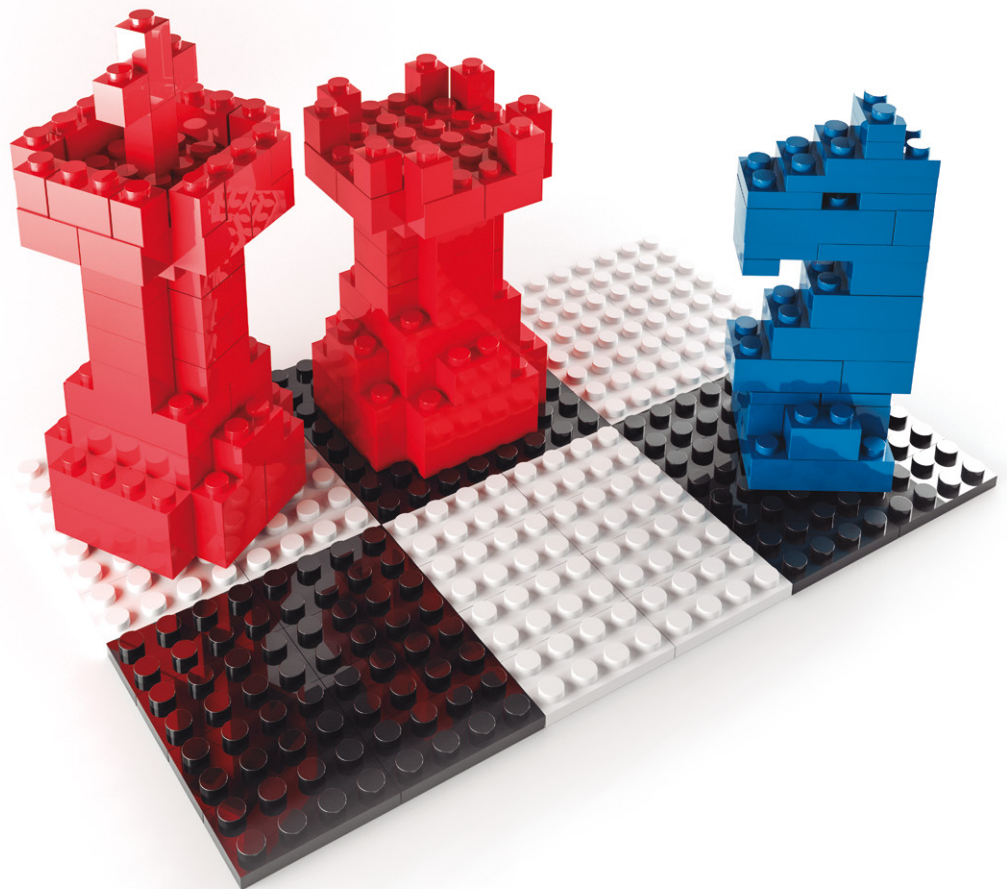
● Integrated Management System. ● Health And Safety. ● Environment. ● Quality.

* Light colours indicate implantation process underway.

● ● **Strategy**

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In 2013, Gas Natural Fenosa presented the review of the company's strategic guidelines for the 2013-2015 period, and a strategic vision up to 2017, with the aim of adapting them to the current macroeconomic and energy setting, using realistic and objective criteria.

The Strategic Plan of Gas Natural Fenosa was revised following its compliance with the targets up to 2012, demonstrating the company's strength and the credibility it offers the market, despite the adverse economic and regulatory setting.

The strategic guidelines of Gas Natural Fenosa for 2013-2015 period will be based on:

1. Execution of efficiency plans.
2. Managing each business line in accordance with market conditions.
3. Managing the business portfolio in accordance with its strategic fit.

The company's strategic priorities for the 2013-2015 period will be to reinforce the current business model, which is strongly supported by promoting growth

opportunities abroad, particularly in its increasingly important role in the global gas market (largely LNG), which will allow it to maintain its solid results.

Efficiency plans

Gas Natural Fenosa expects that the continuity in efficiency plans will allow it to obtain savings of up to 300 million euros in 2015, mainly in operation and maintenance, commercialisation and corporate structure costs.

Optimistic outlook for the 2013-2015 period

The business model, underpinned by the good positioning on international markets, should allow the company to maintain its solid results in the 2013-2015 period.

- In its updated strategic plan, the company sets out realistic targets, adapted to the new macroeconomic context, to continue to comply with its commitments to shareholders.
- The company will be able to partially offset the heavy regulatory impact through international activity and efficiency plans.
- The estimated impact on Ebitda of the measures adopted by the Spanish government (through different Legislative Decree Laws) in the 2012-2013 period amount to 600 million euros.
- Through financial discipline, the company has been able to bring down its net financial debt to 13,000 million euros in 2015, keeping the payout and cash dividend payment, and making it possible to pick up growth from 2015 on.

Forecasts for business and regulatory impact

During the 2013-2015 period, the company expects Ebitda to grow or be maintained in gas distribution activities in Europe, in gas procurement and commercialisation in the retail market in Spain and Europe, and the gas and electricity businesses in Latin America.

On the other hand, there is expected to be lower revenue in the electricity business in Spain, in both generation and commercialisation and in distribution, because of the regulatory impact of measures recently applied.

Part of the company's efforts will be intended to partially reduce such regulatory impacts with efficiency plans and managing investment plans during these periods in accordance with the profitability and business portfolio according to their strategic fit.

Consequently, Ebitda obtained outside Spain would continue to grow at a higher rate, and account for around 45% in 2015.

Financial discipline and commitments to shareholders

During this period, the company has set itself the targets of maintaining or slightly increasing Ebitda (above 5,200 million euros) and net profit (by around 1,500 million euros), and by raising the Net Debt/Equity ratio to 2.5x, in the horizon of the 2015 year.

Investments for the 2013-2015 period are estimated to be 5,200 million euros, with an average of approximately 1,700 million euros a year. These investments will be focused on gas and gas distribution businesses in Europe, and the organic expansion of the group's activities in Latin America.

Gas Natural Fenosa remains committed to a solid cash dividend policy and expects to keep pay out at levels of 62%, in line with the recent years, and in keeping with estimated growth and deleveraging targets.

In this sense, the strategic review again includes the top priority of debt reduction, as the company expects to go from 16,000 million euros, in 2012, to around 13,000 million in 2015.

Growth opportunities from 2015 onwards

Through adequate management of its businesses all over the world, the company will be able to continue growing from 2015 on, when economic recovery in Europe begins to be consolidated, and thanks to the increased presence in international LNG markets with the sale of gas from new contracts, such as the one signed with Cheniere, in the United States of America.

From that date on, Gas Natural Fenosa also expects to have additional flexibility to be able to make investments of up to 7,000 million euros if the right conditions arise, combining such investments with maintaining a Net Debt/Ebitda of 3x.

Planned capacity to satisfy forecast future demand (MW)

Projects at an advanced stage	298
Wind	248
Cogeneration and others	50
Projects at a permitting stage	1,007
Wind	892
Small hydro	17
Hydroelectric	98

● ● **Process for drafting
this report**

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Process for drafting this report

New materiality approach

This year Gas Natural Fenosa has used a new approach in this 2013 Corporate Responsibility Report, which is to follow the criteria, principles and contents defined in the new G4 framework for drawing up sustainability reports and the Materiality Matters check methodology of the Global Reporting Initiative, which set out the definition of material aspects, their scope, and information on the commitment of the interested parties.

In accordance with the new version of the GRI guide (G4), the company is required to carry out a materiality analysis, so that this report can focus on matters of a social, environmental and/or economic nature which are relevant for the company's business and which have an impact in the decision-taking of the company's stakeholders.

This allows Gas Natural Fenosa to inform the markets and society in general about sustainability matters in a way which is more appropriate and suited to their expectations, exploring those matters of most priority in greater depth.

This renewed materiality approach implies that the 2013 Corporate Responsibility Report has to focus on critical points for Gas Natural Fenosa and in areas in which the company may promote a more significant change in terms of positive economic, social and environmental impact. Nevertheless, materiality

addresses a series of further points which are not included in GRI but which are an important part of the company's activity and of its sustainable management.

Process of determining materiality

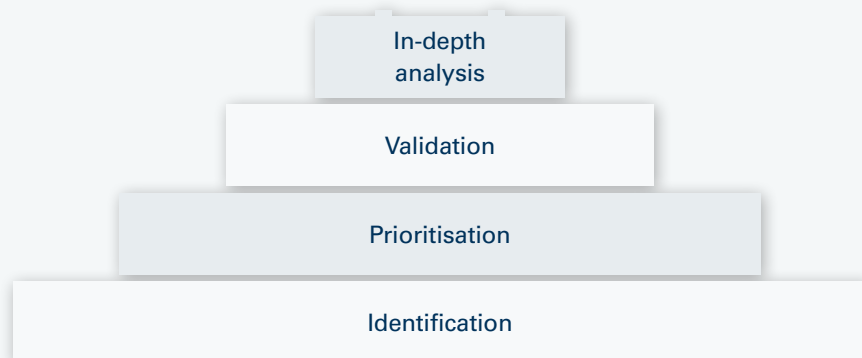
Given that it is an integrated gas and electricity company, Gas Natural Fenosa has drawn up a joint study for the gas sector and the electricity sector, based on the 46 specific aspects defined by Global Reporting Initiative (GRI) in its "Guide for Drawing up G4 Sustainability Reports"

The questions analysed in the materiality study refer to aspects defined as specific in the guide for drawing up GRI sustainability reports (G4 version). Although they are global aspects, the materiality analysis has made it possible to establish a definition adapted to the reality of the business and to the characteristics of Gas Natural Fenosa, so that the company has been able to identify key points within the aforesaid aspects and which, in view of their importance for the company and for stakeholders, are material.

 G4-18a, G4-23.

Materiality process at Gas Natural Fenosa

1. The process begins with the **identification** of the relevant matters. The company bears in mind its impact on the activities, products, services and relationships of the organisation
2. The next step is to **prioritise** the relevant issues identified in the first phase in order to determine what is relevant and therefore to be included in the report.
3. As a result of the previous phases regarding relevant issues whose **validation** for the company allows the listing to be drawn up of specific core contents that should be included in the report.
4. Finally, an in-depth analysis and review of the matters are carried out by business areas specifying the geographic risks and by activity.



Coverage: Within the organisation. Outside of the organisation. Within and outside the organisation.

The materiality of the aspects has been determined based on the selection of relevant material subjects (specific ones contained in G4 as sustainability material matters, or sustainability aspects not contained in G4) which arise through external analysis (analysis and identification of aspects in public sources of bodies of reference and stakeholders), and internal analysis (checking through interviews). Consequently, the definition of these matters is the result of:

1. Identification of matters

In order to identify the material matters based on the 46 specific material matters defined by Global Reporting Initiative in its guide, the expectations and concerns of prescribers of relevance for Gas Natural Fenosa, identified for this study and covering key agents in the energy sector and approaches to stakeholders' expectations, have been analysed. In this regard, the company has considered the following prescribers:

During the materiality process, relevant matters for the stakeholders indicated in the offline and online monitoring studies, and in the Reprak study, have been taken into account.

2. Prioritisation of matters

The number and quality of mentions of the above aspects have been prioritised according to the assignment of weights for each one of the analysed sources.

Weights are assigned in accordance with how relevant aspects are for Gas Natural Fenosa and how they can influence the positive and negative impacts on the company and its decisions. Therefore, higher weights have been assigned to investors, stakeholders and press analysis.

More general prescribers, such as bodies or sector institutions, have been assigned lower weights, as the company considers that even if they establish recommendations, horizons and trends in the field of sustainability and energy, they have a lower degree of involvement with the company.

The final result of the prioritisation of matters is a list of 24 material matters; matters with an importance of lower than 10% are not included in materiality

3. Internal validation

The internal validation was performed through interviews with business coordinators, so allowing risks to be identified by installations and geographical area. Specifically, for this section of the report, the following areas have taken part:

- Industrial safety and prevention of occupational hazards.
- Procurement.
- Environment.
- Regulated business.
- Technology.

These areas are selected in accordance with the identification of new subjects arising from the materiality study, which have required an internal validation and for which it has been necessary to explore the knowledge of the matters in management areas in depth.

Sources consulted	
International bodies and sector institutions	Organisation for Economic Cooperation and Development, United Nations Global Compact (UNGC), International Energy Agency and World Business Council for Sustainable Development. The selected bodies are considered to be benchmarks for establishing global standards and policies in the field of sustainability and the energy sector.
Investors	Dow Jones Sustainability Index and FTSE4Good. Gas Natural Fenosa has taken part in the prestigious Dow Jones Sustainability Index and FTSE4Good indices for many years, and one of the company's strategic objectives is to continue to do so. Furthermore, the DJSI and FTSE4Good evaluation criteria are in line with the criteria for constructing portfolios by socially responsible investors.
Stakeholders	Global Reporting Initiative "Sustainable topics" Report, which addresses material matters for 52 sectors defined through interviews given to 194 organisations relating to different stakeholders. The aforesaid report analyses 612 material matters for stakeholders distributed for each one of the sectors which are the object of the study.

4. In-depth analysis and reviews

During this process, Gas Natural Fenosa has identified two major groups of matters:

- Usual matters on which the company has reported in previous years' reports, but about which it needs to look at in greater depth to respond to additional requirements in the sector stakeholders' expectations for information, with special emphasis on the new G4 indicators.
- New material matters for the business and the stakeholders on which the company has to make a special effort in drawing up its report in 2013, as they have not been previously addressed, and which are controversial or particularly current matters for which the company has to define its position; or its own sustainability matters which are relevant for the Gas Natural Fenosa business.

Furthermore, following the provisions of the G4 Guide of the GRI, with the objective of determining what is material and when it is relevant, the risk of the matters occurring throughout the value chain of the company was determined. Matters have been classified according to the structure of this report so as to provide readers with the response of Gas Natural Fenosa grants to each of them.

The materiality analysis has also included an analysis of the country risk indicators for each one of the material matters by country, as an approach for determining the country's sensitivity where the company carries out its activities with regard to assessed matters. For this first report, Gas Natural Fenosa has focused the analysis on the following countries: Argentina, Brazil, Colombia, Costa Rica, Mexico, Panama, Puerto Rico and the Dominican Republic. The analysis has consisted of identifying indicators in each country.

	Aspect	Rank (%)
● PR	Labelling products and services	100
● EN	Emissions	83
● EN	Energy	74
● EC	Economic Performance	64
● LA	Health and safety	57
● SO	Corruption	53
● EN	Water	49
● LA	Employment	48
● EN	Biodiversity	48
● SO	Local communities	45
● EC	Suppliers (practices of procurement, environmental assessment of suppliers, labour practices, human rights and social impacts)	44
● EN	Spills and waste	30
● EN	Products and Services	38
● PR	Health and safety of consumers	38
● LA	Training and education	36
● LA	Company worker relations	34
● LA	Diversity and equality	28
● HR	Evaluation operations with impact on rights	23
● HR	Freedom of association and group agreements	19
● EN	Impact of transport on environment	16
● HR	Safety practices	16
● SO	Complaint management mechanisms in social affairs	15
● EN	Materials	11
● HR	Complaint management mechanisms in human rights complaints	11

 G4-19.

Indicators by country have been analysed taking into account environmental, social and governance indicators, taken from Bloomberg sources (www.bloomberg.com/) which feeds from that agency's own analysis and the ratios of the World Bank, WBSCD, FAO and OECD.

The risk indices used by the Maplecroft agency (maplecroft.com/), the global leader in design of indices and risk maps in the field of sustainability, geopolitical, social, environmental risks, have been used.




By using performance indicators for each one of the subjects, the sensitivity/vulnerability of to each country to the aspects studied can be measured. This, together with the analysis of the activities carried out by Gas Natural Fenosa in those countries, allows the group to detect if there is any risk activity, and therefore be able to provide information on it, due to its relevance, in the 2013 Corporate Responsibility Report.

Map of material matters

In order to provide a response to the requirements of the new GRI G4 Guide, a map of material matters is presented identifying what is material for Gas Natural Fenosa and where it is relevant. With regard to this latter criterion, Gas Natural Fenosa identifies the materiality of the matter from three standpoints:

- Point of the value chain in which the matter is material.
- Impact of the aspect within or outside the company, and, consequently, the stakeholder affected.

- Geographical location. To determine the countries in which matters are material, the following table needs to be compared with the following activity map located on page 4 of this report. By this means, under the integrated and uniform philosophy which is applicable in Gas Natural Fenosa, the matter will be material in those countries in which the activity of the value chain in which it is material is carried out.

 G4-18a, G4-21.

Order of materiality (%)	Aspects of Global Reporting Initiative	Material issues
100	Product and Service Labelling (high quality products & services)	<p>PR</p> <ul style="list-style-type: none"> Service quality and reliability Demand management Definition of customer profiles and bilateral dialogue
83	Emissions	<p>EN</p> <ul style="list-style-type: none"> Strategy for addressing risks and opportunities of climate change Reduction targets of Greenhouse gases and non Greenhouse gases, and harmful effects (SF₆, mercury and dust) Accidental leakages and vents Gas emission rights
74	Energy	<p>EN</p> <ul style="list-style-type: none"> Regulatory framework Energy mix of the company Renewable energies (positioning and weight in the company's mix) Deficiency in operations Targets for reducing energy consumption Energy access programmes
64	Economic Performance	<p>EC</p> <ul style="list-style-type: none"> Generation of value for society Payout of dividends Payments to governments Social action strategy Financial solvency risk Preferential actions (issue and repurchase)
57	Health and safety	<p>LA</p> <ul style="list-style-type: none"> Identification and management of risks in health and safety Health and safety policy Management of health and safety in employees, contractors and subcontractors Accidents occurring in facilities, with special attention to mortalities Education and training in health and safety Prizes and awards in health and safety

Value chain

Electricity		Gas			Commercialisation of energy	Impact of the aspect within or outside the organisation by stakeholder	Chapter of the 2013 Corporate Responsibility Report which addresses the matter
Generation	Distribution	Procurement	Transportation	Distribution			
•	•	•	•	•	•	Customers	Business model. Customer orientation.
•	•	•	•	•	•	Customers	Sustainable innovation. Customer orientation.
					•	Customers	Customer orientation.
•	•	•	•	•	•	Society	Environment.
•	•	•	•	•		Society	Environment.
			•	•		Society	Environment.
•						Society	Environment.
•						Society	Environment.
•						Society	Business model.
•						Society	Business model. Sustainable innovation. Environment.
•	•	•	•	•	•	Society. Customers	Customer orientation. Environment.
•	•	•	•	•	•	Society	Environment.
•	•			•	•	Society	Sustainable innovation. Commitment to society.
•	•	•	•	•	•	Society. Shareholders	Business model. Commitment to society.
The management of this aspect has a corporate scope which runs across the board of the value chain of Gas Natural Fenosa's business activity.						Shareholders	Business model. Commitment to results.
•	•	•	•	•	•	Society	Business model. Commitment to society.
The management of this aspect has a corporate scope which runs across the board of the value chain of Gas Natural Fenosa's business activity.						Society	Commitment to society.
The management of this aspect has a corporate scope which runs across the board of the value chain of Gas Natural Fenosa's business activity.						Shareholders	Commitment to results.
The management of this aspect has a corporate scope which runs across the board of the value chain of Gas Natural Fenosa's business activity.						Shareholders. Customers	Commitment to results.
•	•	•	•	•	•	Employees	Health and safety.
•	•	•	•	•	•	Employees	Health and safety.
•	•	•	•	•	•	Employees. Suppliers	Health and safety.
•	•	•	•	•		Employees	Health and safety.
•	•	•	•	•	•	Employees	Health and safety.
•	•	•	•	•	•	Employees	Health and safety.

Order of materiality (%)	Aspects of Global Reporting Initiative		Material issues
53	Corruption	SO	Relation with governments and local shareholders
			Transparency in contributing funds to social projects
			Anti-corruption or code of action policy
			Communication and training to employees in corruption
			Preferential treatment in awards of contracts
			Compliance mechanisms in corruption
49	Water	EN	Water management in areas where water is scarce
			Water consumption and extraction objectives
			Volume of water recycled and reused
			Optimisation of use of water in thermal and hydroelectric generation plants
48	Employment	LA	Relocation of customer services
			Talent attraction and retention
			Definition of employee profiles and powers
			Benefits to employees
			Awards and acknowledgements in management of human resources
48	Biodiversity	EN	Strategy and targets in biodiversity
			Measurement and management of impacts on biodiversity
			Protection of sensitive areas from an environmental standpoint
45	Local communities	SO	Assessment and mitigation of social impact
			Health and safety of communities
44	Suppliers (practices of procurement, environmental assessment of suppliers, labour practices, human rights and social impacts)	EC	Application of ESG* criteria in the supply chain
			Adhesion of human rights policies by suppliers
			Supplier monitoring and audits
			Training of suppliers
			Promoting local contracting of suppliers
			Responsible procurement: better coal
			Compliance with labour conditions by contractors, particularly in field of health and safety
40	Spills and waste	EN	Targets for reducing spills and waste
			Monitoring mechanisms
			Recycling, reuse and removal of waste
			Polychlorinated biphenyls

* Environmental, Social and Governance.

Value chain

Electricity		Gas			Commercialisation of energy	Impact of the aspect within or outside the organisation by stakeholder	Chapter of the 2013 Corporate Responsibility Report which addresses the matter
Generation	Distribution	Procurement	Transportation	Distribution			
•	•	•	•	•	•	Society	Integrity.
•	•	•	•	•	•	Society	Commitment to society.
The management of this aspect has a corporate scope which runs across the board of the value chain of Gas Natural Fenosa's business activity.						Society. Employees	Integrity.
The management of this aspect has a corporate scope which runs across the board of the value chain of Gas Natural Fenosa's business activity.						Employees	Integrity.
•	•	•	•	•		Society	Integrity.
The management of this aspect has a corporate scope which runs across the board of the value chain of Gas Natural Fenosa's business activity.						Society. Employees	Integrity.
•						Society	Environment.
•						Society	Environment.
•						Society	Environment.
•						Society	Innovation. Environment.
					•	Employees Customers	Customer orientation.
•	•	•	•	•	•	Employees	Interest in people.
•	•	•	•	•	•	Employees	Interest in people.
•	•	•	•	•	•	Employees	Interest in people.
•	•	•	•	•	•	Employees	Interest in people.
•	•		•	•		Society	Environment.
•	•		•	•		Society	Environment.
•	•		•	•		Society	Environment.
•	•		•	•		Society	Commitment to society.
•	•	•	•	•		Society	Customer orientation. Commitment to society.
•	•	•	•	•	•	Suppliers	Customer orientation.
•	•	•	•	•	•	Suppliers	Customer orientation.
•	•	•	•	•	•	Suppliers	Customer orientation.
•	•	•	•	•	•	Suppliers	Customer orientation.
•	•	•	•	•	•	Suppliers	Customer orientation.
•	•	•	•	•	•	Suppliers	Customer orientation.
•	•		•	•		Society	Environment.
•	•		•	•		Society	Environment.
•	•		•	•		Society	Environment.
•	•					Society	Environment.

Order of materiality (%)	Aspects of Global Reporting Initiative		Material issues
38	Products and Services	EN	Energy efficiency of products and energy consultation
			Collaboration with third parties
			Developing smart meters and smart grids
38	Health and safety of consumers	PR	Injuries or mortalities due to household accidents
			Fires and leaks at homes
			Accidents in infrastructures
			Investment for infrastructure maintenance
36	Training and education	LA	Employee development processes
			Employee training
			Training expenses
			Life/work balance and employee well-being
34	Company worker relations	LA	Systems to maintain good relations with employees
			Encouraging collective decision-taking
			Staff restructuring processes
28	Diversity and equality	LA	Policy or commitment to equality
			Presence of women in senior management
			Ethnic or cultural minorities within staff
			Integration of handicapped people
23	Evaluation operations with impact on rights	HR	Human rights policies and monitoring thereof
			Assessment of impacts of operations on human rights
			Analysis of human rights risks in the supply chain
19	Freedom of association and group negotiation	HR	Freedom of association
			Public statement on freedom of association
16	Impact of transport on environment	EN	Promoting use of natural gas for sustainable mobility
16	Safety practices	HR	Safety practices by business line
			Contingency plans and emergency programs
15	Complaint management mechanisms in social affairs	SO	Complaint management channels and mechanisms in social affairs
11	Materials	EN	Commitment towards using low impact materials
			Inclusion of environmental criteria in buying of materials
11	Complaint management mechanisms in human rights complaints	HR	Complaint collection and management channels in human rights

Scope of information

The information included in this Corporate Responsibility Report refers to all activities conducted by Gas Natural Fenosa in 2013, as a worldwide gas and electricity operator.

The figures for 2013 submitted in this report are consolidated and refer to the company overall for the entire year, although they show some particular features in some chapters.

In human resources, figures on staff and personnel expenses are reported for the countries in which Gas Natural Fenosa operates and where it has incorporated companies with hired staff for these countries. For the remaining indicators, information is provided on the countries in which the company uses centralised management, on most occasions and to the extent possible. Similarly, the report includes certain information on Kenya and South Africa, countries where the company has a workforce, but not centralised management. In each case, the criterion is clearly indicated in the chart or table.

The information included in the 2013 section on the environment refers solely to those companies or activities in which the participation is equal to or greater than 50%, that have the capacity to influence environmental management or which have a significant capacity to impact environmental data, considering the global data.

To facilitate comparisons and enable the reader to get an idea of the timeline with regard to the figures given in this report, these are given in a general way for 2011, 2012 and 2013.

For 2013 there has been no significant reformulations that affect the comparison with data from previous years. If the calculation methodology has been changed for any indicator, it is explained clearly in the graph and/or table.

Compliance with benchmarks

The Corporate Responsibility Index of Gas Natural Fenosa complies with the most prestigious international standards for drawing up these kinds of reports. The company prepares its report in accordance with the last version of the "Guide for drawing up sustainability reports" of the Global Reporting Initiative, GRI 4, and includes the additional information applicable required for the Utilities and Oil and gas supplements. Therefore, the company considers that its report is in accordance with G4 at its comprehensive level. This report has also been drawn up in accordance with the AA1000APS standard (2008).

- **AA1000 APS standard.** The purpose of this standard is to provide organisations with a set of principles to situate and structure the way in which they assess, implement, administrate, govern and surrender their accounts in sustainability performance.
- **Global Reporting Initiative.** In accordance with the Global Reporting Initiative recommendations, the balanced and reasonable presentation of the organisation's performance certain principles to be applied to determine the content of public information on this issue and guarantee its quality.

The consideration of the principles set out in the following table guarantees that the information covers the proper guarantees demanded by previous standards.

Application of the AA1000 APS standard

- **Inclusiveness.** In relation to this principle, particular importance is placed on the information presented by Gas Natural Fenosa in the chapter of this report regarding actions that lead to dialogue with its stakeholders.
- **Relevance.** Relevant matters for Gas Natural Fenosa are those included in its Corporate Responsibility Policy, approved in March 2013. This report is structured in accordance with the aforesaid matters.
- **Capacity for response.** The key performance indicators of the company, as well as its core policies and management systems in the spheres taken into account, are included.

Verification

The integrity, sound and truthful nature of the information given in this report are maintained by the policies and procedures included in Gas Natural Fenosa internal control systems and their purpose includes guaranteeing the correct presentation of the company's information to third parties.

In the said policies and in accordance with the Global Reporting Initiative recommendations, Gas Natural Fenosa committees an annual external verification of the contents of its Corporate

Principles for drafting this report (GRI)

- **Materiality.** The questions identified in the materiality study carried out this year and which have been included in the 2013 Corporate Responsibility Report, have been considered to be material.
- **Participation of stakeholders.** The company has defined its stakeholders and their expectations and set actions to establish a two-way dialogue. This process is explained in the sections referring to dialogue with stakeholders and corporate responsibility governance.
- **Sustainability context.** The report analyses the company's performance in the context of the social, environmental and economic requirements of its social and market environments. The sections on business model, strategy and sustainable opportunities focus specifically on this area.
- **Exhaustiveness.** The outline of contents are defined with the help of those in charge of the key management areas of the company. This guarantees that essential aspects and impacts that each activity area of Gas Natural Fenosa has on its environment and on its own business targets are taken into consideration.

Quality of the information given (GRI)

- **Balance.** The report clearly shows the positive and negative aspects of the organisation's performance, which enables a reasonable valuation thereof.
- **Comparativeness.** The information given in this report makes it possible to analyse the evolution of the company performance over time.
- **Accuracy.** All the information in the report is accurate and given in sufficient detail for the company's stakeholders to be able to value its performance in an appropriate manner.
- **Frequency.** Gas Natural Fenosa publishes its Corporate Responsibility Reports annually, as soon as the information is available, so that the stakeholders have a good understanding of the company.
- **Clarity.** The information is presented in a way that is understandable, accessible and useful. To enable its correct understanding, the use of technical terms is avoided. In addition, it uses graphs, diagrams, tables and indicators to describe the company's most relevant impacts and make it easier to read the document.
- **Reliability.** The figures given in this 2013 Corporate Responsibility Report were checked by PwC. The drafting of the report took into account the three principles required by the Accountability AA1000 standard, accuracy and whether or not the information given responds to the stakeholders' concerns and requirements.

Responsibility Report. This review is made by an independent expert, PwC, which reviews the adaptation of the contents of the Corporate Responsibility Report to the provisions laid down in the Global Reporting Initiative Guidelines and the AA1000 standard.

As a result of the said process, an independent review report is drawn up to include the goals and scope of the process, as well as the verification procedures used and the corresponding conclusions. After the assessment of the information included in the report, the independent expert applied the level of assurance specified in the Independent Review Report.

Queries and additional information

In addition to this report, Gas Natural Fenosa has published the Integrated Annual Report, the Corporate Governance Report and the Audit and Control Committee Report, all of which correspond to the 2013 year. Up to date information about the company is also available for consultation on its website (www.gasnaturalfenosa.com).

Furthermore, special mention must be made to the fact that Gas Natural Fenosa publishes corporate responsibility reports in Argentina, Brazil, Colombia, Italy, Mexico, Moldova and Panama.



Readers can send their doubts, queries or requests for information to the company's website, www.gasnaturalfenosa.com



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Innovation in Gas Natural Fenosa

A company committed to technology

Innovation has been one of the driving forces of Gas Natural Fenosa's development since its founding. In a technologically advanced sector, such as is the energy sector, it is essential to take part in developing the most advanced technologies.

During 2013, the role of innovation in the energy sector has primarily been focused on developments with short term returns, looking to support businesses in a changing -and generally less favourable- environment.

In Europe, the end of the 2007-2013 year-on-year budget cycle has led to a new reflection for the 2014-2020 seven-year period. The aim is to boost the real impact of innovation in energy markets and to achieve climate and energy targets in 2020. Another concern is for industry in Europe to play an active role in generating wealth, without any loss of competitiveness compared to other regions.

Comprehensive technological solutions, with a real impact on the market

The European approach in innovation is prompting a greater emphasis on comprehensive technological solutions which can bring about a real impact on the market, as against the more traditional approach of developments in specific technological lines. Technology is still trying to simultaneously trying to resolve the challenges of sustainability, economy and reliability in energy supply through new solutions, though avoiding mass deployments of non-mature technologies which might give rise to significant excess costs of long term energy systems.

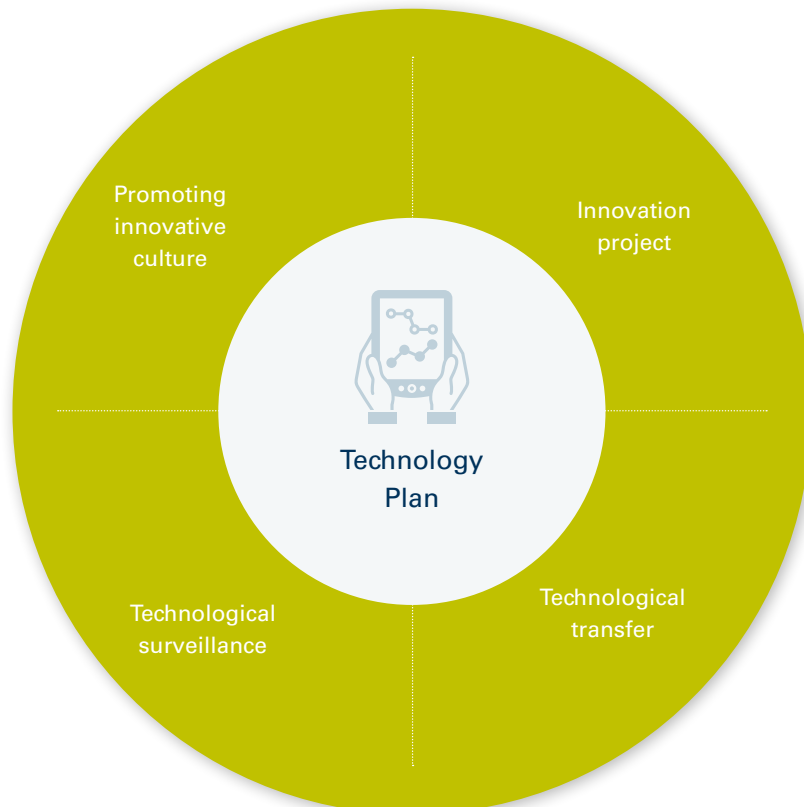
The technological innovation of Gas Natural Fenosa is guided by its Technology Plan. In addition to innovation projects, it carries out activities for

technological transfer and surveillance and for fostering the culture of innovation, in conjunction with the corporate departments of Strategy and Resources.

Innovation projects

The general aim of the innovation projects is to improve technologies, techniques and processes currently used, as well as including new technologies, for the purpose of improving sustainability, the environmental impact, productivity and the company's efficiency.

Innovation projects are divided into technological lines in which Gas Natural Fenosa currently bases its activity.



Technological lines	
Smart grids	Gas Natural Fenosa develops smart grids through technological projects, demonstration projects and projects for the real implementation of technologies.
Sustainable mobility	The company works in the development of solutions that allow the use of alternative fuels, the cost and environmental impact of which is less than that of traditional fuels. It focuses its efforts on development of electrical mobility and gas mobility, both by liquefied natural gas (LNG), and compressed natural gas (CNG).
Energy efficiency	The company works on developing and implementing equipment for energy optimisation in the installations of the final user of the energy. The main points of energy optimisation are air conditioning, lighting, electrical and gas household appliances, and distributed local generation. The company has set itself the strategy of developing a high efficiency solutions catalogue based on meeting the needs of the tertiary and residential sector, using smart metering and ICT technologies so that consumers can play a more active role.
Renewable energies	Gas Natural Fenosa is focusing its efforts on bringing down the cost of renewable energies and extending their application through a broader portfolio of technologies. It takes part in the KIC Innoenergy del European Institute of Innovation and Technology (EIT) European initiative, to promote innovation and technology in the field of sustainable energy in Europe.
Capture and storage of CO₂	The company supports and contributes to increasing knowledge about carbon dioxide capture and storage technologies through carrying out innovation and demonstration projects. It also plays an active role in technological forums and platforms, including its participation in Spanish CO ₂ Technological Platform (PTECO ₂), the Spanish CO ₂ Association and the European Zero Emissions Power Plant (ZEP) European Platform.

Innovation in renewable energies	
<p>Gas Natural Fenosa is developing different lines of research in renewable energies, putting it at the cutting edge at international level.</p> <p>Projects for offshore wind energy</p> <ul style="list-style-type: none"> • Neptune. This project is developing a new measuring technique by Light Detection And Ranging (LIDAR) in buoys and a new NEPTool software for analysing and predicting wind, waves and currents for planning a new wind farm. • Alternative Floating Platform Designs for Offshore Wind Towers using low Costs Materials (AFOSP). The object of the project is to design and build a scaled prototype of a floating concrete platform for offshore wind farms. 	<p>Hydroelectric generation projects</p> <ul style="list-style-type: none"> • Variable speed in the Buenamesón hydroelectric plant (Madrid). This plant has installed a regenerative frequency converter system equipped with two transformers and a switching cabin system which allows it to adapt its exploitation regime. • Hydroelectric micro-turbines. The project consists of the installation of hydroelectric turbines of less than 1 MW in existing infrastructures in which the resource is not currently being used. The most important projects in this field are the micro-turbine for ecological flow of Castrejón (Toledo) and cooling of the Os Peares hydroelectric plant (Ourense), both in Spain.

Innovation projects in 2013

Innovation projects relating to sustainability in 2013	
Less CO ₂	<p>Development of 300 kWt pilot plant in the La Robla power plant, in León (Spain) for testing CO₂ capture technology in biomass combustion through absorption/desorption cycles using calcium oxide/calcium carbonate, with proven experimental capture values of around 90%.</p> <p>The Menos CO₂ project ("LessCO₂") is the continuation of the studies and works initiated in the "Cenit CO₂ Project" (Consortios Estratégicos Nacionales de Investigación Técnica), developed from 2006-2009, and in which Gas Natural Fenosa played an important role.</p>
KIC-ASS*	<p>Development of a transformation centre able to properly and actively manage bidirectional energy flows, to enable proper set-up and integration of the smart grids and distributed generation technologies, electric vehicles and demand management.</p>
Tesconsol	<p>Development of new possibilities of heat storage systems at thermoelectric solar facilities with lower costs vis-à-vis current systems.</p>
Capwa	<p>Industrial application of membranes for adaptation to water capture in the cooling towers of electricity generation facilities.</p>

* Knowledge Innovation Communities - Active Sub Stations.

Technology transfer

The Technological Support and Transfer Unit, which specialises in providing businesses with technological support, the company has continued cooperating with different entities and institutions. Here we may highlight the actions carried out with the Electric Power Research Institute (EPRI) and the American Gas Association (AGA).

- Electric Power Research Institute (EPRI):
 - Operation and maintenance of combined-cycle power stations.
 - Control of emissions in facilities and plants.
 - Energy efficiency.
 - Smart grids.
 - New coal-fired plants.
 - Capture and storage of CO₂.
- American Gas Association (AGA):
 - Gas networks.

Technological watch

Within the company's technological surveillance activities, which are crucial for observing the evolution of the technological environment, we may highlight the structuring of new monitoring groups and the consolidation of existing ones, in line with the new "Technology Plan", which allows the company to avail itself of up-to-date knowledge of the main new developments and the state of the art of relevant technologies for its business activities.

Through its technological surveillance activities, the company is also able to select the best technologies available on the market and to take decisions about how they are applied in the company. During this process, it has received support from institutions such as the Massachusetts Institute of Technology (MIT), the University of Stanford and the Institute of Electrical and Electronics Engineers (IEEE), inter alia.

Fostering a culture of innovation

The company's technological progress is communicated internally and externally through the promotion of an innovative culture. In 2013, the company continued to give conferences and seminars which targeted key technologies applied in the company, and other emerging technologies of potential interest for its business activities. The company has also increased its internal communication spaces with the aim of fostering the exchange of knowledge and of disclosing innovation activities performed.

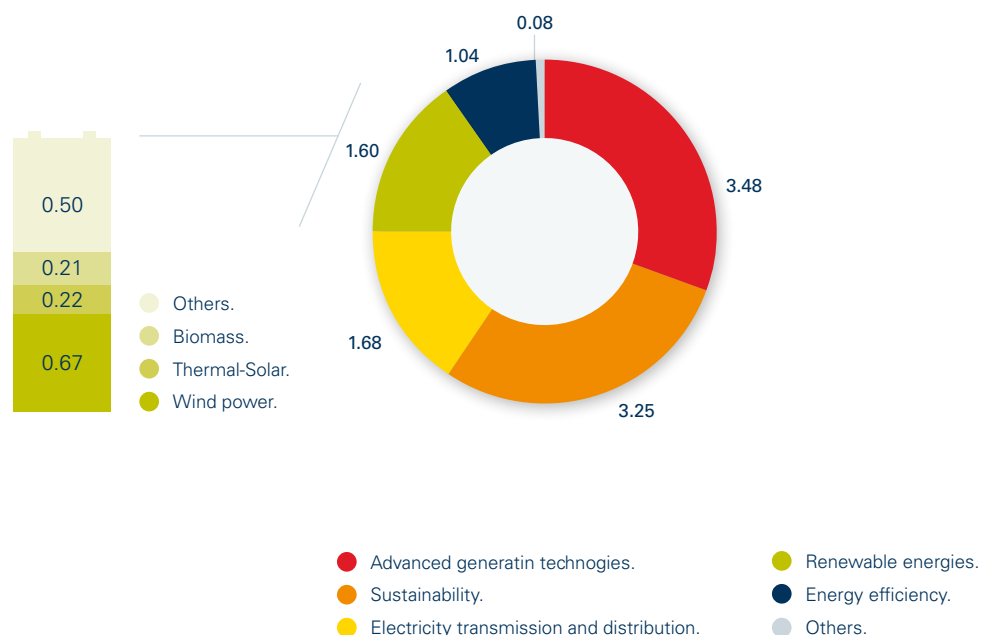
Examples are the Technology Channel and the Technological Bulletin, both of which were launched in 2013 and aimed at disseminating information and knowledge about the current status of the most relevant technologies for the company. Articles, important document and internal and external news items about questions of innovation and technological development are regularly published in these channels.

From the standpoint of external communication, the company keeps the different stakeholders and society in general apprised of its activities in the field of innovation. It is important to note that the ideas submitted in the second Our Energy Prizes competition have provided the group with profits of 10 million euros, 5 million of which are recurrent.



Investment in RD&I (in millions of euros)

The overall figure in 2013 for investment in sustainable projects and updates totalled 11.14 million euros, divided as follows:





Smart grids

Smart grids are considered a key component in achieving the targets of reducing CO₂ emissions, improving energy efficiency and reducing exterior energy dependency. This key role is concentrated on the integration of a growing amount of generation based on renewable sources and making consumption more flexible to allow for a greater degree of efficiency in the electrical system overall.

The main feature of smart grids is their ability to manage the participation of all agents connecting to them in real time in order to achieve a sustainable, efficient and safe supply.

Smart grids are made up of different technologies and new management models which will be gradually implemented. In view of their complexity and the investments which will need to be performed, at the present time major efforts are being made in terms of research, innovation and demonstration so as to bring the different technologies and tools included in the smart grid on to the market.

The implementation of smart grids on the electrical system will allow electrical consumption to be reduced through more efficient energy management, greater integration of renewable energies in the network and a more active role by users in managing consumption.



Our focus

In 2013, the main activities in innovation in smart grids are divided into five technological strategic areas defined within the business.

- Remote management of meters making maximum use of all their features.
- Automation of the medium -and low-voltage grids.
- Integration of energy resources distributed, ensuring quality and continuity of supply of all customers.
- Information and communication technology (with special attention given to data protection and security).

- Optimisation of development and maintenance processes (online monitoring, mobility applications, remote supervision, etc.).

The common objective in all these lines is to allow our grid to evolve towards a smarter grid, optimising electrical distribution processes.

During 2013, the company has continued to develop the smart grid on three fronts: technological innovation projects, demonstration projects and real implementation of the most innovative technologies.

Technological innovation

- **Imponet:** one of the most important research projects is Imponet, which is based on the specification, design and construction of a flexible and scalable software platform for the acquisition and treatment of the important amount of information stemming from the smart meters and from monitoring the smart distribution grid. It will be used as a framework of reference for the development of future software infrastructures for electrical grids. The idea is for it to be used as a demonstrator or also as a tests bank.
- **Hiperdno:** we may highlight the completion of the Hiperdno project for the exploitation of smart distribution grids, in the field of High Performance Computing (HPC). Its purpose is to develop a new generation of distribution grid management systems based on HPC distributed computing networks.
- **RedNA, innovation in isolated neutral network:** is a specific automated solution for the grid where technological solutions are developed to improve the operation of the isolated neutral distribution grid through the detection and location of earth faults. This solution will cause an increased quality in electrical supply, lower service replacement time and the automation of this type of distribution grid (isolated neutral network) in an economically viable form.



- **Perfila:** consists of a project which was initiated in 2013 and which is the first use of the deployment of smart meters, with remote reading and management capacity. Its aim is to improve the analysis of consumer profiles, based on a panel of consumers representing all the distribution companies, which have smart meters. Consumer profiles are used by the commercialisation companies in acquiring their energy on the market and in order to estimate the time measurement by the distribution companies. Greater accuracy in these profiles means the system management can be optimised and therefore greater efficiency in the electrical system.

In addition, 2013 saw commencement of new innovation projects that consider more targeted developments, such as the Smart Line Inspection project (I2L); the SEPS project, the Expert Grid Incident Probability and Severity System; or the Virtual Micro-grid Operator project (OVI-RED), which develops a system to operate and optimise networks of customers with consumption and sources of generation.

Given the need for an environment in which to develop the projects in which the technology is being built and for it also to be used as exhaustive validation before any deployment, the Network Integration Laboratory (Laboratorio de Integración de Redes, LINTER) has been created, focusing on the interoperability of meters, the automation of the medium and low voltage grid and the integration of renewable generation.

Energos technological innovation project

Energos is a research project for the development of knowledge and technologies which can allow the company to make progress in implementing smart grids for electrical distribution in order to bring down electricity usage through more efficient energy management.

The objectives of the projects are as follows:

- To optimise grid operation and demand management, through developing new tools to predict and simulate grid performance when faced with different demand and generation scenarios.
- To facilitate the integration of new energy resources on the grid, such as the infrastructures necessary for including electrical vehicles, renewable energies and micro-generation or domestic co-generation.

- Increasing grid reliability, developing smart devices for capturing signs, energy registration and automation of grid equipment.

The “Energos Project” takes place within the framework of the National Technical Research Strategic Consortiums Program of the CENIT, to foster innovation and technological development in key areas for the company. Unión Fenosa Distribución, S.A. has spearheaded five of the fifteen subprojects into which the project has been divided, although in the other subprojects, Gas Natural Fenosa has played an active role in specific tasks.

Demonstration of technologies

- **Price:** the project is being conducted in the region of Henares (Spain) and involves a population of 500,000 inhabitants, more than 200,000 supply points and over 1,600 electrical substations. The aim of the project is to demonstrate the use of interoperable technological solutions, with the aim of providing open standards of the smart grid applicable to grid supervision and automation, energy management of electrical substations, integration of distributed generation and demand management. The project has been selected as a core project, so it is aligned with the objectives of the European Electricity Grid Initiative (EEGI).
- **Integrating Renewables in the European Electricity Grid (iGreenGrid) and Distributed Intelligence for Cost-Effective and Reliable Distribution**

Network (Discern): which are projects geared towards objectively measuring the improvements brought about through smart grid solutions via efficiency indicators, comparing these measures with different demonstrations throughout Europe, and attempting to transfer solutions or better practices through these demonstrators.

Implementation of smart grid solutions

In 2013, Gas Natural Fenosa, within the initiatives of Knowledge and Innovation Communities Innoenergy (KIC Innoenergy), has focused its efforts on studying innovative technologies in electrical substations. The most important projects are:

- **Knowledge Innovation Communities. Active Sub Stations (KIC-ASS).** For the implementation of smart grids, electrical substations have to evolve to increase functionality. KIC-ASS aims to develop different solutions for this smart electrical substation. These improvements include: A fault bypass detector with adequate sensitivity for grid characteristics, thus bringing down times and costs in resolving incidents, and acoustic sensors for partial discharges allowing there to be an economic monitoring of the electrical substation status to predict faults.
 - **Knowledge Innovation Communities. Space Surveillance Tracking (KIC-SST).** Current transformers located in the electrical substation are similar to those used since electricity distribution began. The development of power electronics, whereby energy can be digitalised, makes it possible to design a transformer based on electronics. A solid state prototype transformer is being assessed and built which in certain cases can replace the current distribution transformer.
- In 2013, 800,000 electricity meters were replaced with new smart meters, and this, coupled with the associated automation of 4,765 electrical substations, has meant it has been possible to steadily implement the remote billing of 650,000 residential clients, and also for there to be more information and control of the mid and low voltage distribution network.



● ● Sustainable mobility

Growth estimates for the urban population at global level, implies increasingly high mobility requirements for the carrying out of economic and social activity. There are two major challenges in satisfying these mobility requirements with sustainability criteria. On the one hand, larger demand for infrastructures, and, on the other, the need for new transport models which are safe, clean and which are conducive to economic development.

The European Commission has launched an ambitious package of measures to guarantee the creation of an alternative fuel infrastructure, by installing vehicular natural gas stations, specifically compressed natural gas (CNG) and liquefied natural gas (LNG), and electrical recharge points, across the whole of Europe with common standards for design and use.

The aim is to implement alternative fuels other than traditional fuels, to achieve a more efficient economy, reduce Europe's dependence on oil and develop a transport industry which is ready to respond to the current demands of our society.

Spain has a leading position in developing LNG cargo infrastructures. One example of this is the pilot project spearheaded by Gas Natural Fenosa and co-financed to develop the two first corridors for supply of long haul LNG trucks in Spain.

In the Spanish market, public strategies to promote electrical vehicles continue with the aim of having a higher number of vehicles using electrical and hybrid technology in urban environments.



Along with public initiatives, the volatility of fossil fuel prices is forcing car companies to look more and more into sources of alternative and renewable energies, to reduce dependence on this kind of fuel and offer sustainable mobility solutions.

In this context, there are new business lines opening up for the energy companies, who must guarantee the energy supply (gas and electricity) by including best technologies in the distribution grid, and by adapting infrastructures to the forecast increase of energy supply, as a consequence of the spread of non-polluting vehicles in the market.

In short, we need an attitude of ongoing adaptation, technological development and fostering and promoting new forms of sustainable mobility.

Our focus

Gas Natural Fenosa remains firmly committed to sustainable mobility. For over ten years, it has worked towards developing alternative solutions to conventional fuels. In this regard, it is the leading Spanish company in natural gas mobility services, offering a comprehensive service that incorporates the design, set-up and operation of natural gas stations.

The company's aim in this field is to make progress in the design of ecologically advanced business models that are competitive when markets mature definitively from a commercial point of view.

Gas Natural Fenosa's commitment towards sustainable mobility is focused on continuing with growth in the vehicular natural gas sector; in building and exploiting new CNG and LNG service stations, in incorporating new vehicle fleets with vehicular natural gas and in developing new products which can contribute towards the increase in terrestrial vehicles.

At the same time, the group is working on introducing LNG in the maritime sector, a sector with a great potential due to the demanding regulatory requirements, making it the only technically and economically viable alternative. Consequently, the company has set itself the challenge of a pilot ship project which uses this fuel.

Gas Natural Fenosa has played an important role as a company in the draft Clean Power for Transport European Directive. Through the Natural Gas Association for Mobility (Asociación Gas Natural para la Movilidad, GASNAM), which was co-founded and has been chaired from its creation by the company, it has put forward technical and economic arguments for favouring the development of vehicular natural gas infrastructures to contribute towards developing the use of CNG and LNG in the terrestrial and maritime sectors.

Another sector in which Gas Natural Fenosa has an important interest is the railway sector. Having checked the viability of its use from a technical, economic and regulatory standpoint, the company is working with other agents in the sector to carry out a pilot project in a non-electrified line.

The company actively takes part in the technological development and promotion of electric vehicles, as well as the preparation of proposals for commercial customers and integration of the infrastructure required, the energy supply and comprehensive management of the service.



Our action

Gas mobility

Liquefied natural gas: Gas Natural Fenosa has set up a number of initiatives, particularly in Spain. There are currently 15 LNG stations in 14 Spanish provinces, six of which are owned by Gas Natural Fenosa. This total number of stations makes Spain the fourth-ranking country worldwide in numbers of LNG infrastructures.

In 2013, the company performed a range of actions and closed deals related to the set-up of LNG in the maritime sector. In

the port of Valencia, the logistical operator Noatum has been provided with a mobile filling station for supplying LNG. In the same year, within the framework of the agreement signed with the Port of Vigo in 2012, a mobility study has been carried out on the companies working in the port area.

Studies have also been carried out on the potential for LNG applied to the railway sector and its technical, legal and economic viability. The idea is that once potential has been detected, to carry out actions together with related agents in the sector so as to carry out pilot tests in non-electrified lines.

Furthermore, with the common objective of positioning liquefied natural gas as a real alternative in long distance transport, the following projects are particularly important:

- **LNG Blue Corridors.** The framework of the project concerns building approximately fourteen new permanent or mobile LNG or L-CNG stations, in critical points along corridors located in the Atlantic and Mediterranean areas, connecting Southern Europe with the North and East with West (blue corridors), as well as building a fleet of approximately 100 LNG-propelled heavy goods vehicles.
- **Gas an Alternative for Road Transport (GARnet).** The purpose of this European project is to analyse the development and large-scale deployment of an LNG supply network as an alternative fuel for heavy good transport vehicles. In 2013, seven service stations were installed and started up, after Gas Natural Fenosa was granted an EU financial subsidy of 1,936,000 euros in 2012.

Compressed natural gas (CNG):

Gas Natural Fenosa has continued to develop a network of stations that are also equipped with a pump for sale to the general public. The company is introducing a public filling station network in the main Spanish cities to supply light vehicles that distribute goods.

Sales of CNG and LNG in our stations have risen by over 120% against 2012, and the number of natural gas vehicles is poised to pass the 4,000 unit mark.

In 2013, a cooperation agreement was signed with a car manufacturer with the object of promoting lines of work based on: business models for the commercialisation of CNG vehicles, joint promotion and communication activities, research for new alternative gas-derived fuels, technological development of new CNG engines, and incorporating CNG vehicles from that company to the vehicle fleet of Gas Natural Fenosa, inter alia.

Electricity mobility

The company manages the system charging and is energy manager for mobility solutions. The company also has a 20% interest in BlueMobility Systems, a company which specialises in developing recharge infrastructures for electrical vehicles.

In Spain, Gas Natural Fenosa operates an electrical vehicle recharge network with 48 points; 30 of them are in La Coruña and 18 are in Madrid.

Also, through the Domocell Project, it has created a recharging system for electric vehicles that can be easily installed in community garages and company car parks, thus allowing each vehicle's consumption to be measured. This year, it developed the infrastructure, finished the impact assessment studies of reading measurements with smart meters and monitoring the state of the charged network on the electrical vehicle network, and performed real mobility and interoperability tests.

Studies have also been performed for commercial proposals to customer and fleets with electrical motorcycles on a monthly rental basis, integrating the necessary infrastructure, the supply of energy and value added services.

Gas Natural Fenosa has joined the managing group of the second LIVE Platform meeting, extended to the Autonomous Government of Catalonia, and which shall address not only electrical vehicles but also natural gas-powered vehicles.

Next steps

In 2014, three new LNG stations are to be built, bringing the total to 18 and thus giving the company a market share of 50%. Seven new public CNG stations shall be installed during 2014.



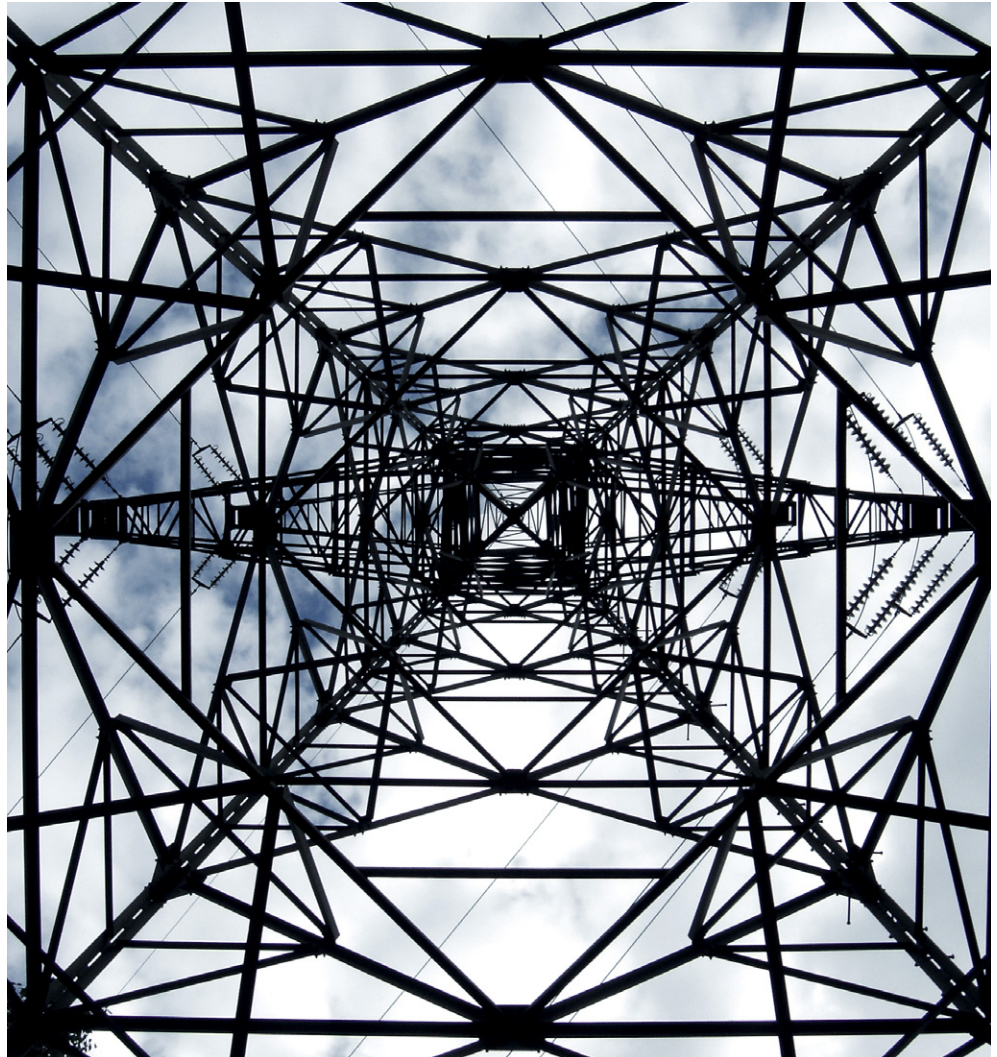
Energy services

The European Union has made a firm undertaking to increasing energy efficiency by 20% for 2020. This target was confirmed as one of the most important in the European Union's new strategy for employment and smart, sustainable and integrating growth (Europe Strategy 2020).

In order to achieve this undertaking, member states will have to generate, on top of the saving already obtained, a further saving every year equivalent to 1.5% of the average final energy consumed during the 2010-2012 period. In Spain's case, this is tantamount to an energy saving target of 15,320 ktep.

Consequently, it will be even more important to promote standards and also saving and energy efficiency plans, to establish multi-sector measures with different ranges.

The regulatory developments that are being prepared in Spain and other countries for the introduction of energy efficiency initiatives are generating new scenarios in which the consumer takes on a more prominent role, with increased capabilities to be aware of and control his energy consumption.



Companies which wish to have leading roles in these markets must establish business models based on knowledge and technological competence, focused on customer loyalty, and helping the consumer to improve his patterns of

consumption, to obtain energy services that cover his needs with the lowest consumption of energy and at the lowest cost possible.

Our focus

Gas Natural Fenosa is a customer-centred company, one which thinks continuously about the customers' requirements and seeks the best solutions to satisfy them, as well as developing new products.

The company's strategy revolves around development of additional services with high value-added that allow customers to design an energy consumption strategy that optimises their consumption pattern. Gas Natural Fenosa is strongly positioned in these markets through its supply of energy services.

The company's business focuses on providing the customer with integral supplies that go beyond savings or price reductions in the sale of gas and electricity. The innovation in the commercial supply being undertaken by Gas Natural Fenosa – which brings with it potential savings for current customers and an additional supplement of traditional products – aims to position it as a dynamic company that is constantly adapting, and one that is concerned about providing its customers with value-added products and services.

During 2013, Gas Natural Fenosa made a great effort in the field of energy management systems in the residential and SME sector. Its objective is to test emerging technologies which might allow new commercial services to be developed to help our customers to control and reduce their energy consumption.

- **Servicontrol.** The company has set up two pilot projects. In the first project, the company is testing the software which it can use to monitor and analyse the energy consumption of smart energy management systems in SMEs. The second one, developed in the residential sector, is to be used to test the electrical measurement system and smart thermostat allowing control by Internet and smartphone.

- **“DC4Cities European project”**
The objective of this project is to optimise the energy management of data centers (DC) to minimise their energy usage and improve their supply using renewable energies. Within this project, two tests will be carried out in the DC of the Institut Municipal d'Informàtica (IMI) and the Scientific and Academic Services Centre of Catalonia (Centro de Servicios Científicos y Académicos de Cataluña, CESCO).

Loyalty projects are geared towards ensuring that customers are comfortable, while at the same time the company generates security and a sense of trust in management. The customers' expectations have to be matched by increased customer service, innovation and any need which might be able to offer value added to the catalogue in all its energy and product variations.

The services catalogue grows larger and larger by the day, with projects to be carried out in the short and in the mid term:

- Presence in social networks, creating smooth and direct communication.
- Extension of product cover, such as introducing spare parts in the Servigas service.
- Directing innovative products to users who are currently not customers.

- Extending cover to other customer segments, such as, for example, offering a service such as Servigas for propane gas.

In 2014, the company aims to broaden its range of energy services, offering a home energy certificate which is necessary in Spain for property rental and sale. This service completes a broad range of solutions, which are intended to instil loyalty in current and potential customers.

Promotion of efficient products

The company works as an energy services company, which means it can shift from being just an energy supplier to being an energy manager for its customers, generating value and improving its competitiveness through energy efficiency. In this way, Gas Natural Fenosa aims to become a comprehensive energy manager which, under the premises of profitability, is committed to sustainability of the end customer's pattern of consumption.

The variety of services available in this field is extremely broad, adapting to the technological and economic needs of each customer. To respond to these needs, the company continues to expand the portfolio of energy products and solutions, based on the innovative application of efficient technologies. Gas Natural Fenosa is reinvigorating a business model based on an in-depth analysis of the most efficient technologies available in the market, and a process of selecting those most appropriate for each type of customer.

In certain cases, despite the energy savings achieved through these technologies, it is necessary to make a high initial payment, and this poses a barrier to implementation. Consequently, to provide customers with access to any kind of efficient technology, economic business models are developed, offering a complete service which includes the initial investment.

Standardised solutions

Some of the products and services the company has started up in 2013:

- **Value-added services for Comfort Solutions.** Neighbours associations are a priority customer for the company and require special attention. The company is therefore permanently committed to developing solutions to allow for greater efficiency, and therefore, to increase energy savings. During 2013, Gas Natural Fenosa has reinforced already consolidated products such as Comfort Solutions (energy management of boiler rooms with supply of useful energy) with other value-added services. It has also set up the distribution formula, a service which can individually register the each neighbour's central heating and hot water usage so that each neighbour only pays for what he actually consumes. Furthermore, according to the data of the Energy Diversification and Saving Institute (Diversificación y Ahorro de la Energía, IDAE) and the Spanish Heating Costs Distributors Association (Asociación Española de Repartidores de Costes de Calefacción, AERCCA), the distribution method creates a more even heat distribution in all apartments, making it possible to obtain up to 20% savings through changing the consumer's way of knowing his real usage.



The Fixed Payments Plan is another service incorporate which is of benefit to all Comfort Solutions customers, as it is possible to share out winter expenses throughout the whole year.

- **LedPark efficient lighting.** The success of LedPark (over 36,000 tubes installed in over 200 customers) has made Gas Natural Fenosa pay special attention to customers' needs, extending the product features. Consequently, the name of the product was changed to LedPlus in 2013. Now it is not only geared towards car parks and garages but also all sorts of other businesses. The new product covers all the customer's needs because it allows all its lighting to be replaced with LED technology lighting supplied by leading brands, no matter what type of lamp the customer uses, obtaining energy savings of up to 70%.
- **Electric Air Conditioning.** The Electrical Air Conditioning service developed by Gas Natural Fenosa, allows the customer to renew its older air conditioning equipment with the best systems on the market (heat pumps, coolers etc.) which reach better return ratios and which do not use R22 coolants (which will be banned from 2015 on). A good opportunity for hotels, hospitals, office buildings, sports facilities or neighbours associations to renew their systems using the most efficient on the market under advantageous conditions.
- **Liquefied Natural Gas (LNG).** Is presented as the best alternative for companies some distance away from the distribution network. The company offers a service whereby natural gas can be taken to any location, offering the customer a guaranteed continuous supply, with the company taking care of logistics, transport and the storage infrastructure. LNG is the best option in these cases, as the cost per kWh is up to 35% lower than that of other fossil fuels.

Tailor-made solutions

Together with the development of standardised solutions, such as those described previously, the company is developing other energy services. These are customised projects that enable complex energy solutions to be put in place for those customers whose needs cannot be adapted to a standard service.

- **Public lighting energy services.** The company has continued to develop projects whose direct benefits for the customer can be seen in the electricity saving and a decrease of maintenance operations. The technological breakthroughs being made in outside lighting facilities have led to a turning point in the trend for consumption of these products. For example, in Spain, the need to comply with the Energy Efficiency Regulation at Outside Lighting Facilities (Royal Decree 1890/2008), the emergence of LED technology and the possibility of contracting energy services companies means that municipalities can introduce measures of energy efficiency and saving to reduce their energy bill. Gas Natural Fenosa is able to propose solutions based on an energy performance contract model that can guarantee savings of up to 85% compared to traditional solutions. Some municipalities in Albacete province, such as Vianos, Salobre and Reolid, have used this solution to renew their lighting.

The company develops other technological projects which are customised to the customer's needs in which it analyses all the possible ways of achieving the best possible performance in facilities. One of the most important projects was carried out in a single chain of reference in the

Canary Islands. The company installed several technologies, including biomass boilers, coolers with heat recovery and consumption monitoring systems, obtaining savings of 20% against the customer's initial energy bill.

3e-Houses project

The 3e-Houses project is a European project financed within the Competitiveness and Innovation Framework Project (CIP). Its purpose is the integration of the most common information and communication technologies (ICT) in council housing, to help households to save energy, shift consumption to off-peak hours, and reduce CO₂ emissions, thus helping to improve the environment.

The project is structured around the development of four pilot tests in a group of council houses in four European cities, Bristol (the UK), Leipzig (Germany), Langenfeld (Germany) and Sant Cugat (Spain). During 2013, the results of the projects carried have been analysed, with savings rates of over 12% being obtained overall. The total budget of this project amounts to 4 million euros.

Increasing efficiency in homes through installing ICT in homes has a twofold aim:

- To promote energy saving, helping occupants to know how and how much they consume, and the way in which they can manage their consumption in order to save.
- To analyse how the information and the energy efficiency measures taken have an influence on the energy consumption of different European scenarios represented by the four countries taking part.

Energy consumption management services based on the integration of ICT in homes allow significant energy savings, better integration of renewable energies and therefore, lower CO₂ emissions. In this regard, the residential sector offers maximum potential for obtaining energy saving from which the proprietors and the whole of society stands to benefit.

The Spanish pilot test has been developed in 70 homes in Sant Cugat del Vallés, a municipality of Barcelona province, during twelve months. The main conclusion of the test is that saving amounts to 20% of the energy consumption in individual homes, while annual economic savings, adding together electricity, water, central heating and common areas bills, amounts to 256 euros per home. The fall in energy consumption also brought about a reduction in atmospheric emissions of 52.74 tons of CO₂. The project has also had a positive impact on homes given that 22% was saved in the common areas of each one of the three buildings taking part in the test.

Importance of people's awareness for a more efficient energy model

Gas Natural Fenosa aims to become a comprehensive energy manager focused on the sustainable consumption of its customers. For many years now, the company has been working together with social institutions to provide information about this awareness and in application of technologies related to energy services.

One of the company's priorities is to promote and disseminate energy efficiency through awareness campaigns. Gas Natural Fenosa takes part in seminars and conferences to provide information on products and services that are best adapted to citizens' needs. It also promotes cooperation agreements with major consumer and business associations to achieve a more efficient use of energy.

The company also continues to devote its efforts and resources to raising awareness among customers of the need for efficient use of energy, as their collaboration is essential in achieving common objectives in this field.



Residential customers are provided with advice through campaigns, and can also benefit from the www.hogareficiente.com site on how to save energy in the home and the benefits this brings to the environment. For businesses and industries, the company has the portal www.empresaeeficiente.com. Both web portals can be used as the reference point of the company's energy efficiency programmes. They also offer energy advice services, online courses, guides and a smart energy diagnostics tool.

Every year since 2004 the company has published the energy efficiency indices in the residential and SMEs sectors. This index has become a benchmark in measuring energy consumption habits in Spain. These statistical studies mean the company can

analyse the level and efficiency evolution in Spain and find out the potential savings in these sectors. Based on the last publication of the index, Spanish households have a potential energy saving of 8.45% of their bill. In the case of SMEs, the latest study carried out shows an 0.4 point improvement in energy efficiency, bring potential saving to 16.1% of the total consumed.

For Gas Natural Fenosa, the compilation of these indices represents an opportunity to position itself with the public as a leading company in energy efficiency, and one that cares for the well-being and savings of its customers.



● ● Access to energy

An important part of the company's activity takes place in emerging markets where highly significant increases in energy demand are expected in forthcoming years. The growth in population as well as access to higher levels of well-being will require the development of new generation and electrification infrastructures in rural areas.

This new development represents a huge opportunity for the company, but also a major challenge from a variety of standpoints:

- The need for more investment to develop new generation plants, as well as distribution grids, in regions where the electricity and gas infrastructure is insufficient.
- The development of projects with low social and environmental impact that enable it to obtain the social licence required to build the infrastructures with the support of the local population.
- Having solid institutions in the countries, as well as the necessary government of laws, so that the projects it carries out can be trusted.
- Implementing appropriate systems for payment that ensure the projects are feasible from a financial point of view and facilitating access to the service by the public.

New approach: social innovation and local development

Offering energy supply to communities which require economic and social development, must be a key part of the sector's commitment towards society. Access to energy drives the development of communities, which will be better equipped to prosper and reach levels of development they would otherwise not be able to do.

Supplying energy to rural communities is also an opportunity, because the company has the experience to repeat these kinds of projects in other regions and build a source of competitive differentiation. Gas Natural Fenosa is ready to satisfy the additional demand for energy expected in the next few years. The new capacity totals more than 1,300 MW of projects at different stages of planning. To this end, the appropriate tools to organise activities have been provided, to satisfy that increase in demand.

The company is working on new generation projects, on studying the positive social impact of infrastructures, in new areas of gas and electricity supply in isolated areas, in designing the tariffs which provide access and in inclusive business programs.

The company, as part of its strategy to reinforce its commitment to society, actively tries to cater to all individuals, families and organisations located in the areas for which it has been granted a distribution or service licence, in order to provide and facilitate access to energy in populations where the company is operational. Business projects in the framework of low income neighbourhoods are carried out under this premise; these are areas which lack a good distribution infrastructure, where the payment culture is not deeply rooted and where many illegal connections are to be found.

Our action, solutions for each need

Gas Natural Fenosa has spent many years carrying out projects targeted at encouraging access to energy by populations in developing countries, where its activities appreciably improve life quality.

Energía Social (Colombia)

In Colombia, Energía Social is responsible for the commercial management of neighbourhoods without standardised electricity infrastructures, on the Colombian Caribbean Coast. Energía Social has developed a specific community billing system for disadvantaged customers and manages the Social Energy Fund (FOES), a local subsidy in the form of a discount on the bill.

Moreover, Energía Social plays an important educational role in the efficient and safe use of energy, and generates jobs in these communities. It also performs an essential catalyst role in standardising these neighbourhoods, by encouraging their inclusion in the Electricity Standardisation Programme.

Through partnership with the Colombian government, over 81,799 families have benefited from this initiative since the commencement of Energía Social activity. Gas Natural Fenosa has invested almost 9 million euros, targeted at projects for electricity substations and electricity lines, to improve reliability and safety of the service.

Since 2004, Gas Natural Fenosa has completed 177 grid standardisation projects, with a further 98 in progress and another 167 planned. Consequently, 196,000 families have safe access to energy and more than 300,000 families have taken part in workshops.

Cuartel V (Argentina)

In Argentina, Gas Natural Fenosa continued to develop the model used to extend the gas network to impoverished neighbourhoods. Together with the Fundación Pro-Vivienda Social (FPVS), the company has continued to extend the gas network to other quarters of the town of

Cuartel V, (Moreno District, in the province of Buenos Aires) such as Milenio, Don Sancho, San Norberto, Mayor del Pino, San Alberto and Irigoien. The expansion projects will continue over the next few years, which will enable the company to reach the highest number of families. In 2013, the natural gas network reached 1,954 homes, and in global terms since the outset, over 22,000 people (over half the population) have benefited from this programme, now have access to cleaner energy and have increased the value of their homes. Some 31,260 m of new network was built in 2012.

Installation of prepayment meters (Panama)

In 2012, Gas Natural Fenosa began to implement the energy sale service through the prepayment measuring system in the highly populated area of Curundú, in the heart of Panamá.

In 2013, this initiative was extended to new areas of the Metro and West Zones of Panamá, and including the total implementation in the sector of Brookincito. A neighbourhood with a high level of social risk, where the company faced serious operating difficulties and low levels of awareness regarding efficient use of energy.

Previous activities were carried out for the start-up of the project, such as the recognition of the community, identifying potential leaders of the community, training, motivation and raising awareness amongst the population. In 2013, the development model was moved to the West Zone, Tecal Sector, where prepayment meters have been implemented.



Governance in Gas Natural Fenosa

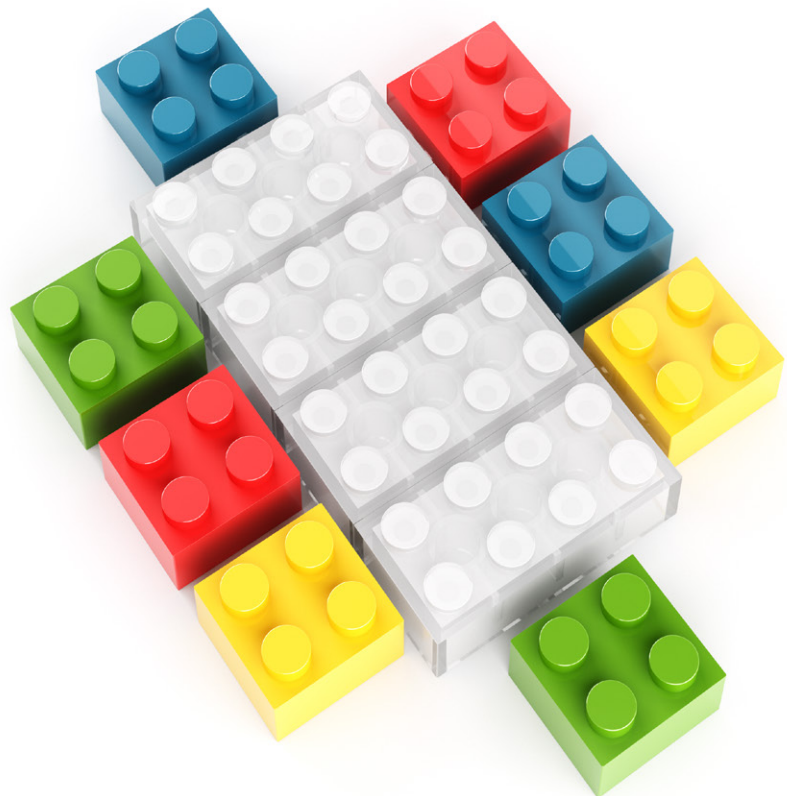
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**corporate
responsibility**
report

2013





Good governance for efficient and transparent management

Governance at Gas Natural Fenosa is based on the principles of efficacy and transparency established in accordance with the main existing recommendations and standards at international level.

The use of these principles in taking decisions encourages proper management of corporate operations and an improved bottom line, but also represents a major contribution to sustainable growth in the environment where it performs its activities.

Preventive management of risks, which includes issues beyond the economic facet of its activities, is another essential part of good governance at Gas Natural Fenosa. The company, through its Board of Directors, performs a yearly analysis and approval of its risk profile and establishes the means required to mitigate this kind of situation.

In accordance with the corporate responsibility policy, risk management includes the ethical, social and environmental matters in planning of their activities, which, together with the search for profitability, guarantees responsible projects and operations with the capacity to generate long term value.

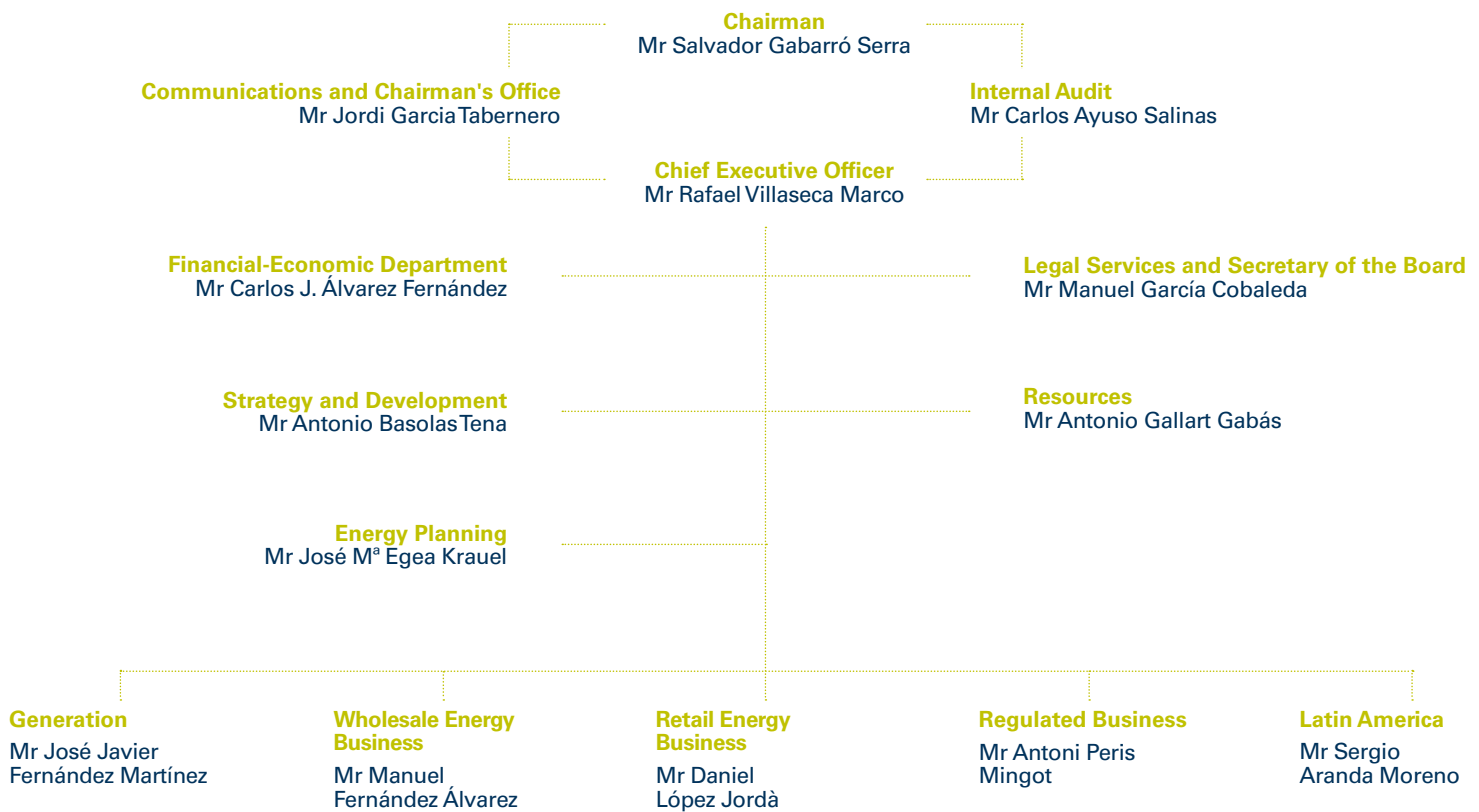
Internal control is another fundamental pillar in the good governance model of Gas Natural Fenosa. To this end, it periodically reviews its activities through legal compliance and internal auditing processes, focused on avoiding possible inefficiencies and removing or mitigating the company's major risks. Similarly, its supreme governing body periodically assesses the quality and efficacy in its own procedures.

The success of this business culture of good governance, responsibility and a focus on preventing risks is best reflected in the Gas Natural Fenosa's 170-year history of sustained growth.

Consequently, the company will continue to develop its activities and to focus its decision-taking processes pursuant to the very highest standards. Only with the best corporate governance

can the best response to the challenges currently faced be provided.

The Gas Natural Fenosa management structure



Value actions

Proposed actions 2013

Proposed actions 2013	Actions planned 2014
Modify the Anti-corruption Programme	● Adaptation of the company's internal standards to the new corporate governance standards.
Draw up the Reputational Risk Map	● Improvement in the risk calculation engine to automate the measurement of long term risk.
Preparation of the Climate Change Risk Map	● Update of analysis model of counterparty risk in Gas Natural Fenosa.

Level of fulfilment: ● High. ● Medium. ● Low.



Corporate governance principles

The governing bodies of Gas Natural Fenosa determine their operation following the recommendations of good governance of listed companies, and new laws in this field.

Good governance is a concept in constant evolution. In Spain, new formats for the Annual Corporate Governance Report and Director Remuneration Reports have been recently approved. The Spanish government has submitted a Bill to amend the Corporate Enterprises Act to improve corporate governance and progress is being made on modifying the Code of Good Practices for Good Governance.

Within this framework, the company's challenge lies in adapting to these changes -changes that are instrumented through legislative amendments or recommendations- and so be recognised as a standard-bearer in this field. Thus, an effort was made in 2013 to remain up-to-date with new changes and adapt accordingly.

The corporate governance practices of Gas Natural Fenosa are set out in detail in various annual reports (Annual Corporate Governance Report, Annual Activity Report of the Audit and Control Committee and the Corporate Responsibility Report), which are submitted to the Shareholders' Meeting for its approval. With this documentation, the company reports on the most relevant standards and procedures implemented and discloses the criteria used as the basis for taking decisions.

Among these criteria, the preventive management of risks and the consideration of aspects tied to corporate social responsibility take priority in the Board's activity. And with good reason. Based on its operating rules, the Board is responsible for approving the corporate governance and corporate responsibility policies and, every year, through compilation of the respective reports, it reviews the risks and opportunities in these areas.

Through knowledge update programmes, and in those cases where such action is deemed appropriate, the company offers Board members the opportunity to have first-hand information about energy matters and other spheres, by inviting well-known specialists to their meetings.

The General Meeting of Shareholders takes part in implementing corporate governance practices, as does the Board of Directors and its Committees: the Executive Committee, the Appointments and Remuneration Committee and the Audit and Control Committee. The Management Committee also plays a relevant role.

Duties, powers and structure of the Board of Directors

Pursuant to the recommendations laid down in the Unified Code on Good Governance of Listed Companies and the Board's own regulations, the quality and efficiency of the Board and of its committees is assessed every year.

This assessment is used to explore issues such as the amendments introduced into corporate governance standards; the number of sessions of the different governing bodies; the agreements and reports issued; the characteristics and suitability of members of the governing bodies; attendance at meetings; calls to meetings and the documentation to accompany these calls; the venue for the meeting and the discussions held.

Powers of the Board of Directors	
Strategic orientations and economic targets	Determining the company's strategic orientation and financial objectives and agreeing, at the behest of senior management, the appropriate measures for their achievement, with the compliance of those activities being subject to their control.
Compliance with strategy, targets and corporate respect	Supervising and verifying that the members of senior management comply with the strategy and meet the corporate purpose and interest, as well as safeguarding the interests of minority shareholders. For that purpose, it establishes as many supervisory systems as are necessary.
Company's viability and competitiveness	Ensuring the company's future viability and its competitiveness, as well as the existence of appropriate leadership and management, where the company's activity is expressly submitted to its control.
Approval of the Code of Conduct	Approving the company's codes of conduct and carrying out the powers set out in the Regulation for the Organisation and Operation of the Board of Directors and its committees.
Efficacy of the ESG risk management processes *	Every year, to analyse, debate and approve the different documents showing the efficacy of risk management processes with regard to economic, environmental and social matters, which are: the Annual Corporate Governance Report, the Annual Accounts and the Management Report (both individual and consolidated) and the Corporate Responsibility Report.
Management, representation and control stipulated in the Articles of Association	Carrying out any management, representation and control activities necessary or appropriate for achieving the corporate purpose as laid down in the Articles of Association. It shall respond for this obligation to the General Meeting of Shareholders.

The Board of Directors and its committees operated as expected during 2013, fully exercising their powers without interference and in full observance of both current legislation and the standards for the organisation and performance of the Board's own regulations.

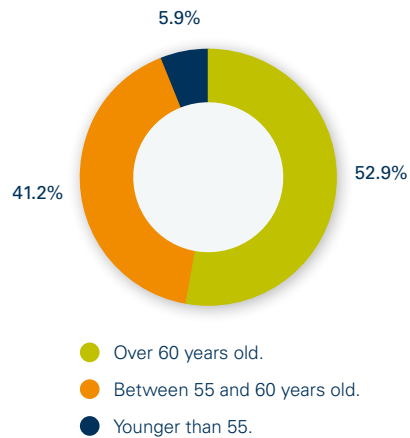
Because the company adheres to the Code of Good Tax Practices, the aim of which is to strengthen collaboration between businesses and tax authorities to reduce litigation, the Board of Directors receives regular information on the tax policies applied by the company.

At any given time, the criterion governing the actions taken by the Board of Directors is the sustained maximisation of the company's value

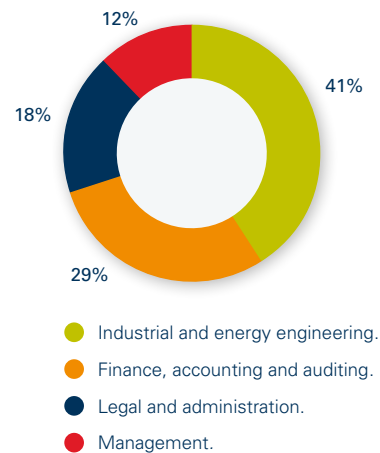


All the corporate information of Gas Natural Fenosa can be read on the company website, at: www.gasnaturalfenosa.com.

Diversity of the Board of Directors



Powers of the Board of Directors



Composition of the Board of Directors and various committees (at 31 December 2013)

	Board of Directors	Executive Committee	Audit and Control Committee	Appointments and Remuneration Committee	Type of Director
Chairman	Mr Salvador Gabarró Serra	Chairman			Executive
Deputy Chairman	Mr Antonio Brufau Niubó	Deputy Chairman		Board member	Proprietary member
Chief Executive Officer	Mr Rafael Villaseca Marco	Chief Executive Officer			Executive
Board member	Mr Ramón Adell Ramón		Board member		Independent
Board member	Mr Enrique Alcántara-García Irazoqui	Board member			Proprietary member
Board member	Mr Xabier Añoveros Trías de Bes				Independent
Board member	Mr Demetrio Carceller Arce	Board member			Proprietary member
Board member	Mr Santiago Cobo Cobo			Board member	Independent
Board member	Mr Nemesio Fernández-Cuesta Luca de Tena				Proprietary member
Board member	Mr Felipe González Márquez				Independent
Board member	Mr Emiliano López Achurra	Board member			Independent
Board member	Mr Carlos Losada Marrodán	Board member	Chairman		Independent
Board member	Mr Juan María Nin Génova	Board member			Proprietary member
Board member	Mr Heribert Padrol Munté				Proprietary member
Board member	Mr Juan Rosell Lastortras				Proprietary member
Board member	Mr Luis Suárez de Lezo Mantilla		Board member		Proprietary member
Board member	Mr Miguel Valls Maseda			Chairman	Independent
Non-director Secretary	Mr Manuel García Cobeleda				N/A

The Governing Body in economic, environmental and social matters

The most senior executive in the company is the Chief Executive Officer, and the general directors of the group report directly to him. By virtue of the Regulation on Organisation and Operation of the Board of Directors of Gas Natural Fenosa, the Board of Directors is responsible for defining the corporate structure, and the delegations and proxies structure.

In accordance with that power, it delegates certain responsibilities to the Chief Executive Officer, which, in turn, grants specific powers to the different general directors for economic, environmental and social questions. Within their respective powers, they have the highest level of responsibility, and the economic, environmental and social questions are related, to a greater or larger degree, in all general departments.

By a principle of specialisation, the Economic-Financial Department has general responsibility for economic questions, and the General Resources Department has general responsibility for environmental and social matters.

The various general directors are regularly invited to the meetings of the Board of Directors to discuss matters relating to their field of responsibilities and about which the Board needs to take some kind of agreement or about which it needs to be informed. Consequently, the Board of Directors is used to analyse and to discuss the aforesaid economic, environmental social matters which have an impact on the development of the company's businesses.

Gas Natural Fenosa, by carrying out knowledge update programs, offers opportunities for the members of the Board of Directors to have first hand information about certain fields, for example, energy matters, by inviting well-known specialists in specific fields to attend its meetings.

Remuneration model of the Board of Directors

Remuneration of the Board of Directors

Remuneration of Directors represents an issue of major importance in the company's good governance and, consequently, constitutes a legitimate concern for shareholders.

Gas Natural Fenosa, pursuant to the existing legal framework, provides regular information on the remuneration of the members of the Board of Directors through its Annual Report and the Remuneration of Administrators Report, which are publicly available on the website of the National Securities Market Commission (CNMV).

The Remuneration of Administrators Report, in compliance with the Sustainable Economy Act, was submitted to a ballot of the General Meeting of Shareholders in 2013. In addition to approving remuneration for the previous year, it was agreed that for future years the Appointments and Remuneration Committee must notify the Board of Directors of its agreement to maintain the same remuneration policy followed to date, based on the principles of moderation, payment for the time spent, and correspondence with results.

Remuneration of Directors for sitting on the collegiate decision-taking bodies is considered as fixed remuneration. Only the Chief Executive Officer receives variable remuneration for the executive duties he carries out aside from his position on the Board. Remuneration established for Board members in 2013, for their membership of the Board, and which are the same which have been applied since 2007, were as follows:

- Chairman of the Board of Directors: 550,000 euros/year.
- Director: 126,500 euros/year.
- Chairman of the Executive Committee: 550,000 euros/year.
- Member of the Executive Committee: 126,500 euros/year.
- Member of the Appointments and Remuneration Committee: 12,650 euros/year.
- Member of the Audit and Control Committee 12,650 euros/year.

Remuneration of the Board of Directors (in thousands of euros)

	Position	Board	Executive Committee	Audit and Control Committee	Appointments and Remuneration Committee	Total
Mr Salvador Gabarró Serra	Chairman	550,000	550,000			1,100,000
Mr Antonio Brufau Niubó	Deputy Chairman	126,500	126,500		12,650	265,650
Mr Rafael Villaseca Marco	Chief Executive Officer	126,500	126,500			253,000
Mr Ramón Adell Ramón	Board member	126,500		12,650		139,150
Mr Enrique Alcántara-García Irazoqui	Board member	126,500	126,500			253,000
Mr Xabier Añoveros Trías de Bes	Board member	126,500				126,500
Mr Demetrio Carceller Arce	Board member	126,500	126,500			253,000
Mr Santiago Cobo Cobo	Board member	126,500			12,650	139,150
Mr Nemesio Fernández-Cuesta Luca de Tena	Board member	126,500				126,500
Mr Felipe González Márquez	Board member	126,500				126,500
Mr Emiliano López Achurra	Board member	126,500	126,500			253,000
Mr Carlos Losada Marrodán	Board member	126,500	126,500	12,650		265,650
Mr Juan María Nin Génova	Board member	126,500	126,500			253,000
Mr Heribert Padrol Munté	Board member	126,500				126,500
Mr Juan Rosell Lastortras	Board member	126,500				126,500
Mr Luis Suárez de Lezo Mantilla	Board member	126,500		12,650		139,150
Mr Miguel Valls Maseda	Board member	126,500			12,650	139,150
Total		2,574,000	1,435,500	37,950	37,950	4,085,400

Processes for determining remuneration

The process used to determine the remuneration of Directors is regulated in the Articles of Association of the company (article 44 on "Remuneration") and in the Regulation for Organisation and Operation of the Board of Directors of Gas Natural SDG, S.A., and its committees (article 22 on "Remuneration of Directors" and article 31 on "Appointments and Remunerations Committee").

The Board of Directors and its delegated committees will receive remuneration of 4% of the resulting profit, having deducted overheads, interest, taxes and other amounts that have to be allocated to write-down and repayment, unless the Board agrees to reduce the amount receivable in those years in which it deems such action appropriate. That amount will be distributed in accordance with the duties and dedication of each one of the members. In any event, the aforesaid limit of 4% shall be considered to be a maximum amount, and the real global remuneration received by members will be far lower.

Therefore, the Board of Directors defines a remuneration policy for its Directors determining:

- the amount of the fixed components, breaking down those referring to their participation in the Board and its committees.
- variable items, if they exist, specifying their relative importance with regard to fixed ones.

The Board's remuneration is not carried out to the detriment of dividend payments to shareholders. In fact, the amount is calculated once shareholders are acknowledged a minimum dividend of 4% of the capital paid pursuant to article 218 of the Corporate Enterprises Act.

External advisors have not been consulted to determine the remuneration of Directors.

Pursuant to applicable laws, together with the Annual Corporate Governance Report, the Board of Directors draws up an annual report on the remuneration of its Board members, which includes complete, clear and comprehensible information about the

company's remuneration policy approved by the Board for the year in progress, and, as the case may be, that established for future years. It also includes a global summary of how the remuneration policy was applied during the year, and the details of the individual remuneration earned by each Director. All this information is disclosed and submitted to ballot, on a consultative basis, and as a separate point in the agenda, to the General Shareholders' Meeting.

Matters addressed in the General Meeting of Shareholders

In 2013, shareholders asked for information from the Chairman's Office of the General Meeting of Shareholders about matters such as the possibility of receiving the dividend in shares as in previous years, international expansion, Directors' remuneration, financial outlook for 2013, relations with leading shareholders and the liquefied gas business.

Outline of the most important concerns conveyed to the General Shareholders' Meeting

Matter	Nature of matter (economic, social or environmental)	Conclusions reached
Approval of Annual Accounts and the Management Report of Gas Natural SDG, S.A.; the Consolidated Annual Accounts and the Management Report of the Consolidated Group corresponding to the year closed on 31 December 2012	Economic	Approval by majority
Approval of application of results for the year ended on 31 December 2012	Economic	Approval by majority
Approval of the management carried out by the Board of Directors in 2012	Economic/social	Approval by majority
Re-election of the auditors of the company and its consolidated group	Economic	Approval by majority
Re-election of the Members of the Board of Directors of the company	Economic/social	Approval by majority
Approval of the Annual Report on the remuneration of the Board members of Gas Natural SDG, S.A.	Economic	Approval by majority
To delegate in the Board of Directors, with express powers of replacement in the Executive Committee or in the Board member(s) deemed pertinent or in the Secretary of the Board of Directors, the necessary powers to execute the resolutions taken by the General Shareholders Meeting	Economic	Approval by majority

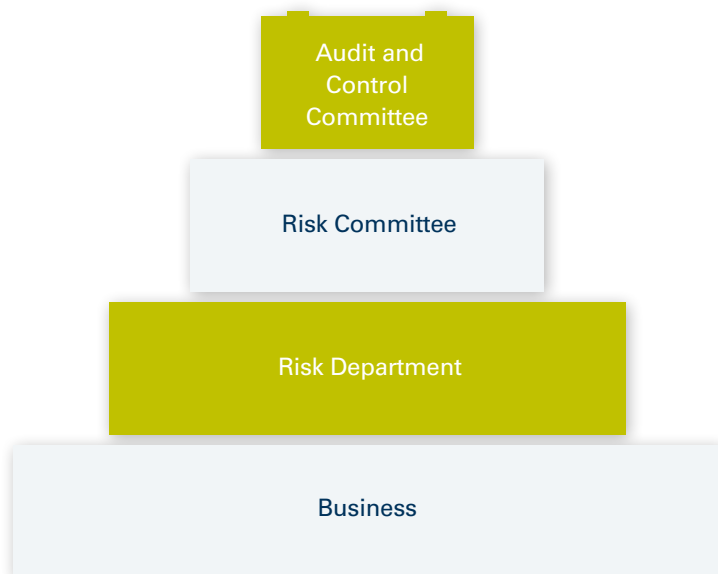


Risks and opportunities

Risk management at Gas Natural Fenosa

The aim of risk management at Gas Natural Fenosa is to ensure predictability and sustainability in the company's operational and financial performance, using different bodies, with clearly identified areas of responsibility.

Risk management



Audit and Control Committee

Highest supervisory body of efficacy in internal control and the company's risk management systems. It ensures these systems successfully identify the different types of risks and the measures stipulated to mitigate and address them if they were to materialise into actual damage.

Risk Committee

The Risks Committee is responsible for determining and reviewing the target risk profile of the company. It guarantees that it is aligned with its strategic position and safeguards the interests of its stakeholders. It also guarantees that the entire organisation understands and accepts its responsibility in identifying, assessing and managing the most significant risks.

Risk Department

It reports to the Economic-Financial General Department, providing it with the corporate vision necessary to develop its functions, as well as specific risk management units for the wholesale and retail businesses, in close contact with the business units which have the highest exposure to risk due to their profile and turnover.

The work of the company's Risk Department focuses on objectifying exposure to uncertainties and internalising risk exposure levels in decision-taking processes of Senior Management, as an instrument to efficiently select returns. It is responsible for coordinating the different agents involved in risk management. Monitoring and assessing risk exposure in an integrated approach, and controlling overall exposure to it, allows efficiency in decision-making to be underpinned, making it possible to optimise the risk-reward ratio.

The Risk Department is responsible for safeguarding the maintenance of the global risk profile, and the recurrent measurement and control of the risk.

Businesses

They are responsible for risk management in their spheres of action. They identify the trends and positions which imply risk and report them to the Risk Department for their integrated monitoring. They also apply the guidelines and management criteria determined by this department.

One of the key concepts for risk management is the concept of risk profile, understood as the level of exposure to the uncertainty resulting from the joint effect of the various categories of risk classified by Gas Natural Fenosa.



Process of identifying, characterising and determining the risk profile

	Determining the global risk profile	Proposed limit per business unit	Risk management and control	Identification of new positions	Information on positions and risks	Evolution of positions and risks	Alternative proposals	Approval
Government bodies	●							●
Heads of global risk profile		●						
Heads of risk measurement and control			●			●	●	
Heads of risk management and scope of action			●	●	●	●	●	

A model that anticipates changes in the environment

The risk management model of Gas Natural Fenosa seeks to ensure predictability of the company's performance in all relevant aspects for

its stakeholders. It is thus necessary to establish the tolerance to risk by setting limits for the most important risk categories, which are set out in the "Risk Measurement System" section. By doing this, the company can anticipate the consequences of certain risks

materialising, and is perceived in the market as a solid and stable company, with all of the benefits that brings.

Integrated management

Gas Natural Fenosa continually analyses its global risk profile through identification, characterisation and measurement of the most important risks given their potential impact on the company's financial statements. This allows the company to determine the maximum accepted level of risk exposure, as well as the admissible limit for risk management. These limits are allocated for each risk category as well as in global terms, thus representing the global objective risk profile.

The tools that enable the continuous improvement of the process for identifying, characterising and determining Gas Natural Fenosa's risk profile are the following:

- General Risk Standard.
- Corporate Risk Map.
- Risk Measurement System.

General Risk Standard

The General Risk Standard lays down the general principles and guidelines for behaviour in order to identify, inform, assess and manage Gas Natural Fenosa's exposure to risk. It establishes the bases to define policies, standards, thresholds and specific metrics which are used to determine the risk profile. It is updated and implemented by the Risk Committee.

Risk Map

The Corporate Risk Map is an analysis led by the Risk Committee and focuses on characterising and quantifying the most important risks, indicating the company's risk profile.

The identification of the risks takes into account the characteristics of the position at risk, the impact variables, the potential quantitative and qualitative severity, the probability of occurrence and the degree of management and control.

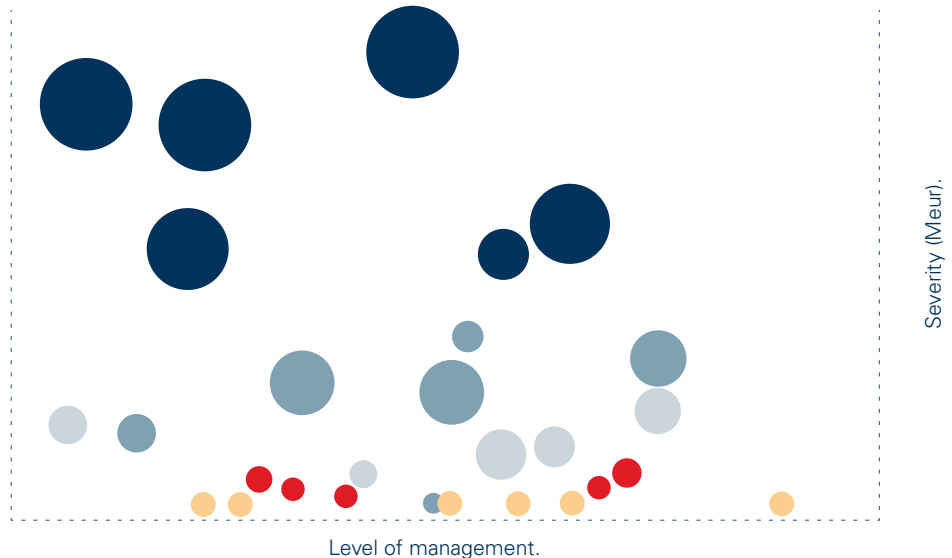
The various risks are characterised in absolute and relative terms and illustrated in graph format. The conclusions are submitted to the highest control body in the company, the Audit and Control Committee. The Risks Map is updated every year.

Risk Measurement System

The Risk Measurement System is designed to provide the recurrent and probabilistic quantification of the risk position assumed on a global scale for the different risk categories.

It has been designed as a support tool for the business units and guarantees that they have an optimum level of independence in decision making. It also ensures that the level of risk taken on by the company and per business unit is in line with the risk profile established by the governing bodies.

Corporate Risk Map



Risk impact severity

- Very high.
- High.
- Average.
- Low.
- Very low.



The Risk Measurement System means that each business unit has specific information on the main types of risks that could affect it. The system seeks to provide these units with a process for taking decisions, which in turn has a positive impact on the company, as it improves its profitability, behavioural predictability and efficiency.

Fundamentally, it covers three risk categories:

- Market risk, understood as the uncertainty related to commodity prices, exchange rates and interest rates, which can have an impact on the company's balance sheets, supply costs or financing capability in the capitals markets. The measurement has a twofold focus: short term, focused on the income statement, and long term focused on the company's value, including the capacity to generate resources on assets and the stability thereof, the variability of the financial structure demanded and the volatility of the applicable discount factors.

- Credit risk, understood as the financial solvency risk of the company's commercial portfolio. It also includes the short term measurement of the returns obtained in the placement of surpluses in financial entities, geared towards selecting more efficient portfolios.
- Insurable operational risk, understood as the possible occurrence of financial losses caused through failures in processes, internal systems or other factors. It allows the risk to be objectified, which is critical for the company to measure and properly manage exposure, and of vital importance for the reinsurance market's perception in relation to operating efficiency in Gas Natural Fenosa.

Throughout 2013, Gas Natural Fenosa identified its reputation risks based on the type of operations carried out in the countries in which it operates and of the stakeholders theoretically affected, and proceeded to include them in the company's risk management system. Therefore, the most important risks were classified using this system, in terms of their seriousness and degree of management, and their impact on financial indicators, if they were to materialise, was analysed and assessed.

Description of main risks and opportunities

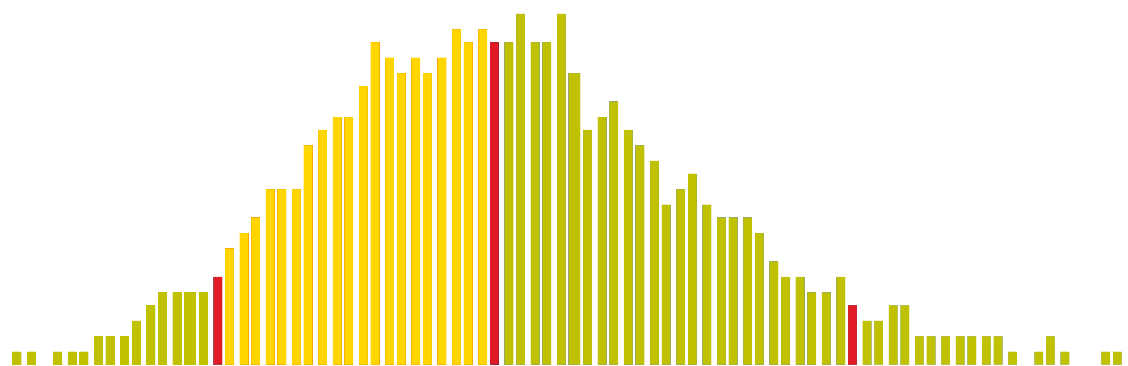
Type of risk	Description	Management
Market risk		
Gas price	Volatility in international markets which determine gas prices.	Physical and financial hedges.
Electricity price	Volatility in electricity markets in Spain and Portugal.	Physical and financial hedges. Optimisation of generation park.
Gas volume	Gap between gas offer and demand.	Optimisation of contracts and invoices. Trading.
Electricity volume	Reduction in available thermal gap.	Optimisation of commercialisation-generation gap.
Regulation	Exposure to revision of criteria and levels of return recognised for regulated activities.	Heightened intensity of communication with regulatory bodies. Adjusting efficiencies and investments to recognised rates.
Exchange rates	Volatility in international currency markets.	Geographical and macroeconomic diversification through inflation rates. Hedges through financing in local currency and derivatives.
Interest rate and credit spread	Volatility in financing rates.	Financial hedges. Diversification in financing sources.
Credit risk		
Credit	Potential increase in default, dependent on recovery in Spain.	Customer solvency analysis, to define specific contractual conditions. Collection process. Systematisation of calculation of economic capital.
Operating Risk		
Operational: image and reputation	Deterioration in perception of Gas Natural Fenosa by different stakeholders.	Identification and tracking of potential reputation events. Transparency in communication.
Operational: accidents and faults	Accidents, damages or non-availabilities in assets of Gas Natural Fenosa.	Ongoing improvement plans. Optimisation of total cost of risk.
Operational: environment	Damages to the natural and/or social environment. Evolution of environmental regulation.	Emergency Plans in installations with risk of environmental accidents. Specific insurance policies. Complete environmental management.
Operational: climate change	Evolution of environmental factors as a consequence of climate change. Regulation geared towards fighting it.	Taking part in Clean Development Mechanisms. Frequent communication with regulatory bodies.
Operating: fraud	Cases of corruption and fraud in different fields of action.	Standardisation of processes and control activities. Centralisation of activities. Re-engineering of linked processes. Greater disclosure of Code of Ethics. Crime Prevention Model.



Market Risk

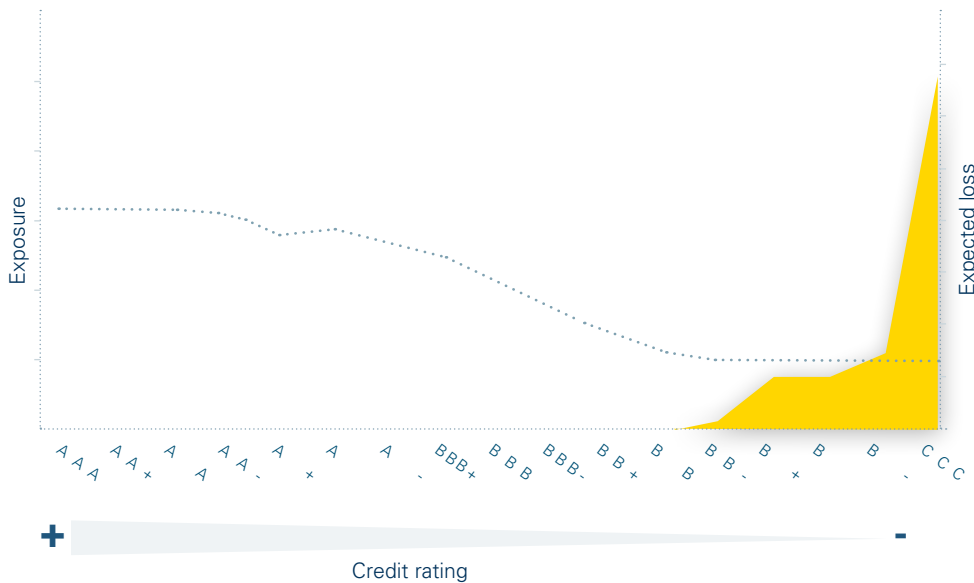
The chart displays summarises the range of values which can be reached in the annual Ebitda of Gas Natural Fenosa due to changes in market factors: gas price, electricity price and exchange rates.

- Probability distribution.
- Ebitda in risk.
- Percentiles 5%, 50%, 95%.



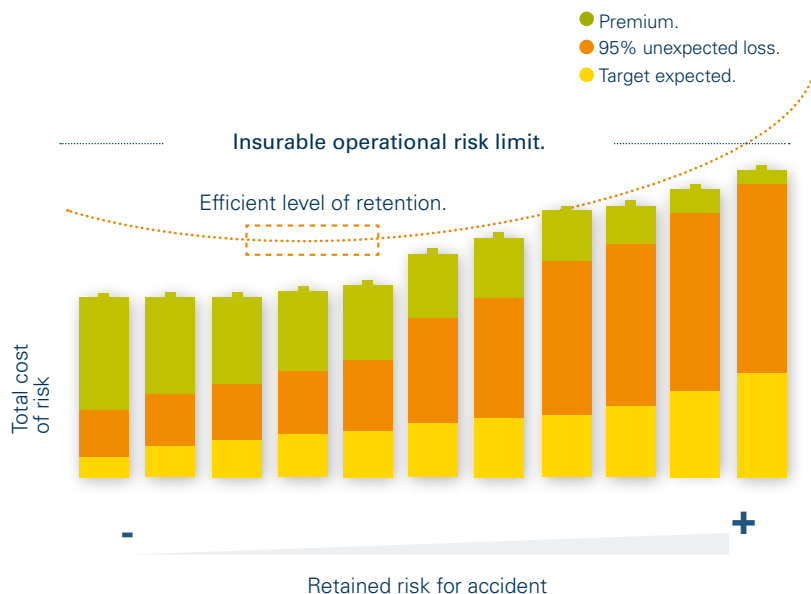
Credit risk

The graph summarises the logic of the risk profile and objective expected loss. Worse levels of credit quality mean the company's exposure has to be limited. It also shows the distribution of the anticipated loss, which increases with the deterioration of customer credit quality.



Insurable Operational Risk

The chart represents some of the basic items with regard to management: efficient retention level and breakdown of total costs associated with the risk (premium, unexpected loss and expected loss).



Main opportunities

Gas Natural Fenosa has important opportunities:

- **Generation mix:** the generation pool of Gas Natural Fenosa, dominated by combined cycle plants, has the necessary flexibility to be able to adapt to different market situations, creating a valuable assets for taking advantage of opportunities related to volatility in prices and volumes demanded in gas and electricity markets.
- **Evolution of CO₂ markets:** the different mechanisms proposed by the European Commission geared towards increasing the cost of the emission rights have the object of discouraging the use of less environmentally-friendly (polluting) technologies so as to offset the effect of climate change. In this situation, the pool of combined cycle plants of Gas Natural Fenosa would be more competitive compared with coal while opportunities might also arise in the emissions market.
- **Portfolio of natural gas/liquefied natural gas (LNG) procurement:** the management of gas pipelines, participation in plants and the fleet of methane vessels enables the group to cover the needs of its different business activities in a flexible and diversified way, optimising for the different energy scenarios. Gas Natural Fenosa's fleet of methane ships makes it one of the largest LNG operators worldwide and a standard-bearer in the Atlantic and Mediterranean basin.



Internal audit

In Gas Natural Fenosa, internal auditing is an independent valuation instrument which has the object of guaranteeing, in all fields of the company, the supervision, assessment and continuous improvement in efficacy of the Internal Control System, including the Internal Control System on Financial Reporting (SCIIF) and the Criminal Risks Prevention System, and also to ensure compliance with external and internal standards and established control models. The ultimate aim is to safeguard the efficacy and efficiency of operations and to offset the main risks which might appear in each sphere of Gas Natural Fenosa, in particular, operational, corruption, fraud and legal risks.

The internal audit function provides a methodical and rigorous approach for monitoring and improving processes and for assessing operational risks and the associated controls. All the foregoing is designed to achieve compliance with the company's strategic objectives and to assist the Audit and Control Committee and the company's top-tier management in its functions in the areas of management, control and corporate governance. The Internal Audit Department reports, in turn, to the Audit and Control Committee, the Chairman and the Chief Executive Officer of Gas Natural Fenosa.

In carrying out its activity, Internal Audit performs the methodical review of the internal control system of the group's processes in all its fields, and the assessment of the controls and operating risks associated with those processes, through the definition and execution of the Annual Internal Audit Plan, so as to improve and efficacy and efficiency thereof. It also supports the general departments in complying with their targets.

The Strategic Audit Processes Plan (with a time frame of five years) and the Annual Internal Audit Plans are drawn up principally on the basis of the Corporate Strategic Plan, the risk areas included in the Corporate Risk Map, the Internal Control System on Financial Reporting (SCIIF) scope matrix, the maps of operational risks, the results of previous years' audits and the proposals from the Audit and Control Committee and from top-tier management.

The methodology for the assessment of operational risks is in accordance with best corporate governance practices, based on the conceptual framework of the COSO Report (Committee of Sponsoring Organisations of the Treadway Commission) and on the basis of the types of risks defined in the company's Corporate Risk Map.

Operating risks are prioritised in accordance with their occurrence, relative importance and degree of control, and, depending on the results obtained, the company designs an action plan with corrective measures so that the residual risks identified can be mitigated, with a potential impact higher than the established risk which can be tolerated or accepted.

In 2013, 106 internal audit projects were carried out, 33 of which corresponded to the review of processes associated with the main operational risks, of corruption, fraud and legal risks, of the general corporate and business departments at Gas Natural Fenosa. The analysis carried out extended to 100% of the general departments and placed special emphasis on those with greater probabilities of these risks materialising.

In 2013, Internal Audit has designed and implemented a new application for managing auditing projects.

Given the independent and across-the-board nature of this department's functions, it takes part in or leads the relevant projects from the point of view of compliance with internal codes of conduct, and chairs the Code of Ethics Committee.

The internal audit function provides a methodical and rigorous approach for monitoring and improving processes and for assessing operational risks and the associated controls



Corporate Responsibility and Gas Natural Fenosa

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Commitment towards corporate responsibility is a key strategic factor for Gas Natural Fenosa. Management from the corporate responsibility perspective generates value in the long term, in terms of stakeholders' trust, and the legitimacy and social license needed to carry out activity, and conveys an image of a sustainable company, which is committed to a new business model based on generating economic, social and environmental wealth.

Hence, corporate responsibility allows Gas Natural Fenosa to formalise its commitment towards society, and gives it a competitive advantage and is a key point for safeguarding the company's sustainability.

Value actions

Proposed actions 2013

Preparation of an integrated report that combines financial and non-financial information.



Identification, measurement and inclusion of the reputational risks registered on the Corporate Risk Map.



Actions planned 2014

Extending sustainability criteria to the chain of suppliers.
 Consolidating Gas Natural Fenosa's presence in responsible coal procurement initiatives (better coal).

Developing the integration of reputational risks in the company's risks system.

Level of fulfilment: ● High. ● Medium. ● Low.



Corporate Responsibility Policy

The Corporate Responsibility Policy of Gas Natural Fenosa formalises the undertakings adopted by the company, effectively driven by senior management and which determine the structure of much of this Corporate Responsibility Report.

In 2013, the Board of Directors of Gas Natural Fenosa approved the new Corporate Responsibility Policy, which maintains the six undertakings applicable so far, but also includes changes which affect the health and safety undertaking, due to the company's continuous firm commitment in this field.

Customer orientation



We strive to know and satisfy our customers' needs. Our aim is to provide customers with a fast and effective response as well as an excellent service, to satisfy legal requirements and to meet commitments made voluntarily by our group.

Our principles

- Building long-term relationships based on trust, employing a friendly and accessible manner.
- Listening to their opinions so as to be able to meet their needs.
- Working all along the value chain to continuously improve the quality and safety of our products and services.

Commitment to results



We draw up strategic plans and set collective and individual objectives. We take decisions to improve results and we ensure compliance with all the commitments we have taken on by adequately managing risks

Our principles

- Working to obtain profitability levels that are in keeping with the resources used.
- Encouraging efficient resource management within the framework of ongoing process improvement.
- Applying best practiques in terms of informational transparency at all times, establishing channels of communication with the markets and with other stakeholders in order to strengthen its credibility and reputation.

Environment



We carry out our activities while paying special attention to protecting the environment and to the efficient use of the natural resources we need to satisfy demand for power.

We go beyond legal requirements and even the requirements we adopted voluntarily in our care for the environment. We involve our suppliers and encourage our stakeholders to use energy responsibly.

Our principles

- Contributing to the sustainable development through eco-efficiency, the rational use of natural and energy resources, minimising environmental impact, encouraging innovation and using the best available technologies and processes.
- Contributing to the mitigation of climate change through low-carbon and renewable sources of energy, encouraging savings and energy efficiency, the application of new technology and carbon capture.
- Integrating environmental criteria in business processes, in new projects, activities, products and services, and in selecting and assessing suppliers.
- Minimising adverse effects on ecosystems and fostering the conservation of biodiversity.
- Ensuring prevention of pollution and ongoing improvement through optimisation of environmental management, minimisation of environmental risks and active participation of employees.

Interest in people



We promote an environment of respect in the workplace, focused on our employees' training and professional development. We encourage diversity of opinions, outlooks, cultures, ages and genders in our organisations.

Our principles

- Providing employees with professional development opportunities commensurate with their skills.
- Fostering a motivational working environment, where employees are treated with respect and their initiatives are considered in responsible fashion.
- Encouraging clear targets, efficient leadership, competitive compensations and acknowledge the targets met.
- Providing conditions which are conducive to a fair balance between professional and personal life within a framework of equality and dialogue.

Commitment to society



We accept our responsibility and contribute to economic and social development in the countries where we have a presence by contributing with our know-how, management capacity and creativity. We earmark a portion of our profits to social investment, maintaining a continual dialogue with society to be aware of its needs and striving to meet them.

Our principles

- Positive integration in the society, assessing the social impact caused by our activities and respecting the culture, legislation and environment.
- Generating value by our own activities and by collaborating with NGOs, local communities and other social players in all of the countries in which we operate.
- Promoting education, training, cultural wealth and the inclusion of the more underprivileged collectives through social investment.

Health and safety



We plan and carry out our activities under the belief that nothing is more important than health and safety. Our actions in this regard go beyond compliance with legal obligations and other requisites that we adopt voluntarily; we promote ongoing improvements in working conditions and health and safety management, involving our suppliers, partner companies, customers and other stakeholders with the aim of preventing accidents and eliminating health hazards.

Our principles

- Guaranteeing that health and safety are non-delegable duties, and that they are taken on by senior management through a visible commitment, proactively accepted and implemented by the entire organisation, and by our suppliers and partner companies.
- Establishing health and safety as an individual responsibility and as a condition of employment at Gas Natural Fenosa and of the activity of its partner companies.
- Ensuring that any potential situations of risk that may affect employees, customers, the general public and the safety of facilities are brought to attention, assessed and managed in the appropriate manner.
- Establishing learning as the driver of change towards a safety culture, by means of ongoing training, accident and incident analysis and the dissemination of lessons learnt.
- Incorporating health and safety criteria into business processes, new projects, activities, facilities, products and services, and in the selection and assessment of suppliers and partner companies, non-compliance with which will condition the commencement or continuity of their activity.
- Providing the resources and necessary means to enable compliance with established safety standards at all times.

Integrity



Fostering that all members of the group behave ethically, with honesty and integrity, respecting the group's values, principles and professional codes of ethics, thus helping to increase society's trust in our company.

Nuestros principios

- Rejecting corruption, fraud and bribery in its business dealings and establish measures to prevent and combat them, developing internal channels allowing communication of irregularities while respecting and preserving anonymity.
- Providing support for the principles of the UN Global Compact, as well as the principles of the OECD for corporate governance.
- Respecting all aspects of the UN Universal Declaration of Human Rights and the Declaration of the ILO regarding basic rights in the workplace, drawing special attention to its recognition of the rights of ethnic minorities, refusal to accept child exploitation, forced labour or any other practices that might contravene workers' rights.



Management of corporate responsibility

Governing bodies

Commitment to corporate responsibility plays an essential role in Gas Natural Fenosa's business strategy. The Board of Directors is the body responsible for supervising the actions carried out by the company in this field, as established in its regulation and the recommendations established by the Unified Code of Good Governance.

The company has a Corporate Reputation Committee and a Code of Ethics Committee that carry out important work in the promotion and implementation of actions related to corporate responsibility.

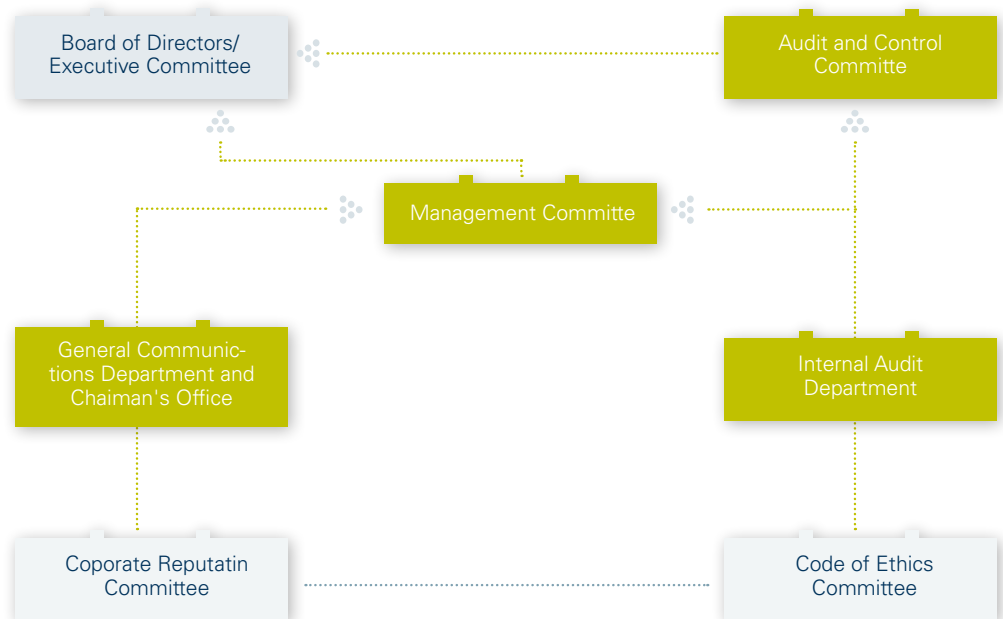
Corporate Reputation Committee

The Corporate Reputation Committee, chaired by the General Communications Department and Chairman's Office, is made up of representatives from some of the areas of the company that are most involved in matters of corporate reputation and responsibility.

The committee reports to the Management Committee, which, in turn, reports to the Board of Directors.



Corporate responsibility governing structure of Gas Natural Fenosa



Functions of the Corporate Reputation Committee

- Implement corporate responsibility and reputation management throughout the organisation, by means of responsible actions which create value for stakeholders.
- Analyse the risks and reputational opportunities in each business division and geographical area, exchanging information which is used to direct the company's management.
- Ensure the construction of a corporate culture that is committed to protecting reputation and promoting corporate responsibility.
- Address the development of policies and procedures in corporate responsibility.
- Draw up corporate responsibility reports and supervise the process of external revision of the information published therein.

Members of the Corporate Reputation Committee

- Communications Department and Chairman's Office (Committee Chair).
- Administration and Fiscal.
- Corporate Governance Matters.
- Internal Audit.
- Procurement, Prevention and General Services
- Corporate Strategy and International Relations.
- Strategy and Development Latin America.
- Gas and Electricity Strategy and Development.
- Commercial Management Latin America.
- Human Resources Across-the-Board Projects and Governance.
- Tertiary Market and Energy Solutions.
- Investor Relations.
- Corporate Marketing and Reputation.
- Risks.
- Customer Service.
- Wholesale Commercialisation Legal Service.

Code of Ethics Committee

The mission of the Code of Ethics Committee is to provide the knowledge, understanding and compliance with the aforesaid code.

The committee, chaired by the Internal Audit Department, comprises representatives from some of the units that are most directly involved in those issues considered in the Code of Ethics.

The Code of Ethics Committee informs the Management Committee and the Audit and Control Committee of its activities.

Functions of the Code of Ethics Committee

- Promote the distribution and knowledge of the Code of Ethics.
- Interpret the Code of Ethics and provide guidelines on what to do in the event of any doubt or conflict.
- Facilitate and manage a channel of communication with all employees, suppliers and collaborating companies (the exclusive function of the Corporate Committee).

Members of the Code of Ethics Committee

- Internal Audit (Chair and Secretary of the Committee).
- Finance and Capital Markets.
- Corporate Marketing and Reputation.
- Labour Relations.
- Customer Service.

Gas Natural Fenosa has local committees in different countries in which it operates, with the aim of ensuring that the Code of Ethics is disclosed in the different fields of action of the company. Local committees have a functional structure similar to the Code of Ethics Committee.

Management and measurement of corporate reputation

Proper management of reputation helps make Gas Natural Fenosa attractive to its stakeholders, and assists in achieving the strategic business objectives.

The measurement of the reputation of Gas Natural Fenosa is systematically assessed using the RepTrak model, developed by Reputation Institute. This model measures the company's emotional appeal, via RepTrak Pulse, in accordance with the overall esteem, admiration and respect, trust and good feeling felt. Furthermore, this methodology develops a rational analysis of the company's reputation, RepTrak Index, valuing 27 attributes broken down into seven dimensions: offer, work, governance, leadership, innovation, citizenship and finances.

Composition of local committees*

Argentina, Brazil, Colombia, Italy, Mexico, Moldova, Panama

Chairman	Human Resources
Board member	Internal Audit
Board member	Communication
Board Member and Secretary	Legal Services

* The queries and notifications from countries other than those mentioned are processed by the Code of Ethics Committee.

The company currently uses this application in Argentina, Brazil, Colombia, Spain, Mexico and Panama. In Spain, Gas Natural Fenosa continues to be the best rated energy company, although results obtained reveal a downward trend, in line with overall assessment obtained by its rival companies.

Other independent references such as the Corporate Reputation Business Monitor (Monitor Empresarial de Reputación Corporativa, MERCO) also reflect the positive perception of the company for different stakeholders. It is important to note Gas Natural Fenosa's positive performance in the ranking, as it was the second most highly reputed company in its sector in the 2012 ranking. Particularly

noteworthy were the ratings obtained by the company's subsidiaries in Argentina and Mexico, which are in first and second place, respectively within the sector.

Gas Natural Fenosa also stands in fifteenth place in the MERCO Responsables ranking, a specific classification which values companies' corporate responsibility policies and practices.

Reputation risk map

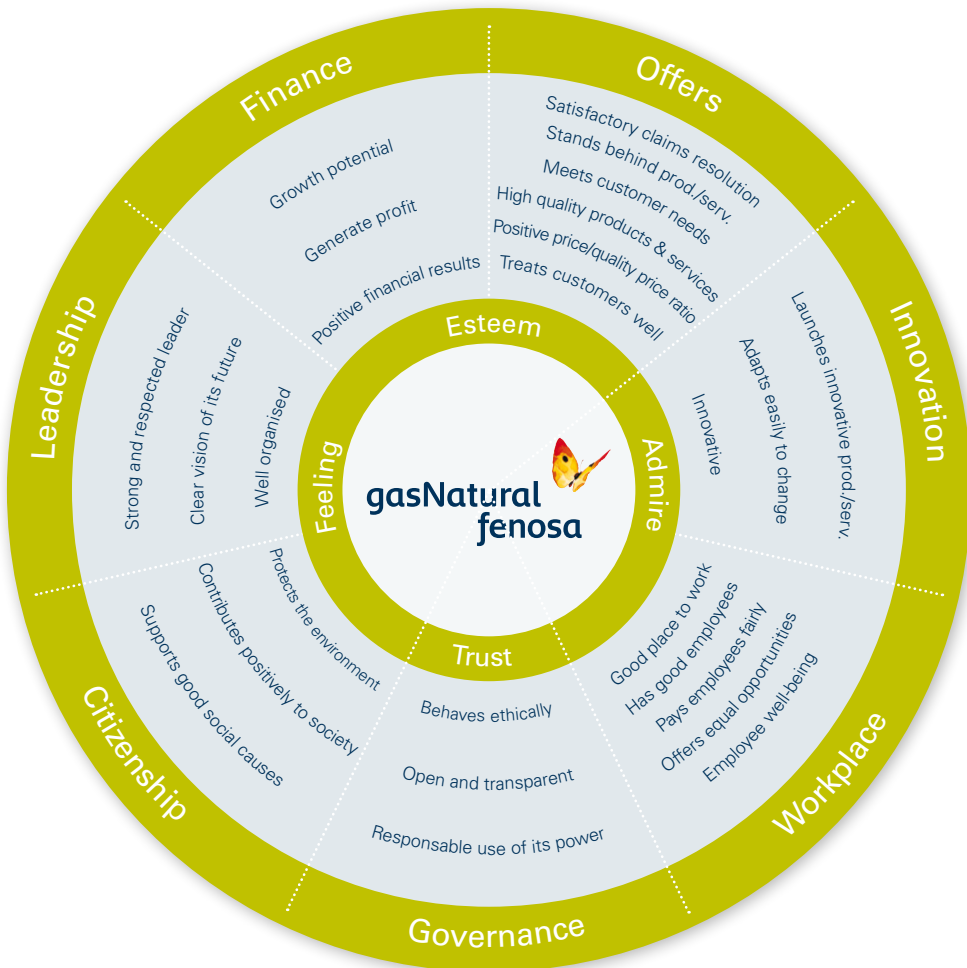
In 2013, Gas Natural Fenosa developed a project for the integration of reputation risk in the company's risk management model. With this project, the company has been able to establish an exhaustive map of reputational risks which identifies each risk's degree of management, should it materialise, depending on its impact on the different stakeholders.

Using this map, the company has been able to prioritise the 21 most relevant risks. Gradually, the company will analyse the possible impact of the materialisation of each risk on the corporate reputation and on that basis, will define plans to manage and mitigate.

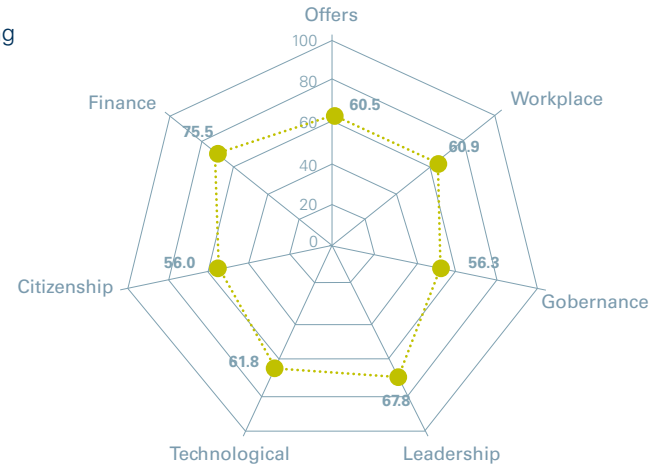
Gas Natural Fenosa also carries out active listening about the company's presence in Internet and identifies the company's mentions with regard to the dimensions of the RepTrak model and quantifies them in accordance with how well they are known (mentions or fans in the network

containing the news item or comment) and notability (positive, negative or neutral polarity of the comments). This methodology means that Gas Natural Fenosa has a unique model for measuring reputation.

RepTrak Methodology



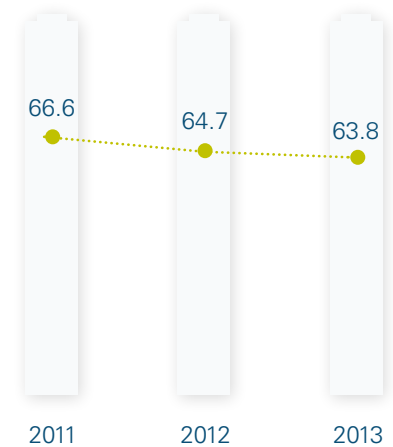
RepTrak Pulse: the perception of Gas Natural Fenosa in society*



● Gas Natural Fenosa.

* Accumulated results 2013.

RepTrak Pulse: the perception of Gas Natural Fenosa in society*



* Accumulated results 2013.



Stakeholders of Gas Natural Fenosa

For Gas Natural Fenosa, the confidence and understanding of its stakeholders are crucial for the success of its business plans. Consequently, it is vital that they be properly identified and defined.

Shareholders and investors	Institutional investors. Leading shareholders. Minority shareholders. Owners of bonds. Owners of preference shares.
Financing groups	Institutional banks. Commercial banks.
Business partners	Natural persons or legal entities with which a specific business project is shared.
Customers	Retailers. Wholesalers. Essential clients and sensitive groups. Power purchase agreement clients (PPAs).
Employees	Active employee. Passive employee. Ex employee. Workers' representative. Representative of pension fund participants.
Suppliers	Strategic suppliers. Work and maintenance contractors. Collaborating companies. Supplier.
Society	Communities affected. Consumer Associations. Non-governmental organisations (NGOs). National and international sector associations. The media. Academic bodies. Society in general.
Administrations/ regulatory bodies	Sector regulators. Market regulators. National and/or Supranational Administration. Local administration.
Analysts	Financial analysts. Rating agencies. Non financial analysts (ESG).
Insurance and reinsurance agencies	Companies specialised in insuring persons, goods, and all types of products, including financial products, in exchange for a fee or premium.
Market agents	Vendors. Generators / producers. Special regime generators. Transport companies. Distributors. Operators.



Dialogue with stakeholders

Gas Natural Fenosa believes that developing a climate of confidence with the stakeholders is a determining factor for the success of its business plans and for its social acceptance. Accordingly, the company carries out actions that enable it to discover the expectations and demands of its stakeholders in advance so that it can evaluate some of the main risks and opportunities associated with the business and establish long-lasting and stable relationships with the key agents in those markets in which it operates.

Key problems were not detected in these participation actions of the stakeholders.

The Gas Natural Fenosa's actions as far as dialogue is concerned are divided into:

- Consultancy actions. Two-way actions. The company and its stakeholders interact to exchange information quickly and fluently. The conclusions are considered in the improvement and adaptation of the company's processes and, in particular, in the selection of the content that is to be included in the corporate responsibility reports of Gas Natural Fenosa and its subsidiaries.

- Informative actions. One-way actions. The company transmits information to its stakeholders.

 G4-25, G4-26, G4-27.

Main dialogue developed by Gas Natural Fenosa in 2013

Customers	
Consultancy actions	<ul style="list-style-type: none"> • Questionnaires to current and potential customers, to assess their satisfaction and identify needs and expectations in all segments, products and processes. • Implementation of the online “Net Promoter Score Project” in the Servigas and Servielectric emergency processes, Energy Class SME incidents and online contracting, • Active dialogue with customer representation bodies to resolve queries and other collaboration and information actions, and attention to actions required in the field of energy poverty. • Collaboration with the Board of Consumers and Users of Spain (Consejo de Consumidores y Usuarios de España) and with the Council of European Energy Regulators (CEER), with regard to consumption matters. • Ongoing studies for knowledge of products such as Servigas and Servielectric, and of other types such as intention to change, brand preference, reputation etc. • Studies for monitoring competitors, in both the residential market and SMEs. • Consultations on customers' preferences in their communication with Gas Natural Fenosa, always ensuring customers are properly dealt with and are satisfied. • Surveys in neighbours' associations in the tertiary market, to establish supply needs and energy proposals, helping to optimise consumption.
Informative actions	<ul style="list-style-type: none"> • Taking part in the III Customer Experience Forum organised by ICADE and the Lukkap consultancy. • Taking part in the XXXIV National Congress of Statistics and Operating Research (XXXIV Congreso Nacional de Estadística e Investigación operativa) • Furnishing information to the customer representative bodies, through the Customer Service Guarantee Office, about the evolution of the sector and of products and services, and training actions for personnel who carry out service activities to consumers and customers associated with those organisations. • Training seminars for large clients to explore in-depth contents of interest in energy and market trends. • Communication to customers registered in the Virtual Office of the availability of obtaining its invoices online, in the framework of the “Go to online” project. • In Mexico, awareness campaigns through bills using the following slogans: “Cuidate del monóxido” (“Be careful with carbon monoxide”), “Uso eficiente del Gas Natural” (“Efficient use of Gas Natural”) and “Consejos de Seguridad y Ahorro” (“Safety and Saving Advice”). • In Colombia, the “Conoce tu Factura” (“Know Your Bill”) campaign, with information about bill contents through social networks, the workshops program with the “Gas Natural al parque” (“Gas Natural to the park”) community and the corporate television channel in gas centres.

Shareholders/investors

Consultancy
action

- Contact with leading stock market analysis firms to draw up reports on market perception and estimates for results.
- One-on-one meetings with investors.
- Continuous replies to the requests for information from analysts and institutional investors, and consultations with the Investor Relations Unit.
- Dealing with requests for information from small shareholders, online, by phone, by mail or in person.
- Maintenance of website targeted at individual investors, as well as a freephone number.

Informative
actions

- Broadcasting quarterly results presentations and the update of the Strategic Plan via Internet.
- Launch of roadshows, at the initiative of Gas Natural Fenosa, visiting fixed income and equity investors to provide them with information on the company's performance figures, current situation and plans. A fixed income roadshow was carried out for the first time in Asia.
- Carrying out presentations with information of interest to small shareholders, in Barcelona (two sessions) and in Madrid (two sessions).

Employees

Consultancy
actions

- 2013 Climate and Commitment Survey to all employees of Gas Natural Fenosa.
- Initiatives of the "Dialogue Program" for internal communication, improving interaction between employees with company management.
- Sending out the perception survey on training and processes of the Corporate University to 171 executives from 12 countries, with an 67.3% response.
- Satisfaction assessment survey with training undertaken by more than 25,000 students.
- Preparation of over 2,000 job training application assessments in ten countries.
- Presentation of the training effectiveness report to corporate business managers and business partners.
- Meetings with business and corporate executives to discuss training needs.

Informative
actions

- Dissemination of the Leadership Model through the Corporate University, Intranet and the printed and digital publication of the Development Guide,
- Communication campaign to promote the use of the Corporate University.
- First communication phase regarding the 2014 languages program on the Intranet.
- Training of 346 people within the Retail Business who assume responsibility for integrating criteria learnt, raising awareness and disseminating the standards associated with the health and safety project of Gas Natural Fenosa.
- Dissemination and information on risks of activities and facilities in collaboration with the Instituto Galego de Seguridade e Saúde Laboral (ISSGA).
- Participation and cooperation with Unesa in the Electricity Working Group for updating the "Technical Guide on worker protection against electrical hazards".
- Health initiatives such as a conference about cardiovascular health, healthy cooking workshop and the "Prepárate para el verano" ("Get ready for summer") campaign.

Suppliers

Consultancy actions

- Continuation of the Key Account Supplier Program (KAS) and Complete Contract Management (GIC) for closer monitoring of suppliers and reinforcing stronger relationships with the most important ones.
- Satisfaction assessment survey with the training of 2,871 suppliers taking part in the Extended University.
- In Moldova, sending suppliers a questionnaire to detect areas for improvement.

Informative actions

- Events for presentation of the “Health and Safety Commitment Plan” to Gas Natural Fenosa’s leading partner companies with the participation of the CEO and the General Directors of the different areas of Gas Natural Fenosa.
- In Argentina, free training seminars to companies, in the framework of the “Value Program for Suppliers”, in the field of “Health and Safety in the Workplace”; “Negotiation Workshop” and “International Trade and Economy”.

Society

Consultancy actions

- Reception and analysis of 881 proposals for collaboration and services for organisations and institutions to learn more about their projects.
- In Argentina, new edition of the focus group carried out by the company for suppliers, clients, civil society, employees and representatives of the sector to express their opinion.

Informative actions

- Participation in the workgroup of the London Benchmarking Group.
- In Spain, publication of 67 press statements about sponsorship and patronage activities.
- Agreements with universities for sharing knowledge and experience in the field of energy.
- Environmental awareness campaign in the field of major clients to restore the banks of the River Arga in Etxarri and to recover the natural habitat for European minks.
- Signing of the Biodiversity Pact promoted by the Ministry of Agriculture, Food and the Environment of the Spanish Government.
- Participation in Carbon Expo, held in Barcelona, on the global trade in carbon dioxide emission rights.
- Membership of the Spanish Quality Association (Asociación Española para la Calidad), where the company played a particularly important roles in the Certification Committee of the Person Registration and Certification Centre (Cerper).

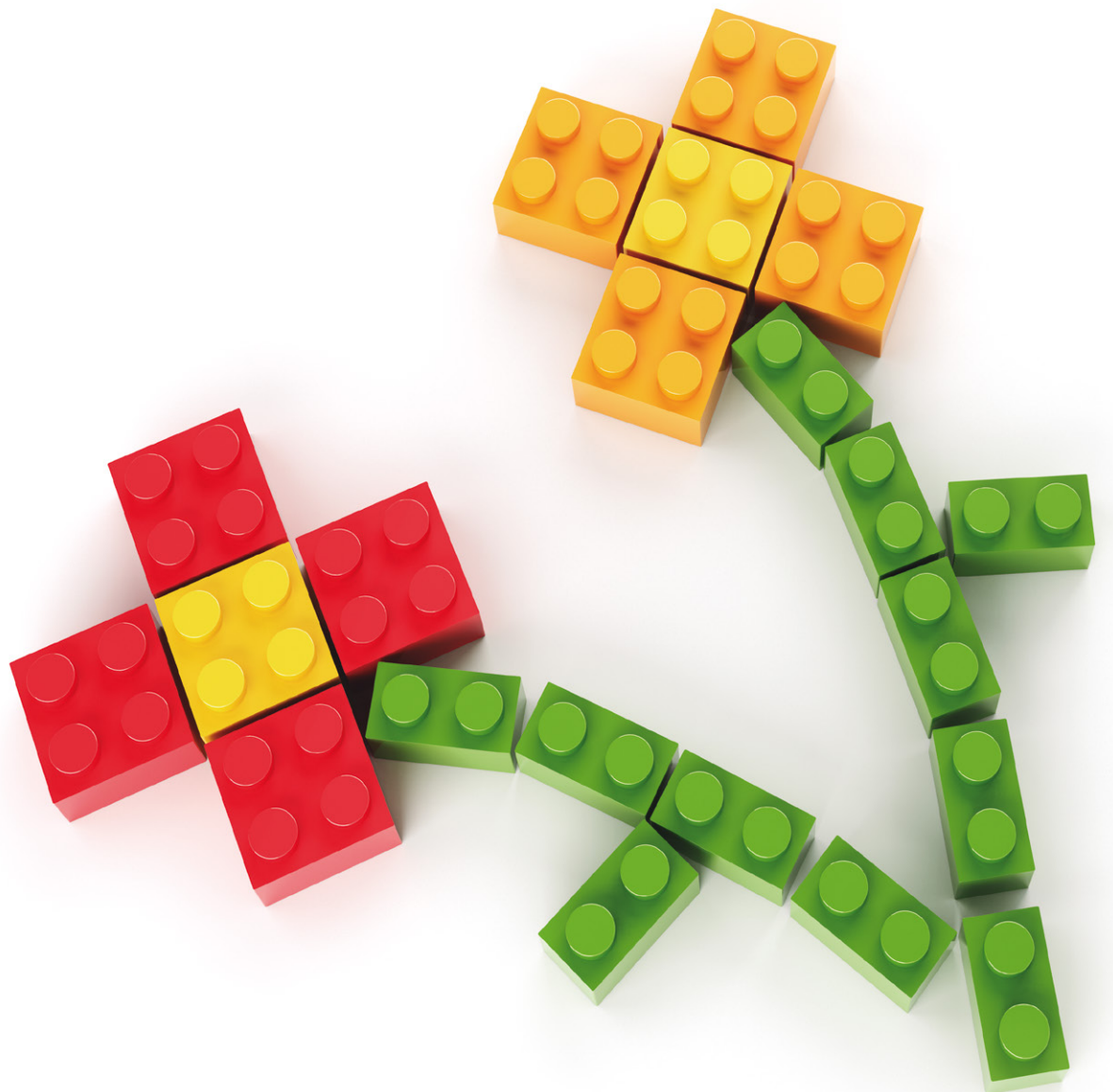


Corporate responsibility commitments

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- 198 Health and safety.
- 218 Commitment to society.
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2013





Customer orientation

Principles of responsible action with customers

Customer orientation is one of the commitments laid down in Gas Natural Fenosa Corporate Responsibility Policy and is based on the following principles:

- Building long-term relationships based on trust, employing a friendly and accessible manner.
- Listening to customers' opinions so as to be able to meet their needs.
- Working all along the value chain to continuously improve the quality and safety of our products and services.

The customer, the focal point of operations at Gas Natural Fenosa

The customer-centred approach is one of our most important values.

The company seeks to distinguish itself through the development of products and services adapted to its customers' needs, thereby being committed to innovation whilst complementing traditional products. With the aim of providing an excellent service and to offer a swift and effective response, Gas Natural Fenosa has used a pro-active approach to improve the quality of the service offered and the operational efficiency of its processes through an approach based on continuous improvement.

Extending the service excellence objective to management of the supply chain is therefore of key importance for Gas Natural Fenosa. Suppliers play a key role in ensuring the ideal working of the supply chain, and, consequently, the company encourages long-term relationships of trust with suppliers, based on principles of control and management of the risk that ensure an excellent supply and provision of services, based on established standards.

The most immediate challenges in terms of customer focus are to include the customer's voice and his opinion to an even greater degree in the design and development of tools, channels and actions geared towards reinforcing his relationship with them. In terms of

supplier management, the company's main challenges are to standardise contracts and global contracting conditions.

Value actions

Proposed actions 2013

Conversion of internal management processes, giving them a customer approach.

Adaptation of the revenue cycle to customers' requirements.

In Brazil, a project to introduce the digital signature on documents (orders and contracts).

In Argentina, continuing with the coordination for the remaining subsidiaries in Latin America, with the free-of-charge training programme to suppliers under the Value Chain concept.

Actions planned 2014

● Increasing customer satisfaction levels with Servigas and billing through the customer journey methodology which analyses customer experience in its interactions with the company.

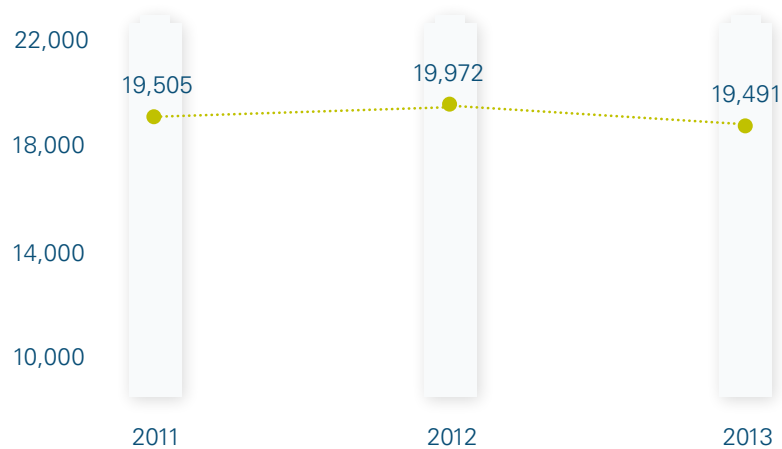
● Promoting the online channel as an alternative to other conventional direct marketing channels and opening new spaces in social networks.

● In Italy, a project to introduce the digital signature on documents (orders and contracts).

● Consolidating the TSMS application, allowing suppliers to be pre-validated and to have a single registry of suppliers.

Level of fulfilment: ● High. ● Medium. ● Low.

Gas and electricity supply points (thousands)



Gas and electricity customers (thousands)*

	2013	2012	2011
Gas customers			
Last resort tariff	1,640	1,795	2,146
Liberalised market (consumption >50,000 kWh/year to 500 MWh/year in high pressure and up to 1,000 MWh/year in low pressure)	33	32	32
Liberalised market (rest consumption)	2,692	2,386	2,187
Total	4,365	4,213	4,365
Electricity customers			
Last resort tariff	2,673	2,857	3,074
Liberalised market (power <10kW)	1,375	1,082	723
Liberalised market (power >10kW and sales to 0.75 GWh) (SMEs and others)	291	302	274
Total	4,339	4,241	4,071

* Figures from Spain.

The most immediate challenges in terms of customer focus are to include the customer's voice and his opinion to an even greater degree in the design and development of tools, channels and actions

Service quality and reliability

The maintenance of gas and electricity installations is essential as part of Gas Natural Fenosa's mission to achieve a level of service quality and reliability that is satisfactory for its customers and to meet regulatory requirements in countries in which the company operates, or with the highest industry standards and according to operation safety, quality and efficiency criteria at all times.

The purpose of maintenance is to improve the reliability and safety of gas and electricity grids and to maintain a high level of service quality. Substations, cables, overhead electricity lines and pipes, valves and other elements on the gas grid are the main assets processed as part of this purpose.

Grid maintenance manages the life cycle of the installations from identifying each installation's conservation requirements to ensure correct operation to its renewal at the end of its service life. It also includes the repair of incidents and breakdowns affecting the grid to minimise response times and keep the service safe and working.

Gas Natural Fenosa uses modern, innovative methods and work equipment as part of its safe and effective work procedures. Checks from helicopters, thermographic tests, analysis of the condition of cable installation, predictive analyses on transformers and switches, gas detection units and cameras to locate welding faults are some of the tools that are already used in the current work programmes. The company also fosters close collaboration with contractor companies in a permanent search to achieve best practices in its business.



As with Gas Natural Fenosa's other processes, the preventive and corrective maintenance processes are included in the Integral Management System, which ensures compliance with the UNE-EN-ISO 9001 quality standard, UNE-EN-ISO 14001 on Environmental Management and OSHAS18001 on Health and Safety. These processes are also periodically checked by the company's Internal Audits and Technical Quality and Safety departments.

In keeping with the company's operational excellence program, the maintenance model innovates continuously in terms of methods and standards of efficiency to ensure the optimal operation of gas and electricity grids, increasing its efforts in areas of greater impact.

Grid incidents are analysed on a regular basis, together with their causes and how they can be avoided; the scope and frequency of the preventive and predictive actions are revised on a permanent basis and efforts focus on achieving optimal dimensioning to ensure a rapid and effective response. All this is achieved by working in conjunction with the best team of collaborator companies.

The main objective of the corrective maintenance and the emergency service is to ensure the safety of installations and return the system to normal service as quickly as possible. Accordingly, the company defines the minimum service times for any unforeseen event affecting the installations, placing priority on safety and guaranteeing supply continuity.

The result of the maintenance work can be seen in the evolution of the main service quality indicators, which have improved notably in recent years. These indicators measure response times in the event of a breakdown notice or



an anomalous situation affecting the grid, interruption times according to customer or power installed and the number of incidents per kilometre of grid, etc.

In order to guarantee supply according to demand, Gas Natural Fenosa also has demand peak management systems, which includes the PeakSaving plant run by the company in Buenos Aires (Argentina) to modulate demand peaks as they occur in the city in winter.

Furthermore, in electricity distribution, Gas Natural Fenosa takes part in various R&D projects for energy storage in batteries.

The main investment projects in Latin America in 2013 included the renewal of the grid in Mexico (45 km in Monterrey) and Brazil (40 km in Rio de Janeiro), the renewal of mains connections in Buenos Aires (12,000 connections) and the standardisation and improvement of grids in Electricaribe (Colombia).

Pipe replacement plan in Brazil

At the present time, in the city of Rio de Janeiro (Brazil), there is a low-pressure grid of 370 km (22 mbar) made of cast-iron piping. This material is now considered obsolete and susceptible to higher leak rates after a change to a dry gas, such as natural gas.

Gas Natural Fenosa's policy on piping made of this material consists of implementing renewal plans in the mid and long terms, replacing existing pipes with others made of polyethylene to increase safety levels, reduce greenhouse gas emissions (methane) and increase efficiency by reducing repair costs.

Consequently, the company has drawn up a plan for gradually replacing these pipes by the year 2020. The future renewal rate, provided in the current Strategic Plan, applicable until 2017, stands at 60 km per year.

The lengths renewed since 2010 are as follows:

Year	2010	2011	2012	2013	Plan 2014-2017
Length (m)	28,200	42,092	49,596	35,489	60,000/year

Electricaribe Investment Plan

Electricaribe is the Gas Natural Fenosa company that provides the electricity commercialisation and distribution service on the Caribbean coast of Colombia.

In order to guarantee and improve the quality and reliability of the electricity supply to its customers, the company has drawn up an investment plan in Colombia designed to achieve the capacity required to satisfy the growth in demand, eliminate the overload on the company's assets, offer service quality and continuity in accordance with regulatory requirements, reduce losses and eliminate operative cost overruns caused by restrictions.

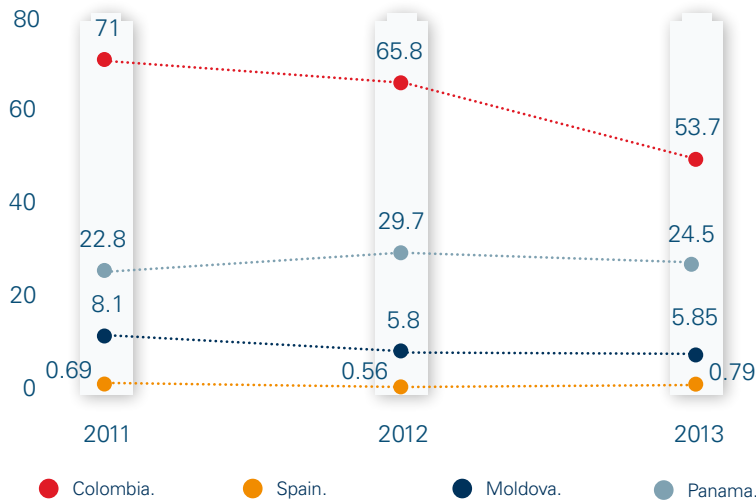
In 2013, investments reached 67.9 million euros and focused on the following actions:

- Construction of six new medium and low voltage circuits.
- Construction of 21 km of medium and low voltage grid.
- Rerouting of 56 km of medium and low voltage grid.

- Work on 38 medium and low voltage circuits.
- Work on 25 grid architecture structures.
- Implementation of 47 grid protection projects.
- Repair of 43 km of deteriorated grid.
- Installation or replacement of more than 4000 distribution transformers.
- Protection of almost 3000 distribution transformers.
- Replacement of 212 transformers with single-wire grid.
- Completion and/or management of almost 30 high-voltage projects.

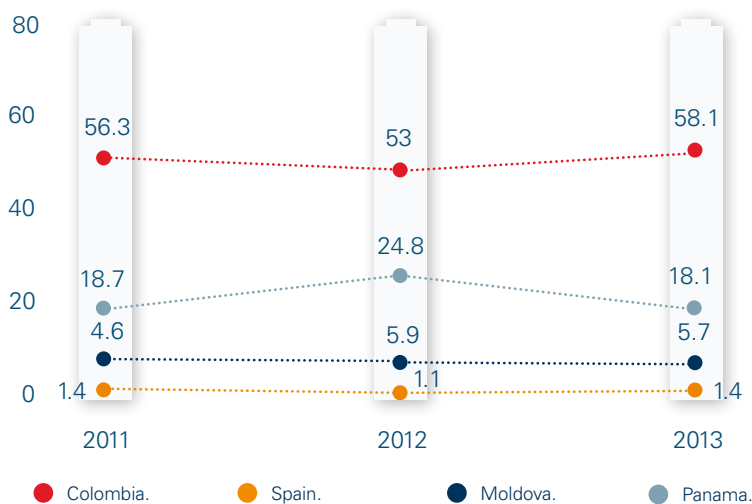
Thanks to the continuous action plans for improving assets, the evolution of quality indicators has improved substantially. By way of example, between 2012 and 2013, interruption times were improved by 18% (SAIDI).

System Average Interruption Duration Index (SAIDI) (hours)*



* Figures relative to the electricity business.

Frequency of electrical power cuts (No. of interruptions according to customer)*



* It is defined as the average number of interruptions a customer might experience or SAIFI (System Average Interruption Frequency Index) as the overall number of interruptions that affect customers by the overall number of customers supplied. Customers have been assimilated to supply points.

Products and services adapted to customers' requirements

Gas Natural Fenosa's commercial strategy revolves around satisfaction of current customers, for the purpose of increasing their loyalty, as well as optimisation of the commercial supply, to increase the portfolio of potential customers, in all segments, both retail and wholesale.

From the customer management standpoint, the company is faced with a series of challenges which will mark the company's short -and medium- term development:

- Reduction of margins in production and marketing of energy.
- Creation and procurement of new services
- More competition in the sector.

To face these challenges, the company has defined a series of lever actions, the purpose of which is to achieve excellence in customer management. Accordingly, Gas Natural Fenosa understands the following as key factors for success: knowledge of the customer's requirements; promotion of a relationship of trust based on communication and transparency; excellence in the provision of customer service; and, as a result of all the foregoing, improvements to the level of satisfaction.

Knowledge of customers' needs

Gas Natural Fenosa has specific plans and tools for knowing its customers' priorities and listening to their needs. Based on said priorities, the company designs a wide range of personalised products and services for each customer depending on their particular requirements.

In order to cover all customer types, the range of products and services is segmented and offers the option for choosing those that best adapt to their consumption profile.

Throughout 2013, the company has carried out various actions to learn more about its customers. In particular, it has performed studies with end customers and pre-tests on market launches to obtain a more effective focus on market requirements. Furthermore, the company has launched the new campaign manager, which helps model the customer's profile and the products that are right for them. Finally, Gas Natural Fenosa has monitored the social networks as a tool for helping it to adapt its products to its customer's requirements in a more appropriate way..



Operational efficiency in customer relations

The efficiency of the actions in which there is contact with the customer returns mutual benefits. For the company, the commercial costs of capture are reduced, along with the costs of the different processes; while for the customer, the resolution times of any enquiries or complaints are reduced and the process speeded up.

The initiatives have been carried out in 2013 to manage the commercial officer and customer relations more efficiently:

- Development of a database to optimise current and potential customer data.
- Promotion of the online channel to publicise the product catalogue and contracting through a operative website that is dynamic and easy-to-use.
- Inclusion of an online survey for the continuous identification of areas for improvement.

- Promotion of online contracting to increase customer autonomy when contracting products in the catalogue.

In 2014, Gas Natural Fenosa has plans to launch its online store. With this new project, the company wants to offer equipment models, smart homes (Servicontrol) and services for other energies.

The company also plans to start up the pilot for the salesforce mobility project in 2014. It will consist of uploading potential customers and addressing them efficiently with highly detailed specific data so that the commercial representatives can offer the right products to each one. The ultimate goal of this project is to contribute to immediate results and update potential customers, products, prices and campaigns, etc. in real time.

Attracting new customers is also a priority for Gas Natural Fenosa. In this regard, the areas with greatest potential for the company are in Portugal, in the retail area, and in France, Germany and Belgium, with regard to wholesale customers. The group is also looking to ensure its current customers remain loyal, through customisation of the supply and by developing value-added products. By way of a sample, the company offers its premium customers training so that they can analyse and gain a better understanding of energy markets to adapt energy demands.

The main challenge facing Gas Natural Fenosa at the present time is being capable of analysing the feedback from the contacts that do not lead to a contract. Collecting this data will help expand the company's databases and will be used as a tool for strengthening communication with current and potential customers.

Adaptation of the price of the services to customer requirements

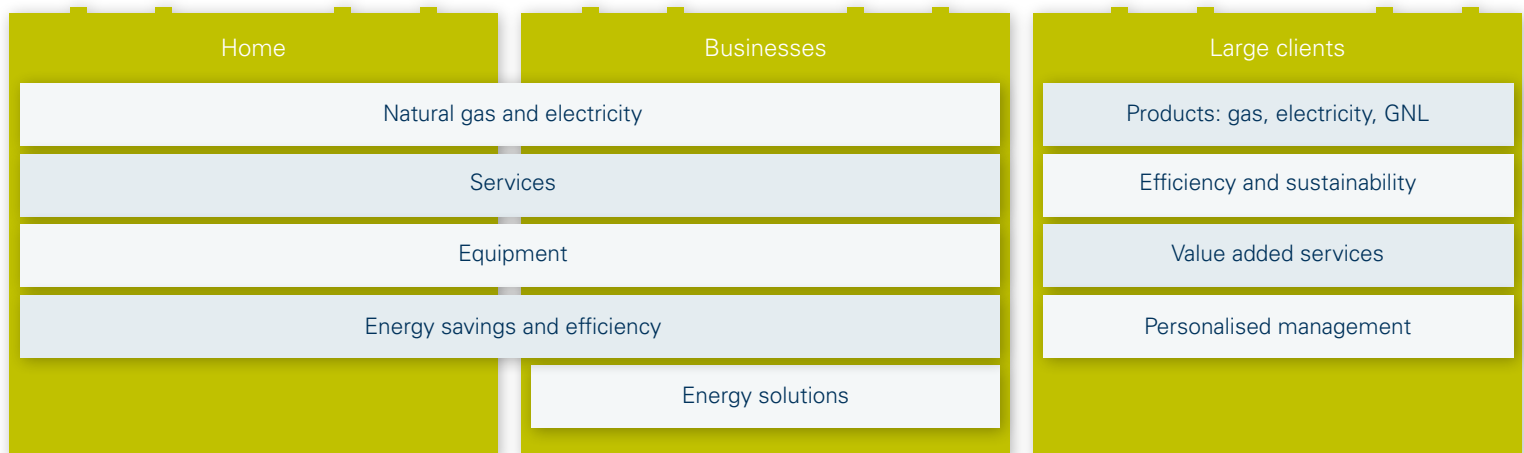
Gas Natural Fenosa has implemented a service in France, Belgium, Holland and Germany, known as Clicks, through which customers whose consumption is higher than a pre-set minimum can set the price on part or all of the consumption plan for a specific term of the contract.

To do so, the company establishes flexible information-exchange mechanisms to take advantage of favourable market circumstances. These mechanisms include risk premiums established and quantified by the Risks Department at Gas Natural Fenosa.

Full, effective and efficient commercial offer

Gas Natural Fenosa's commercial supply has three basic recipients: home, business and large customers. Consequently, the company segments customers in both the wholesale and retail spheres, so that it is able to maximise the value contributed, thus leading to benefits for the company.

The products offered by Gas Natural Fenosa are not restricted solely to the supply of gas and electricity, but encompass other aspects of the home, business, and large clients. To this end, the company has domestic tariffs, tariffs for businesses, comprehensive services for sustainable transport, as well as other services tied to energy efficiency, energy services or equipment



The development of new products is based on the needs detected through the mechanisms enabled by the company. The commercial supply seeks efficacy and efficiency above other factors. Efficacy, to satisfy its customers' demand; and efficiency, to achieve the maximum competitiveness.

The promotional campaigns of Gas Natural Fenosa focus on contracting products that include gas and electricity, and on increasing the services provided to the customer that go beyond the energy supply. Accordingly, the company provides customers with guidance on energy issues, complementing its range of products and improving conditions that affect all the offer for all its customers.

Communication and transparency with customers

New channels of communication

Gas Natural Fenosa has customers who require more information and dialogue with the company on a daily basis. Thus, it has adapted communications with its customers through the use of new technologies, favouring permanent contact with them.

These new channels of communication provide first-hand knowledge of its customers' requirements and help optimise its customer service in a more efficient way from an operative point of view, offering innovative products and services.



The use of new technologies involves the following points:

- Use of the online channel to contract services and for the sale of new products. The channel has a new private area, which favours viewing and browsing, making it more functional.
- Creation of new services based on online platforms. The new contracting website reaches customers 24 hours a day, 365 days a year and offers more efficient advice, with prices and products that are right for any home or business.
- Possibility of viewing invoices on mobile devices, which helps develop new sources of commercialisation, information and service.
- Communication via the social networks. Some countries in which the company operates have their own profile to establish two-way communication with stakeholders.

In 2014, Gas Natural Fenosa plans to develop new company profiles on Twitter and Facebook to increase the service it offers and the channels of communication with its current and potential customers, as well as increasing the information that can be accessed through mobile applications.

Gas Natural Fenosa on the social networks: Spain



Gas Natural Fenosa: <https://www.facebook.com/GasNaturalFenosa>
En el cine como en casa: <https://www.facebook.com/EnElCineComoEnCasa>
Museo del Gas: <https://www.facebook.com/museudelgas>
El mejor lugar del mundo, mi casa: <https://www.facebook.com/elmejorlugardelmundomica>



@GNF_es
@GNFprensa_es
@GNFcine
@MuseodelGas
@hoymesientobien
@GNF clientes_es
@promoción del gas/ bondades del gas (in progress)



Gas Natural Fenosa: <http://www.youtube.com/gasnaturalfenosa>



<http://www.linkedin.com/company/gas-natural-fenosa>



Gas Natural Fenosa: <http://www.pinterest.com/GNFes>
GNF: <http://www.pinterest.com/Gnaturalfenosa/>



Gas Natural Fenosa: <http://instagram.com/gasnaturalfenosa>
GNFcine: <http://instagram.com/GNFcine>
GNF_es: http://instagram.com/GNF_es

Gas Natural Fenosa on the social networks: Latin America

Argentina



<https://www.facebook.com/GasNaturalFenosaArgentina>



@GNF_ar

Brazil



<https://www.facebook.com/gasnaturalfenosa.brasil>



@GNF_br

Colombia



<https://www.facebook.com/gasnaturalfenosa.colombia>



@GNF_co

Mexico



<https://www.facebook.com/GasNaturalFenosaMx>



@GNF_mx

Panama



<https://www.facebook.com/gasnaturalfenosa.panama>



@GNF_pa

The invoice as a communication channel

Together with the use of new technologies, Gas Natural Fenosa is aware that the invoice is still the main communication channel with its customers.

The company offers its customers the option of receiving invoices in Braille to ensure that the information can be accessed by individuals with visual impairment.

With regard to communications to customers by the company, Gas Natural Fenosa did not register any penalties for monopolistic practices in 2013 or for breaches of regulations on marketing communications, including advertising, promotion and sponsorship.

Gas Natural Fenosa is a member of Autocontrol, a non-profit association that manages the Spanish advertising self-regulation system. It also subscribes to the Code for the Self-regulation of

Advertising on Environmental Arguments. The related-party companies which have subscribed to this code undertake to use advertising messages including environmental arguments responsibly and truthfully.

Communication actions using the invoice	
Colombia (gas business)	<ul style="list-style-type: none"> • Company profiles on Facebook, Twitter and YouTube to foster communication via the social networks. • Reconnection cost to ensure that customers know why the value of their invoice is increased if they have been suspended and reconnected as a result of default on payment. • Specific service for dealing with customer data protection.
Mexico	<ul style="list-style-type: none"> • "Careful with monoxide" campaign, with safety advice on gas installations. • "Efficient use of natural gas" campaign, with recommendations for having installations checked. • "Advice on safety and savings" campaign, with measures designed to foster saving and a good use of energy.
Panama	<ul style="list-style-type: none"> • Contact numbers for the 24-hour customer service centres and the free Gas Natural Fenosa telephone line. • Guarantee deposit adjustments for customers in the four concession areas. • Price changes.

Gas Natural Fenosa website indicators in Spain (in thousands)

	2013	2012	2011
No. of customers registered at the end of the year	1,073	871	784
No. of online transactions at the Virtual Office	5,841	4,471	3,729
No. of customers registered with the online billing service	170	164	93

Customer service

The customer service channels made available by Gas Natural Fenosa are for the purpose of offering a customised, fast and efficient service that provides excellent treatment and, in summary, achieves a rapid response to their needs and guarantees optimum customer service.

The customer service means offered by Gas Natural Fenosa are:

- Customer service channels and a telephone helpdesk, to offer customised and efficient service to the customer. These channels are equipped with the most up-to-date technologies.
- The Guarantee Office, which deals with customer representative organisations.
- The website and the Virtual Office, which quickly and easily facilitates customers' most frequent operations (checking bills, modifying details, meter reading and payment and procurement of online services).

Gas Natural Fenosa has projects underway to find out the customer's priorities, to enable the company to adopt measures and to modify processes that improve the customer service available. One of the key projects here is "The Customer's Voice", with which the company hopes to pave the way for its customer management model.

Specially, the company is improving customer service, particularly for major customers. The processes aim to provide customised service based not only on the sale of gas and electricity but in offering additional supplementary information of interest, as well as other products and services that help the customer improve their energy efficiency and reduce

consumption. A personalised customer service system is sought, one that includes all services associated to the procurement process.

Accordingly and with a view to improving and simplifying the customer service process, Gas Natural Fenosa is developing its 'Iceberg Project'. This initiative seeks to offer customers personalised treatment according to their requirements. From the very moment customers contact the customer service by telephone, using a voice-recognition system, those with recurring concerns are offered a more specialised treatment. At the end of the

call, a system has been included to check their satisfaction with the solution, which is automatically rerouted to the service platform for customers who consider that their request has not been resolved. This improves the customer experience and reduces the number of customers who call back because they consider that their requests have not been resolved.

Energy Class

The Energy Class service appeared in 2011 to offer an exclusive service to Gas Natural Fenosa's customers of greater value and favour their loyalty and retention.

Energy Class is a pioneering service in the energy sector, provided by a group of highly qualified professionals who offer customers integral management through a freephone telephone number 24 hours a day, 365 days a year. The more than 42,000 gas and electricity customers who are included in this service now enjoy preferential treatment and advice on their energy supply and the management of their contracts.

In 2013, the company attended more than 186,000 requests through the Energy Class service and has offered quality standards above the group's average.

In 2014, Gas Natural Fenosa plans to develop the Energy Class Residential service based on the same philosophy as the existing premium service for SMEs, where the customer will receive advice on energy matters and the offer will include a faster service for dealing with claims.

The company seeks customised service not only based on the sale of gas and electricity but also offering additional information of interest, as well as other products and services that help the customer to improve their energy efficiency and to reduce their consumption



The company is proactive in its communication with customers, fostering access at physical centres and on the digital media. In 2013, it has provided its customers with new physical centres. In Colombia, in the area of influence of its subsidiary Electricaribe, the service network has been strengthened with 20 mobile offices that reach more than 54 municipalities along the coast.

Service processes adapted to all customers

Gas Natural Fenosa also adapts its customer services to reduce language, cultural, low literacy and disability related barriers in accessing energy and using it safely, as well as customer support services.

In Brazil, all the service centres have priority service for the elderly and people with physical disabilities and, in São Paulo, the company has a self-service (through totem) to speed up matters.

In addition, in Colombia, Gas Natural Fenosa has developed mechanisms that offer customers a personalised service through the implementation of a priority lane that attends people with physical disabilities and other vulnerable collectives.

Furthermore, all the company's employees can access the Disabled Customer Service Manual on the intranet.

Improvement of customer contact channels in Colombia

In Colombia, Gas Natural Fenosa has directed its efforts at improving its service channels to find solutions during the first contact without the need for customers to have to resort to other channels.

To achieve this, the company has placed much importance on the personal training of the advisers, who have attended specific workshops.

Furthermore, the number of claims has been reduced through the Service Enthusiasm Desks and the support from customer-related processes. For every 1000 customers, claims fell from 44.18

in 2012 to 32.60 in 2013; in terms of contact for solving the problems, the figure has fallen from 1.62 in 2012 to 1.37 in 2013. These values show that the processes have been optimised and that the information and communication with customers has been deployed more clearly. The results are even more satisfactory if we take into account the growth in the number of customers from one year to another, together with the increase in operations that affect customers.

Customer satisfaction and experience

The management of the products and services the company offers focuses on increasing customer satisfaction, meeting or exceeding their expectations, through the provision of a service of excellence.

Along this line, the model for measuring customer satisfaction comprises two complementary blocks: on the one hand, an overview of all the company's customers, which constitutes the global satisfaction index; and, on the other, a vision of the process that analyses the experience of customers who have used a specific service and have a recent memory of it. The model measures all the customer segments, together with the main competitors and the company's critical processes that affect the customer. This model has been deployed in every country and, in 2013, it was incorporated in Portugal.

For yet another year, Gas Natural Fenosa is leader in satisfaction in the retail segment in Spain, where the global satisfaction index (on a scale of from 0 to 10) was 7.09 in the residential area and 6.31 in SMEs. These figures return a positive difference with regard to competitors' averages, which stood at 6.43 and 5.83, respectively. In the wholesale segment, the global satisfaction index stood at 6.68, while the average for its rivals was 6.53.

Gas Natural Fenosa measures customer satisfaction continuously throughout the year using different channels, mainly telephone surveys, which obtain a very representative sample of all the company's customers.

Continuous customer satisfaction measurement

It is becoming increasingly necessary to learn about customers' satisfaction as soon as possible after the service has been provided. As a new feature in 2013, Gas Natural Fenosa has implemented a new channel for measuring certain critical processes. Thanks to this new channel, the customer's opinion is shown in an online tool as the customer responds, which provides the possibility of an immediate corrective action as and when it is necessary.

The online 'NPS Project' has made it possible to offer detailed weekly information about the Servigas and Servielectric emergency

services, Energy Class SME customers and the web-based contracting process.

The methodology is based on sending a short survey by email or IVR to all the customers for whom the company has performed one intervention or another as part of any of the above three processes. The opinion and comments are collected by means of a tool that enables their analysis and individualised treatment, providing the possibility of corrective action in cases where the required satisfaction threshold has not been achieved.

Gas Natural Fenosa measures not only its customers' satisfaction through the various processes, but also has a continuous improvement programme in place based on the Lean Six Sigma methodology, which focuses on thinking up efficient processes that meet customers' demands. This programme is based on three fundamental pillars: the Lean Six Sigma tools, communication via the intranet and the Our Energy Awards, and the people, through the Green Belt and Black Belt training to support the implantation and development of the programme across the organisation.

"Passion for the Customer" is one of the company's global projects and its main aim is to increase customer satisfaction and exceed their expectations, improving internal processes through the entire organisation's commitment by detailed analyses of processes, customers' suggestions and satisfaction and quality assessments. The project directly includes all the processes and businesses that have an impact on the end customer.

It is important to note that Gas Natural Fenosa is committed to attending its customers anywhere in the world. Accordingly, the company has analysed the satisfaction levels of offshoring calls and they coincide with the indices registered by the other platforms.

Innovative products

With the aim of increasing its commercial offering as much as possible and maintaining customer loyalty, Gas Natural Fenosa offers value added products and services on top of the gas and electricity supply. These services allow customers to manage their domestic and business needs in a comprehensive way, helping them to be efficient in their energy usage.

The development and promotion of these new products forms part of the company's new positioning, called "Energy that thinks". The aim is to add a new concept to the company's already known positioning based on well-being, this time based on respect for the environment, energy efficiency and the development of innovative energy services and solutions.

In 2013, Gas Natural Fenosa set a record of over two million contracts in maintenance and assistance services of Spanish homes. This figure is tantamount to an increase of over 10% in portfolio. The company has also developed a new service, Servigas Complet, adding cover for parts up to a maximum of 300 euros/year. This is a service which was solicited by our customers.

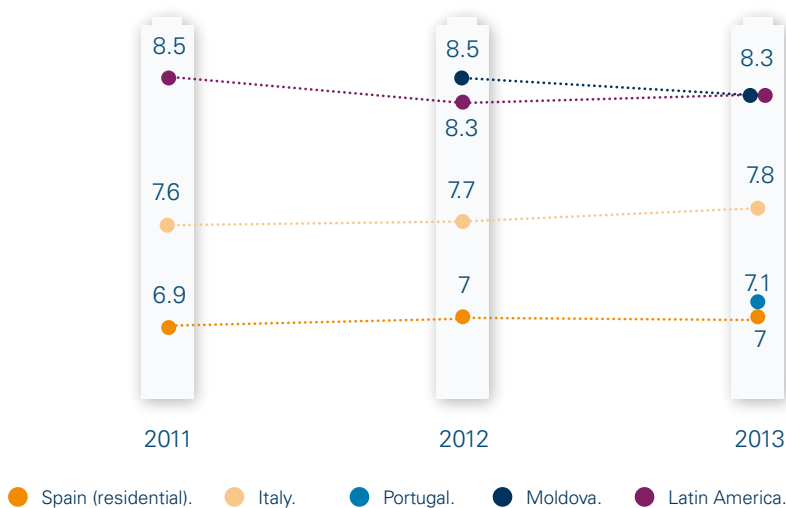
Gas Natural Fenosa is developing new products which include:

- Sales and maintenance of equipment.
- Development of mobility products based on vehicular natural gas, such as the installation of liquefied natural gas (LNG) and compressed natural gas (CNG) stations.
- Development of energy efficiency products and services allowing customers to design an energy consumption strategy that optimises their pattern of consumption.

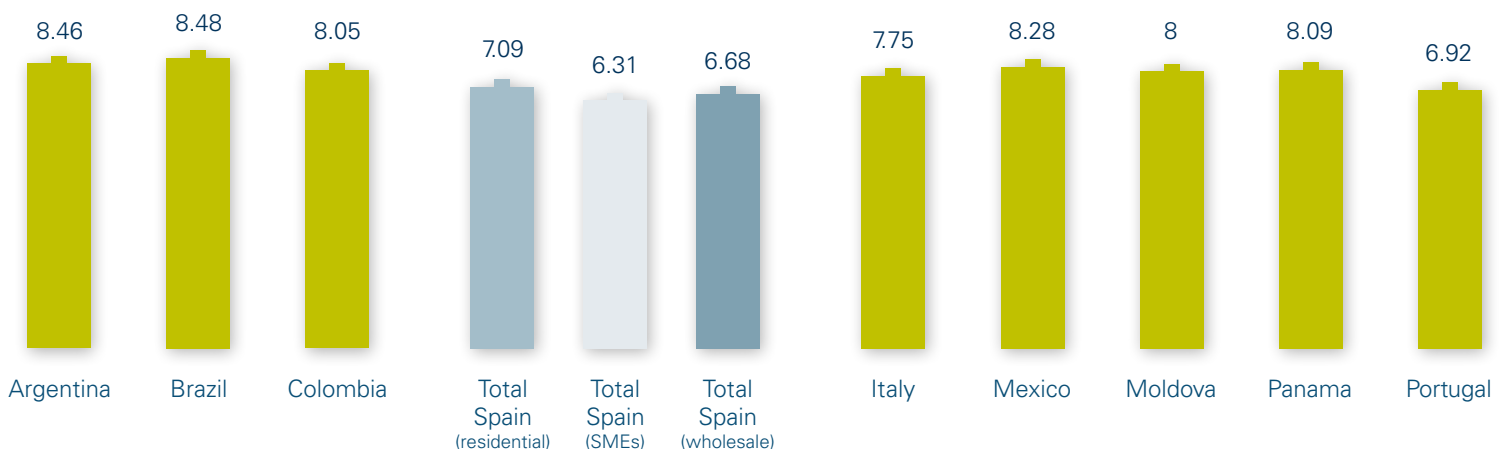


More detailed information on these products can be found in the "Sustainable opportunities" chapter of this report.

Corporate image



Overall satisfaction with service quality



Appendix of indicators

Supply points (thousands)	Gas	
	Electricity	
Number of customers "disconnected" due to non-payment classified by the total duration between disconnection for non-payment and payment of debt 2013	Gas business	Fewer than 48 hours
		Between 48 hours and a week
		Between one week and one month
		Between one month and one year
		Over one year
	Electrical business	Fewer than 48 hours
		Between 48 hours and a week
		Between one week and one month
		Between one month and one year
		Over one week
Number of customers "disconnected" due to non-payment classified by the total duration between debt payment and reconnection	Gas business	Fewer than 24 hours
		Between 24 hours and a week
		Over one week
	Electrical business	Fewer than 24 hours
		Between 24 hours and a week
		Over one year
Average duration of electrical power cuts (hours)	2011	
	2012	
	2013	
Average System Interruption Frequency Index (ASIFI)	2011	
	2012	
	2013	
Satisfaction rate with main processes. Residential customers (on a scale from 1 to 10)	Continuity of gas supply	
	Continuity of electricity supply	
	Billing and payment	
	Telephone Customer Service	
	Centres	
	Emergencies	
	Inspection/review	
	New customers	
	Negotiation and contracting	
	Quality of gas supply	
Satisfaction rate with main processes. Wholesale customers (on a scale from 1 to 10)	Quality of electricity supply	
	Determination of consumption (meter reading)	
	Commercial management	
	Commercial manager	
	Customer requests solved immediately (%)	
Customer service ratios	Average time for solving requests (days)	
	Calls answered within 20 seconds (%) ²	

¹ With regard to the satisfaction index of the main processes affecting residential customers in Colombia and the customer service ratios, the first figure shown in the cell corresponds to the index of gas customers and the second figure corresponds to electricity customers.

² In Spain, the ratio is calculated by taking into account the calls attended within 15 seconds.

Argentina	Brazil	Colombia ¹	Spain	Italy	Mexico	Moldova	Panama	Total
1,556	899	2,518	5,171	455	1,348	na	na	11,947
na	na	2,396	3,772	na	na	846	529	7,543
19,911	17,395	236,874			37,500			
2,278	10,359	62,310			35,216			
2,361	9,251	27,355			38,164			
3,084	6,474	7			31,205			
501	0	0			24,234			
		281,734				1,129	63,137	
		17,391				2,346	9,090	
		20,869				2,633	8,917	
		17,391				2,508	6,872	
		10,435				-	0	
1,423	1,921	315,317			114,082			
26,682	41,558	11,149			47,623			
30	0	79			4,614			
		281,734				1,762	43,433	
		27,826				6,832	43,747	
		38,260				22	1	
		84.2	1.0			6.9	39.7	
		76.6	0.8			7.1	52.5	
		74.1	1.1			7.2	36.8	
		60.0				6.7	13.1	
		49.0				4.8	18.4	
		44.4				4.7	15.5	
9.11	9.21	9.1	8.71	9.09	8.96	-	-	
-	-	7,65	7,95	-	-	8,3	7,68	
8.57	9.18	8.61/7.52	7.05	7.75	8.55	9.25	8.43	
8.25	8.01	7.77/7.78	7.31	8.15	6.87	8.48	7.97	
7.95	8.55	7.81/6.43	7.47	8.41	7.33	7.67	8.23	
8.85	8.66	8.72 / -	8.33	9.19	8.35	7.95		
			8.42					
			7.94					
			7.25					
			8.16					
			7.53					
			7.40					
			7.38					
			8.11					
75.7	79.7	91.4/ 34	92.49	95.49	90.1	73.00	64	
25.48	7	7/ 8.12	12.17	12.52	1.71	7.29	9.37	
84.1	78	80.1/ 80.6	78.40	86.57	81	76.32	92.60	

Management of the supply chain

In management of its supply chain, Gas Natural Fenosa seeks to establish long-term commercial relationships, providing that the previously established contractual conditions are satisfied. The aim is to find mutual benefit, since the company acquires quality products or services and the supplier has the possibility of maintaining his business for a certain period of time by constituting a lasting relationship with Gas Natural Fenosa. Finally, the customer also benefits, thanks to management of supply-chain suppliers performed by the Gas Natural Fenosa, it obtains products and services with higher levels of quality.

In order to know the best practices in the sector and apply them in its own processes, Gas Natural Fenosa takes an active part in associations, national and international shows on supply chain management. Accordingly, the company is a member of Asociación Española De Profesionales De Compras, Contratación y Aprovisionamientos (AERCE, Spanish Association of Purchasing, Procurement and Supplies Professionals) and RePro in Spain and Italy (in the case of the latter, it sits on the Management Committee), Colombia, Brazil and Argentina. The company also subscribes to the World Procurement Leaders network and, in 2013, has taken part in the Supply Chain Boston Consulting Group Forum.



Gas Natural Fenosa's supply chain

While carrying on its business, Gas Natural Fenosa sets up commercial relations with a total number of 8,815 suppliers, who, in 2013, accounted for a total amount awarded of 2,930 million euros. Two thirds of said figure are services providers who basically work in the following business areas:

grid maintenance and development (gas and electricity), energy plant maintenance and operation and commercial management services. The other third corresponds to suppliers who provide the materials that are necessary for building and maintaining the gas and electricity grids and the generation plants.

The specific features of Gas Natural Fenosa's supply chain

- The services providers are local to each country. Gas Natural Fenosa carries on its business mainly in Spain, Italy, France, Moldova, Mexico, Panama, Colombia, Brazil and Argentina and, to a lesser extent, in Australia, Morocco, South Africa, Kenya and the Dominican Republic.
- Most of the materials are required globally except for those that are linked to local management by market specifications. The electrical materials are required mainly in Spain, Colombia, Portugal and Mexico.

Gas materials are purchased mainly in Spain, Mexico, Colombia, Italy and Argentina.

- Part of the sector activity is regulated and subject to strict regulations, which requires preliminary approval of suppliers and the materials used for the critical parts of the business.

Risk management of the supply chain

Gas Natural Fenosa has established a process to detect risks in its supply chain. Accordingly, the company systematically checks fulfilment of legal requirements and the basic structure of its potential suppliers before starting up commercial relations with them.

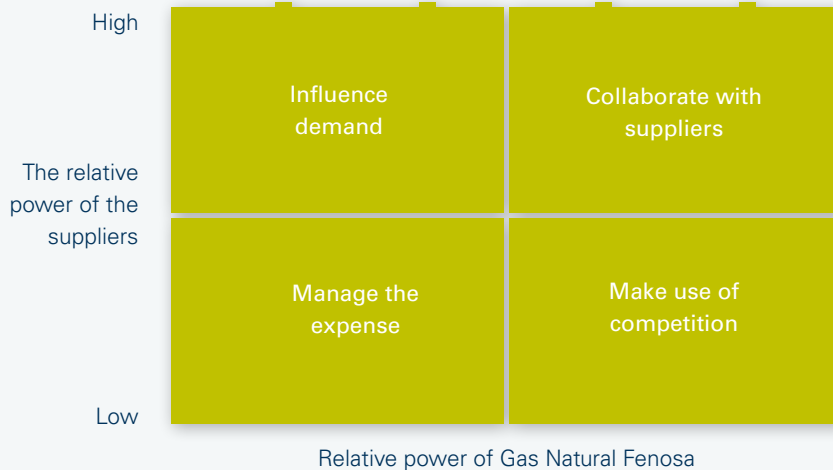
The process begins with the selection of active suppliers and ends before the request for bids. The supplier has to complete a basic questionnaire that analyses legal and economic-financial issues, solvency, experience, business structure and references, as well as criteria that refer to quality, safety, the environment and corporate responsibility.

These issues are valued according to pre-set parameters that take into account criticality, the economic relevance of the supply, environmental management systems, occupational hazards prevention and sustainability and corporate social responsibility.

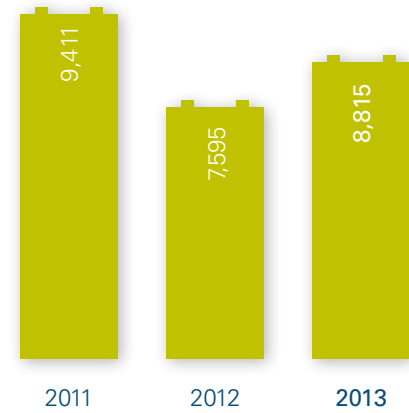
After implanting the Category Management methodology, Gas Natural Fenosa classifies suppliers in accordance with their criticality by evaluating the parties' power in the procurement process.

The corporate responsibility criteria that are analysed are either compulsory or additional.

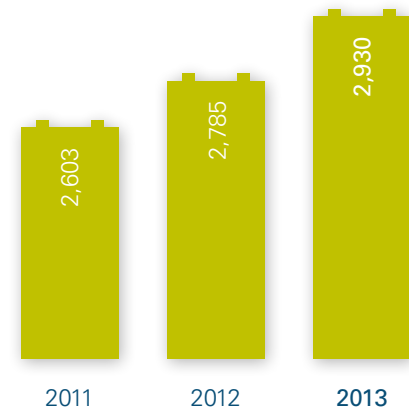
- Compulsory criteria include: fulfilment of laws/regulations on occupational hazards prevention, compliance with tax obligations, civil liability, compliance with social security obligations and the resolution of judgements that are pending, penalties or fines for breach of ethics and human rights.
- The additional criteria include compliance with the environmental legislation of countries in which it operates, the application of human rights policy, a code of ethics in line with the Code of Gas Natural Fenosa and declarations of policies on and commitments to sustainability or subscriptions to the United Nations Global Compact. It also includes policies on or practices that involve the social inclusion of disabled individuals.



Suppliers with contracts currently in force



Total purchase volume awarded (in millions of euros)



Purchases from local suppliers

	2013			2012			2011		
	Orders issued	Orders made to local suppliers (%)	Purchasing budget targeted at local suppliers (%)	Orders issued	Orders made to local suppliers (%)	Purchasing budget targeted at local suppliers (%)	Orders issued	Orders made to local suppliers (%)	Purchasing budget targeted at local suppliers (%)
Argentina	562	96.8	78.5	406	100.0	100.0	569	100.0	100.0
Australia	305	90.5	86.9	305	90.5	87.0	339	95.3	97.9
Brazil	1,567	98.5	99.4	1,818	99.0	94.5	1,429	99.1	99.1
Colombia	2,566	98.1	98.4	2,236	98.0	98.0	7,009	97.6	96.8
Costa Rica	98	72.4	31.0	79	82.3	34.1	73	83.6	44.3
Dominican Republic	813	67.7	47.6	95.0	76.0	54.0	1,552	59.2	34.9
Guatemala	242	74.8	61.4	-	-	-	1,841	92.4	90.3
Italy	2,271	98.2	98.1	2,176	99.0	99.0	1,796	98.7	98.7
Kenya	992	80.6	40.3	1,473	73.0	36.8	1,026	53.0	41.7
Mexico	3,983	95.2	87.9	3,156	93.0	72.7	5,697	93.7	85.5
Moldova	1,400	95.4	60.0	1,555	97.6	84.2	1,764	95.5	88.5
Morocco	309	58.3	42.7	304	29.5	30.0	266	66.5	66.1
Panama	1,268	82.2	80.0	1,224	80.0	69.0	1,509	85.8	84.5
South Africa	7,933	100.0	100.0	8,589	100.0	100.0	8,221	100.0	100.0
Spain	17,068	95.3	95.7	13,370	97.5	95.4	11,968	96.2	95.3
Total	41,377	94.9	91.9	39,433*	94.6	91.8	47,018*	94.0	93.5

NB: the concept of local purchase refers to the acquisition of goods or services from a company located in the same country in which the purchase is made. The scope of the purchases includes the acquisition of the goods and services that are necessary for the appropriate development of Gas Natural Fenosa's business.

* The total orders in 2011 and 2012 also includes orders in Nicaragua, where the company ceased to operate in 2013.

Supplier management process

The large number of suppliers the company has makes it necessary to standardise the screening procedures. These procedures were performed in accordance with the supplier contracting policy based on the Awarding and Contracting General Standard. In said standard, Gas Natural Fenosa sets the general principles for all the works, goods and services contracts, guaranteeing an

identical model of efficiency and quality for managing procurement processes and for approving and hiring external consultancy services. The purpose is to minimise possible risks in contracting suppliers.

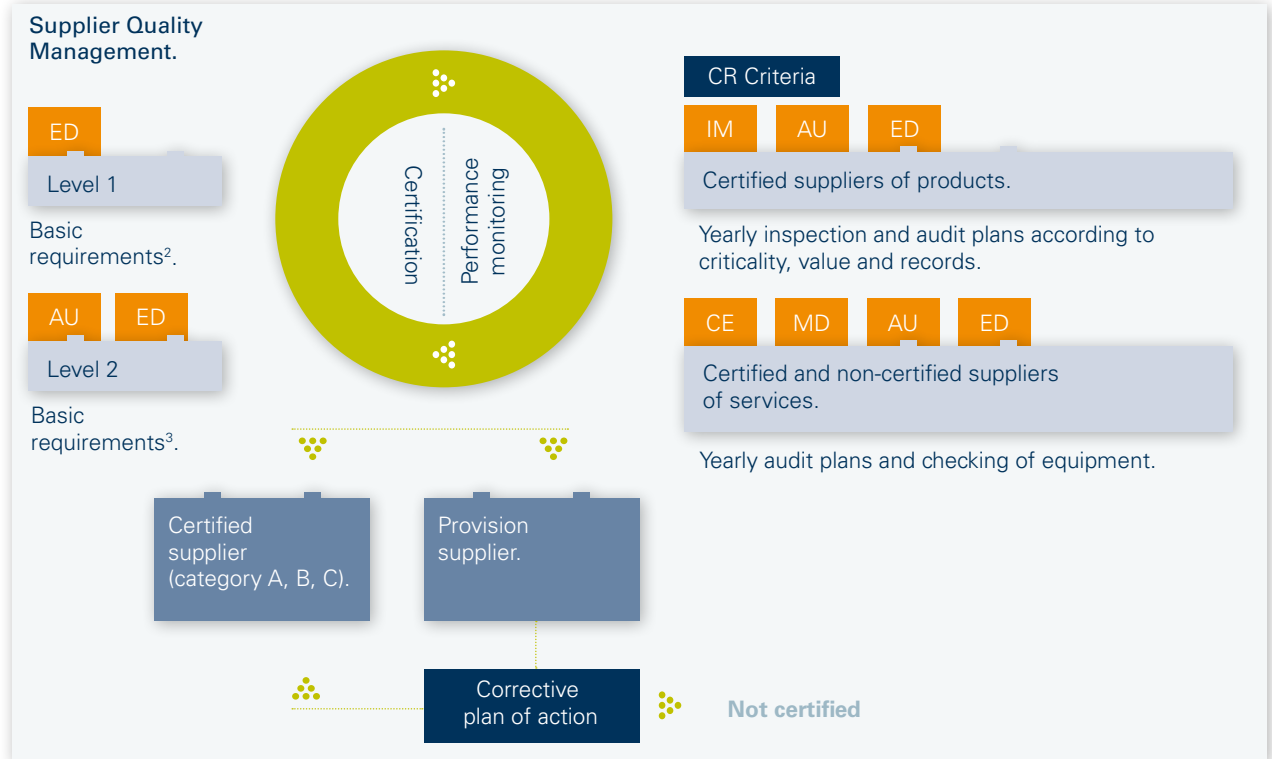
The company also has the General Standards for the Quality of Suppliers, which lays down the global management system covering the entire life-cycle of contracts, from initial assessment through to performance monitoring.

In 2013, Gas Natural Fenosa evaluated 3,774 suppliers based on environmental, social and labour practice criteria during the approval and/or procurement process and none of them were excluded from the process due to non-compliance with said criteria.

Suppliers management process



- ED** Basic Registry
100% suppliers.
- TSMS** (criteria regarding legal existence, solvency, other business information and reputation).
- ED** Repro Registry
Suppliers of goods and services affected by Directive 2004/17/EC.



- MD** Performance measurement.
- CE** Checking of equipment.
- ED** Document assessment.
- AU** Supplier audits.
- IM** Inspection of materials.

¹ Certification is applied to those suppliers within the certification perimeter. This is defined in terms of criticality criteria (availability, operating cost and safety at facilities, people and environment) and the purchase amount (volume of purchase amount of the subfamily and degree of concentration of the suppliers).
² Identification of potential risks of products and services used in the activity regarding areas of safety, the environment and quality.
³ Requirements of the activity, product, accreditation of people, including environmental and health and safety reviews).

Evaluation of suppliers

During the supplier evaluation process, using the Total Supply Management Solution (TSMS) and RePro (system for classifying suppliers for Spain, in accordance with the Procurement Procedures Act (Law 31/2007) for the water, energy, transport and telecommunications sectors) platforms, Gas Natural Fenosa requests declarations of compliance with quality and environmental management, occupational hazards prevention and industrial safety and corporate responsibility. For certain issues that are considered critical, the company only accepts a declaration of strict compliance. Regardless of the country in which they operate, they include compliance with tax and social security obligations, the availability of a civil liability policy (where applicable), compliance with occupational hazards prevention regulations and judgements that are outstanding and penalties or fines for breaches of ethics (corruption, tax fraud) and human rights (breach of labour laws, discriminatory practices, child labour, etc.) in the last three years.

Throughout 2013, the TSMS platform was put in place in Italy, Colombia, Brazil and Argentina and, in 2014, the map is to be completed and the platform is to be set up in Mexico, Panama, Morocco and the Dominican Republic.

Furthermore, as part of the evaluation of suppliers made by RePro, Gas Natural Fenosa receives information about the audits performed by the company responsible for managing the RePro platform on certain suppliers with a higher risk. Accordingly, in 2013, more than 25 audits were formed on Gas Natural Fenosa's suppliers.



The audit includes general requirements in the following areas:

- Corporate social responsibility (integration in the community, business ethics and integrity, anti-discriminatory practices and personnel selection, employment and human rights, social responsibility and ethics).
- Quality management (management of the company and business processes, audits and data analysis, internal and external communication, quality control, selection and management of suppliers and subcontractors and procurement of goods and services).
- Occupational hazards prevention (occupational safety, health monitoring, hazards assessment and emergency plans).
- Environmental management (environmental management, greenhouse gas emissions and waste management).
- Technical resources (physical safety, use of work equipment, vehicles and machinery, insurance and guarantee).
- Human resources (management of skills and training and work times).

Approval and management of supplier quality

The Purchasing Department has a specialised organisational structure, the Suppliers Quality Unit, which is responsible for approval processes and supplier performance and is present in every country in which there is a purchasing organisation. This organisational structure also supervises the audits that correspond to current or potential suppliers even though they are located in countries in which the company does not operate as a firm.

Gas Natural Fenosa determines the approval perimeter in accordance with availability criteria (service continuity), operative cost and installation safety, personal safety, environmental safety and purchasing volume criteria (purchasing volume and level of concentration of the amount). As a result, the company ensures that critical suppliers and first-level suppliers meet strict requirements as requested in relation to the business and/or supply that is under contract.

Furthermore, with regard to certain suppliers, the company uses its own specialist personnel or companies of recognised prestige to perform evaluations of documentary evidence and audits to check compliance with specific requirements.

In 2013, Gas Natural Fenosa performed more than 100 audits on suppliers to check compliance with specific requirements, including occupational hazards prevention and environmental management. In said audits, 21 minor breaches were detected in relation to

environmental issues and 20 minor breaches were detected in relation to occupational hazards prevention. In every case, suppliers are asked to carry out corrective action plans as a requirement for the contract to be maintained.

In general, Gas Natural Fenosa considers suspending the approvals of suppliers only in cases in which it is clear that the supplier is incapable of effectively correcting any deviations that are detected. The usual procedure includes working in conjunction with the supplier to solve the faults that are detected.

Gas Natural Fenosa's supplier quality model also includes monitoring the performance of active suppliers. For services providers, the company carries out service satisfaction surveys, which are completed by the users who are responsible for the company. Thus, in 2013, it carried out services suppliers surveys in Spain, Mexico and Colombia. The survey includes issues related to service quality, health and safety and resource management. The results and

classification that is obtained is notified to the internal units of the company in question, together with the supplier, specifying the weak points and those that need to be improved.

Extension of the commitment to health and safety

One of the latest initiatives in health and safety, promoted by the group's senior management, is the establishment of a commitment to the company's health and safety policy and principles and this has been transferred to the supply chain. Thus, suppliers are informed that health and safety is a key commitment for Gas Natural Fenosa and one of the conditions for the contract.

Furthermore, the company asks the person responsible for the contract the company to make a commitment to Gas Natural Fenosa's health and safety policy and principles by virtue of a written declaration. This initiative was performed in Spain in 2013 and there are plans for it to be extended to the rest of the group's action area in 2014.

Training of suppliers

Training the different parts of the value chain is essential in offering quality products and services to the company's customers. Thanks to training, suppliers improve their operational efficiency and can cut costs. In short, the aim is to make the value chain more professional.

The company offers specific training to the employees of its suppliers, contractors and collaborator companies through the Extended University, an initiative led by the Corporate University of Gas Natural Fenosa and the business areas, which was launched in 2012. Its main aim is to strengthen the business fabric that collaborates with the group to improve its professionalism and contribute to achieving the business targets.



More information about the Extended University is available in the chapter titled 'Interest in people' in this report.

The social action initiatives led by the Centro Operativo Integrado de Latinoamérica (COIL, Integrated Operative Centre of Latin America) also focus particularly on training suppliers through the 'Suppliers Value Programme close', which provides technical and business training for self-employed suppliers and micro-entrepreneurs linked to the energy sector.



More detailed information about this programme is available in the chapter titled "Commitment to society" in this report.

Bettercoal: guarantee of responsible coal purchasing

In 2013, Gas Natural Fenosa joined the international organisation Bettercoal, an association made up of a group of large European energy companies (EDF, Enel, E.ON, GDF Suez, RWE, Vattenfall, Dong Energy and Fortum) that fosters the continuous improvement of corporate responsibility in the coal supply chain.

The initiative appeared in February 2012 and seeks to include social, environmental and ethical practices in the coal supply chain to bring about changes that benefit employees, communities, businesses and the environment.

The subscription to an initiative like Bettercoal provides the additional guarantee whereby the coal purchased by the company needs certain criteria and conditions that are fully in line with the commitments provided in Gas Natural Fenosa's human rights policy.

One of the first advances made by Bettercoal has been to develop a new code of practice based on already existing mining standards that acknowledges the best practices applied in the sector today. The Bettercoal Code establishes the ethical, social and environmental principles with which the members of the initiative will align their coal supply chains.

These principles will be the base for the on-site assessments that are to be made by external consultants. The results of the assessments will be shared among the members of Bettercoal.

The Bettercoal Code has been developed with the support of an independent group, representing the various stakeholders and made up of experts from civil society, trade unions and the mining community. Said code has been subject to global public consultation that included meetings with stakeholders in South Africa, Colombia, Indonesia and Russia, all of which are large coal-producer companies.

bettercoal
defining standards.refining practice

The subscription to Bettercoal provides the additional guarantee whereby the coal purchased by the company needs certain criteria and conditions that are in line with the commitments provided in Gas Natural Fenosa's human rights policy



Commitment to results

Principles of responsible action with shareholders and investors

The focus on results is one of the commitments laid down in the Gas Natural Fenosa Corporate Responsibility Policy, and is based on the following principles:

- Work to obtain an appropriate return on the resources used.
- Encourage efficient management of resources within the framework of ongoing improvement of processes.
- Apply best practices in terms of informational transparency at all times, establishing channels of communication with the markets and with other stakeholders in order to strengthen its credibility and reputation.

Gas Natural Fenosa has a solid and stable business structure. The company is the largest integrated gas and electricity operator in Spain and Latin America. In the gas market, it is the leader in distribution and commercialisation gas on the Iberian Peninsula and with regards to distribution in Latin America. Similarly, the company is one of the biggest liquefied natural gas (LNG) operators in the world, where it is the benchmark in the Atlantic and the Mediterranean basins in terms of operation volume. It has a fleet of methane tankers that means it can supply itself and supply natural gas in different regions of the planet, an aspect that facilitates diversification of the supply sources.

In November 2013, Gas Natural Fenosa presented the update of the 2013-2015 Strategic Plan. This review is performed based on the targets achieved in 2012, which demonstrates the company's credibility and solidity despite an adverse regulatory and economic context.

The strategic guidelines of Gas Natural Fenosa during the 2013-2015 period will focus on:

- Execution of the Efficiency Plans.
- Managing each business line in accordance with market conditions.
- Managing the business portfolio in accordance with its strategic fit.

The energy multinational's strategic priorities for 2013-2015 will strengthen the current business model, which is heavily based on the drive and opportunities for growth abroad and, in particular, their growing prominence on the global gas market (especially LNG), which will help maintain the company's sound results.

Gas Natural Fenosa's healthy economic performance and the solidity of its business are strengthened by its sustainability. The company aims to carry out its business in harmony with the environment, and dealing with the expectations of each of its stakeholders. This effort was recognised with the company's presence on the most prestigious sustainability index, such as the Dow Jones Sustainability Index or the Carbon Disclosure Project, where Gas Natural Fenosa scored highest in the sectors in which it takes part.

Focus on growing and sustained profitability

In context with important regulatory changes, Gas Natural Fenosa's net profits in 2013 were up 0.3% on the previous year and reached the figure of 1,445 million euros. These results were possible thanks to the solidity and diversification of the business model, consolidating the growing contribution from the international area and the strengthening of the company's financial position on a road marked by deleveraging and greater efficiency.

Value actions

Proposed actions 2013

Keep the company on the sustainability indices.

Consolidate the programme of informative meetings with minor shareholders.

Assess visiting facilities with minor shareholders.

Take up a favourable position with socially responsible investors.

Actions planned 2014

● Maintenance in DJSI and FTSE4Good sustainability indexes.

● Visit Gas Natural Fenosa's facilities with minor shareholders.

● Valuation of extending the program of dissemination meetings with small shareholders to other Spanish towns and cities.

● Incorporation of sustainability issues in relations with socially responsible investors.



Consolidated Ebitda for the period amounts to 5,085 million euros, up 0.1% against the previous year, supported by diversification and a growing contribution from the international field, and also in the balance of the company in Spain. The Gas Natural Fenosa business profile in the international field offsets the fall in contribution from the businesses in Spain - both due to the increase in fiscal pressure of Law 15/2012 in the electrical generation activity in Spain, as well as the impacts of Legislative Decree Law 9/2013 in electrical generation activities in Spain and in electrical distribution in Spain.

Ebitda from international activities of Gas Natural Fenosa rose by 2.2% and accounts for 44.1% of the consolidated total, compared with 43.2% in the previous year. For its part, the Ebitda from operations in Spain fell by 1.6%, basically due to the fall in the electricity distribution business (-4.1%) and the

electricity business (-12.7%) as a result of the heavy impact made by new regulatory measures, which reached 455 million euros in 2013.

Gas Natural Fenosa continues its deleveraging process and net financial debt stood at 14,641 million euros at 31 December 2013. The debt ratio was 49.4% and the net financial debt ratio was 2.9 times the Ebitda. The gradual restructuring of Gas Natural Fenosa's financial debt allows for optimal adaptation to the business profile, consolidating its position as a key issue in the sustained creation of value.

Tangible and intangible investments for the period reached 1494 million euros in 2013, up 10.1% on figures for the previous year. This growth is due basically to investments in electricity generation on the international scenario (Mexico).

In reference to the company's evolution on the stock exchange, Gas Natural Fenosa's shares closed 2013 at a price of €18.69, up 37.7% on the close of the previous year, higher than the revaluation of the IBEX 35, the leading stock exchange in Spain, which was 21.4%.

The proposal for distribution of 2013 profits, which the Board of Directors will be forwarded to the Ordinary General Meeting of Shareholders for approval, is to pay 898 million euros in dividends. This entails a pay-out of 62.1% and a dividend pay-out in excess of 4.8%, taking the share price listing at 31 December 2013.

Responsible economic management

On 16 April 2013, the Board of Directors of Gas Natural SDG adopted an offer for the buyback of the participating preference shares issued by Unión Fenosa Financial Services USA for the amount of 609 million euros on 20 May 2013.

As an independent expert, Solventis issued a report on 5 April 2013 on the fairness of the price that was offered. In said report, the independent expert concludes that the fair value of the issue is an ex-coupon price of 85.87%.

The price offered by Unión Fenosa Financial Services USA was 93% of the face value, i.e. 23.25 euros per preferential share and in cash.

The acceptance period began on 17 April 2013 and ended on 16 May 2013. The offer was accepted by 88.56% of the issue and settled in cash on 20 May 2013.

Stock market indicators

	2013	2012	2011
No. of shareholders (in thousands)	77	84	84
Share prices at 31/12 (euros)	18.69	13.58	13.27
Earnings per share (euros)	1.44	1.45	1.39
Share price-profit ratio	12.9	9.4	9.9
Share capital (no. of shares)	1,000,689,341	1,000,689,341	991,672,139
Stock market capitalisation (millions of euros)	18,708	13,589	13,155

Financial ratios

	2013	2012	2011
Borrowing ¹	49.4	51.8	54.5
Ebitda/Net financial results	6.3x	6.2x	5.5x
Net debt/Ebitda ²	2.9x	3.1x	3.7x
P/E	12.9x	9.4x	9.9x

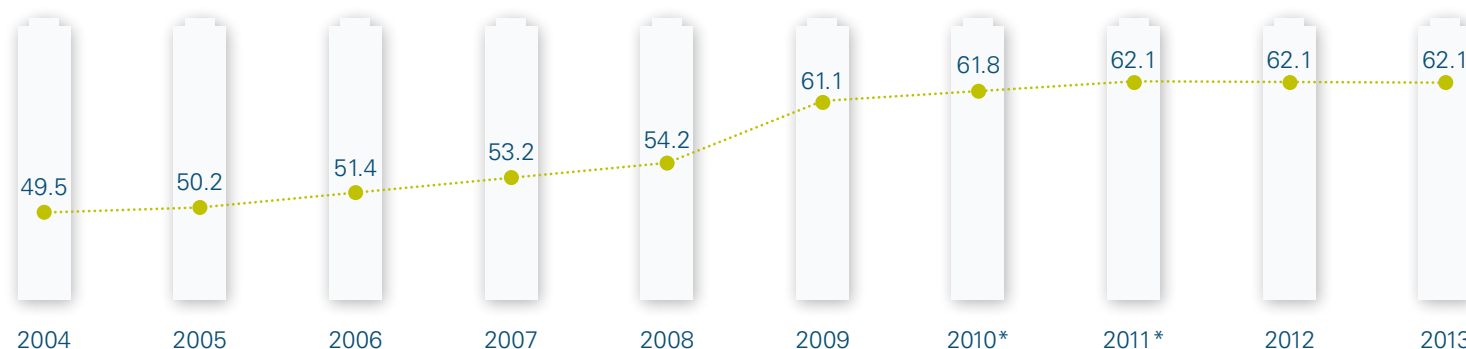
¹ Net financial debt/(Net financial debt + Equity).

² Pro forma Ebitda.

Profit index (millions of euros)

	2013	2012	2011
Natural Gas Fenosa net profit	1,445	1,441	1,325

Evolution of pay-out (%)*



*Equivalent total amount.

Communication channels adapted to the needs of shareholders and investors

Gas Natural Fenosa understands informative transparency as a key aspect in implementing its commitment with markets, shareholders and investors. To this end, the company has its own communication channels that provide the best service.

The company provides the same information to institutional and minority investors, guaranteeing the principles of equality and the simultaneous publication of information. The Shareholder Service Office provides a freephone number offering a constant information service for minority shareholders in response to the commitment assumed by the company in its Corporate Responsibility Policy, in which it pays special attention to minority shareholders.

Accordingly, in 2013, the company continued to hold informative meetings for this collective in Madrid and Barcelona.

The website also contains all the information required by the Transparency Act and its consolidating legislation. Therefore, it offers a space that features information of interest to shareholders and investors that provides information on the economic and management situation and the company's results for the last five years.

The company also continued its communication programme for analysts and investors, using transparency to strengthen the economic-financial information that allows them to monitor Gas Natural Fenosa's

business project. In 2013, representatives from the company's management team and the Investors Relations Unit held meetings with institutional investors in fixed and variable income options at the main financial centres of Europe, North America, Asia and Australia. A total number of 482 meetings were held.

Communication channel indicators

	2013	2012	2011
Meetings with shareholders and investors	482	479	383
Meetings with analysts	9	19	25

Inclusion in socially responsible investment indices

Socially responsible investment is incorporating social, ethical and good governance criteria into portfolio selection decisions, in addition to traditional financial aspects.

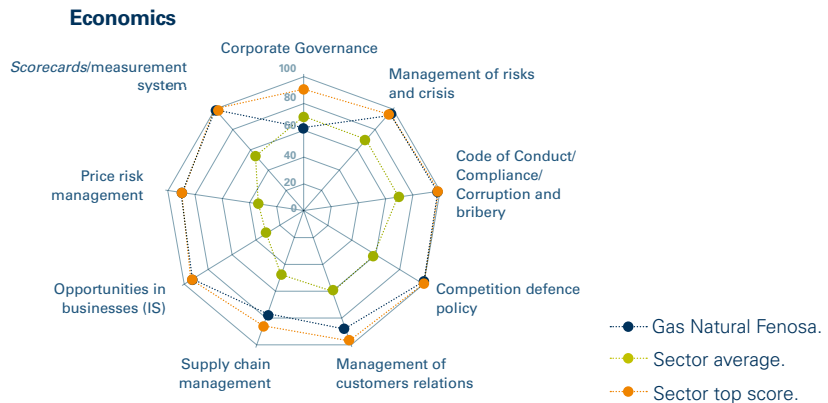
In 2013, Gas Natural Fenosa gained first-hand knowledge of these investors' interests through participation in two editions of the Responsible Investment Corporate Access Conference in Amsterdam and Zurich. During the meetings, the company had the opportunity to explain how sustainability issues contribute to the creation of value, as well as the various initiatives that are being taken in this field and how they influence its business and financial results.

For nine years, Gas Natural Fenosa has been constantly included in the Dow Jones Sustainability Index (DJSI). In 2013, it continued to be the leading company in the gas distribution sector. And for the seventh year running it was included for the eighth time on the European counterpart, the DJSI Europe. It was also acknowledged as world leader in sustainability in its sector, according to the Sustainability Annual 2014 published each year by RobecoSAM; in also received the Gold Class distinction.

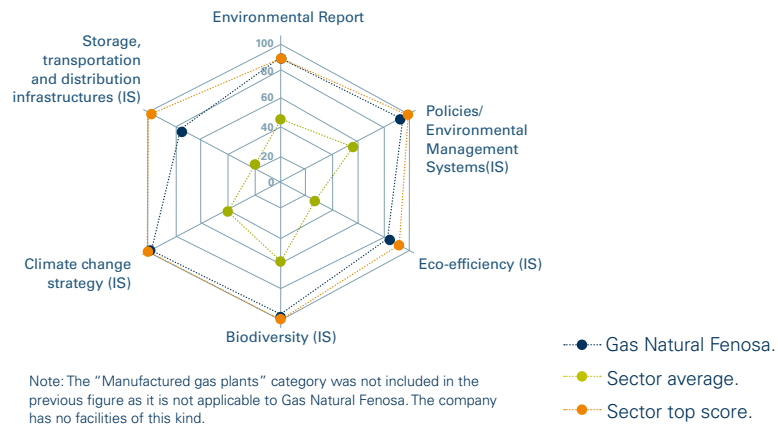
Similarly, Gas Natural Fenosa maintained its presence on the FTSE4Good for the twelfth year running and has been on said index since it began in 2001.

The presence of the company on these three prestigious indices highlights the efforts made by the company in areas of sustainability and transparent reporting, and represents external recognition of its excellent evolution in these fields.

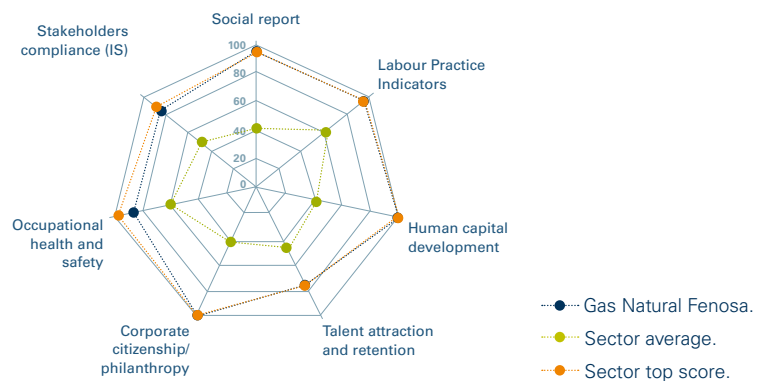
Assessment of Gas Natural Fenosa on DJSI



Environmental



Social



These graphs compare Gas Natural Fenosa with the maximum sector score, across the three dimensions that DJSI evaluates in companies.



Environment

Principles of responsible environmental action

The environment is one of the commitments laid down in the Gas Natural Fenosa Corporate Responsibility Policy and is based on the following principles:

- Contributing to the sustainable development through eco-efficiency, the rational use of natural and energy resources, minimising environmental impact, encouraging innovation and using the best available technologies and processes.
- Contributing to the mitigation of climate change through low-carbon and renewable sources of energy, encouraging savings and energy efficiency, the application of new technology and carbon capture.
- Integrating environmental criteria in business processes, in new projects, activities, products and services, and in selecting and assessing suppliers.
- Minimising adverse effects on ecosystems and fostering the conservation of biodiversity.
- Ensuring prevention of pollution and ongoing improvement through optimisation of environmental management, minimisation of environmental risks and active participation of employees.

Commitments to the environment

Gas Natural Fenosa works to satisfy its customers' energy requirements in a responsible manner. This implies safe operation that generates the minimum impact on the environment and makes it possible to maintain relationships with stakeholders based on trust.

The company tackles new challenges using a preventive approach, integrating environmental criteria in business activities and processes. In carrying out its business activities, Gas Natural Fenosa pays special attention to protecting the environment and to the efficient use of the natural resources it needs to satisfy demand for power.

Gas Natural Fenosa's commitments include providing continuity for these principles through its goods and services contract companies and, in conjunction with them, drafting action plans to ensure their success. Accordingly, it works with suppliers and contractors on extending best environmental practices.



For further environmental information, see the corporate website:
www.gasnaturalfenosa.com

Gas Natural Fenosa's environmental performance

Environmental management of processes

Gas Natural Fenosa's environmental management model is based on the UNE-EN-ISO 14001 international standard and on the European EMAS regulation, in place at the nine electricity-generation facilities in Spain.

This working method enables the efficient development of the company's processes with minimum impact on the environment, guaranteeing compliance with external and internal requirements at all times.

At the present time, 99.4% of the Ebitda generated by activities that have an impact on Gas Natural Fenosa are covered by the environmental management model included in the UNE-EN-ISO 14001 standard.

Management planning

Gas Natural Fenosa's environmental planning is developed in the framework of the company's corporate responsibility policy and strategy and is also part of the Quality, Environment, Health and Safety Plan. This plan comprises strategies and lines of action that lay down the working guidelines for each period so that all the businesses adopt their integrated management programmes as part of it.

Value actions

Proposed actions 2013

Actions planned 2014

Analysis of greenhouse gas emissions associated to the supply chain.	●	Implantation of the business model across the entire business.
Study of risks and opportunities in issues of climate change for all of the company's activities.	●	Development of a CO ₂ emissions compensation project.
Implementation of the Biodiversity Action Plan (BAP).	●	Initiatives for promoting and protecting biodiversity.
Development of tools to improve environmental management.	●	Definition of a water management strategy.

Level of fulfilment: ● High. ● Medium. ● Low.

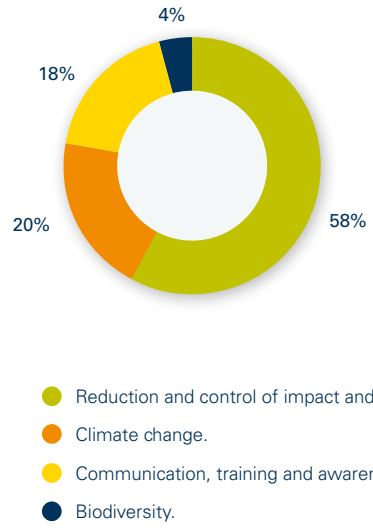
Gas Natural Fenosa's environmental performance

Country	Upstream	Gas transport	Gas distribution	Conventional generation	Renewable generation	Electricity distribution	Engineering	Commercialisation	Corporate services
Brazil			●					●	
Colombia			●			●		●	
Costa Rica					●				
Dominican Republic				●					
Italy			●					●	
Kenya				●					
Mexico			●	●				●	
Moldova						●		●	
Morocco		●							
Panama					●	●		●	
Spain	●	●	●	●	●	●	●	●	●

During 2013, 163 environmental exclusive targets were developed within the area of the integrated management system. In terms of environmental impact, special mention must be made of the actions related to waste management, resource consumption, water, energy, noise and soil, as well as the reduction of emissions. Most of the actions that refer to the climate change are related to energy efficiency and saving in production and auxiliary processes. Actions in communication, training and environmental awareness focused on offering information to all stakeholders and on training employees and creating awareness in suppliers and customers. The actions designed to improve biodiversity focused on specific projects for improving the control of activities and on signing agreements and sponsorships with institutions devoted to developing this type of activity.



Distribution of targets developed according to theme



Environmental risks

At facilities with considerable environmental risk, Gas Natural Fenosa performs and evaluation in accordance with the UNE 150008 standard. Using the self-protection plans and corresponding procedures, the company identifies and collects responses to potential accidents and emergency situations to prevent and reduce their environmental impact.

The company also develops geographic information systems to identify, geo-locate and control the environmental risks associated with its business.

In 2013, there were minor incidents at some of the company's facilities, with no environmental impact, since they were processed in accordance with the action protocol and environmental contamination was avoided.

Incident	Location	Seriousness	Action taken by Gas Natural Fenosa
Spillage of 1 ton of oil in the fuel processing plant at the thermal power station in Nairobi	Kenya	Minor	Discharge collected in an isolated, controlled area.
Spillage of 0.1 ton of oil in the neutralisation pond at the combined-cycle plants of Sagunto	Spain	Minor	Recirculation to the oil zone, avoiding any final discharge.
Leak of 50 litres of oil into the river owing to a theft at the hydraulic power station of Buenamesón	Spain	Minor	Immediate installation of contention barriers and absorption through the intervention of the Environmental Rapid Intervention and Emergency Brigade.

Legal requirements

Gas Natural Fenosa monitors the development of environmental legislation so that it can be aware of the repercussion of its business in advance and adapt to new requirements. In 2013, special mention must be made of the coming-into-effect of the Environmental Evaluation Act, renewed environmental tax in the various autonomous regions of Spain and the adaptation of Spanish legislation to comply with the European Directive on Industrial Emissions.

Despite the company's prevention tools and resources, five fines were applied in 2013, totalling 25,700 euros and corresponding to administrative offences associated with environmental authorisations; no appeal against the fines was brought. Seven fines and one other penalty were also recorded and are pending resolution. Furthermore, there are compensation registers established in the environmental impact statements for the various businesses.

Gas Natural Fenosa provides its stakeholders with various formal claim procedures. The right processing of complaints and claims is also value-added for the customer. In 2013, the company received 401 complaints or claims, 85% related to inappropriate non-hazardous waste management associated with the regulated gas and electricity businesses. The company dealt with 100% of the complaints and claims received during the year and 99.5% of them were resolved.

Anticipation tools for correct environmental management

Tools and methodologies play a fundamental role in the consistency and homogeneity of the company's management. Gas Natural Fenosa has various tools for managing different environmental matters.

In 2013, Gas Natural Fenosa completed the definitive implantation of the Themis tool, verified by Aenor, in every country in which the company carries on a certified business. This tool makes it possible to perform annual evaluations to keep up-to-date with legal requirements and other provisions voluntarily, thus guaranteeing compliance.

This year, approximately 3,500 environmental requirements were included in Themis. Most of them were related to legislation and some were voluntary and applicable to various business activities and facilities. The tool currently has more than 1,000 users in the company.

Furthermore, in 2013, Gas Natural Fenosa developed a new methodology for evaluating environmental issues, called Environmental Issues Document (Spanish acronym: DAMA), through which the company obtains significant environmental issues to act on them and thus comply with the requirements of the UNE-EN-ISO 14001 standard.

The screenshot shows the THEMIS web application interface. At the top, there is a navigation bar with the THEMIS logo on the left and the gasNatural fenosa logo on the right. Below the navigation bar, there is a search and filter section. The search criteria include:

- Búsqueda de Legislación:**
 - Ámbito:** Dropdown menu
 - Rango:** Dropdown menu
 - Área:** Dropdown menu
 - F. Publicación:** Date range (Desde: [] Hasta: []) with calendar icons
 - Buscar texto en Título:** Text input field
- Territorio:** Dropdown menu (set to España)
- Nº Oficial/Año:** Input field
- Vigencia:** Dropdown menu (set to En Vigor)
- Subárea:** Dropdown menu
- Aspecto:**
 - Radio buttons: Sólo el seleccionado, Este y sus subordinados
 - Checkbox: Sólo documentación legal específica
- Búsqueda de Legislación Aplicable a la actividad:**
 - Dirección:** Dropdown menu (set to GNF)
 - Unidad:** Dropdown menu (set to Z CONSULTA GNF)
 - Grupo:** Dropdown menu (set to CONSULTA GNF)
 - Instalación:** Dropdown menu (set to ESP - CONSULTA ESPAÑA)
 - Vista del Resultado:** Radio buttons: Normas, Requisitos
 - Incluir Normas Modificadoras:** Checkbox

At the bottom of the search section, there are buttons for "Buscar", "Limpiar", "Ayuda", and "Volver".

Awareness and training

Environmental training is a basic tool for preventing and reducing environmental impacts and improving environmental operational control in our activities. During the 2013 year, around 5,936 employees have been trained, almost 60% more than in 2012, and the number of training hours has also risen by 36% to over 27,069 hours.

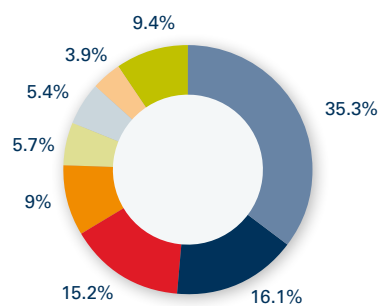
This progression is part of the company's commitment to continuous improvement and the environmental management of its activities. For its part, Fundación Gas Natural Fenosa also plays an active role in stakeholders' awareness of environmental issues, organising seminars and other activities that Foster society's environmental awareness.



Gas Natural Fenosa makes important efforts in the area of environmental protection, allocating the company's facilities the resources that are necessary for guaranteeing compliance with environmental legislation, reducing environmental impact, obtaining new environmental certificates, improving management systems and increasing the awareness and training of workers, customers and suppliers.

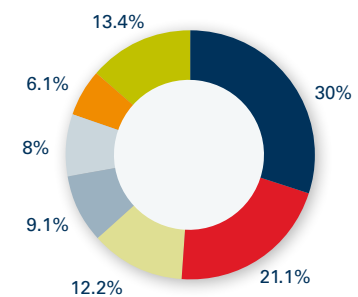
In 2013, Gas Natural Fenosa's main investments focused on improving hydraulic power stations to increase energy efficiency; on boiler combustion systems at combined-cycle power stations; on the gas distribution grid to reduce leaks into the atmosphere and on facilities for the protection of environmental biodiversity.

Breakdown of environmental expenditure



- Eco-taxes.
- Climate change.
- Energy saving and efficiency.
- Atmospheric protection.
- Waste management.
- Water management.
- Environmental management system
- Others.

Breakdown of environmental expenditure



- Climate change.
- Energy saving and efficiency.
- Waste management.
- Land.
- Water management.
- Atmospheric protection.
- Others.

Environmental parameters

The main quantitative indicators of Gas Natural Fenosa's environmental management are necessarily linked to the operating conditions of its large combustion facilities, especially those located in Spain, which represent most of the company's installed power.

During 2013, there was a significant reduction in the operation of these kinds of facilities due to the fall in demand and the increase in hydroelectric and wind energy. This situation explains the significant reduction of indicators for

emissions, waste and water consumption. In this context, Gas Natural has focused its processes and management on the fulfilment of laws and requirements concerning the environmental control of its facilities and services

Atmospheric emissions

In 2013, Gas Natural Fenosa has recorded a significant improvement to atmospheric emissions indicators as a result of lower levels of electricity generation by coal-fired power stations and their replacement with energies that produce lower emissions, such as natural gas and renewables.

This improvement also comes from the application of better technologies, installed in the main coal units to ensure low emissions per kWh produced.

Accordingly, absolute and relative atmospheric emissions were reduced in accordance with the main parameters: SO₂, NO_x and particles. Other emissions included 0.09 tons of mercury, 0.12 t of HCFC and 6 kg of Freon R22.

Relevant environmental aspects of activities carried out by Gas Natural Fenosa

Activity	Atmosphere	Residues	Waste	Climate	Biodiversity
Conventional generation	●	●	●	●	●
Distribution of gas		●		●	●
Distribution of electricity		●		●	●
Renewable generation				●	●
Commercialisation				●	

Compliance with total atmospheric emissions targets (kt)

	Target value 2013	2013	2012	2011
SO ₂	<27	17.52	23.53	17.83
NO _x	<65	30.32	40.92	40.51
Particles	<3.7	1.83	1.96	1.52

Compliance with total specific atmospheric emissions targets (g/kWh)

	Target value 2013	2013	2012	2011
SO ₂	<0.48	0.37	0.48	0.31
NO _x	<1.09	0.64	0.82	0.72
Particles	<0.06	0.04	0.04	0.03

Waste management

In the framework of integrated management system, all of Gas Natural Fenosa's businesses possess procedures for waste control and management through which the systems for the adequate separation, storage, control and management of waste are defined. The company prioritises its recycling and reuse processes over other management options, as well as energy recycling over dumping at waste grounds.

In 2013, non-hazardous waste generation fell by 37.5% in comparison with 2012, taking into consideration the most significant waste. The main causes were as follows:

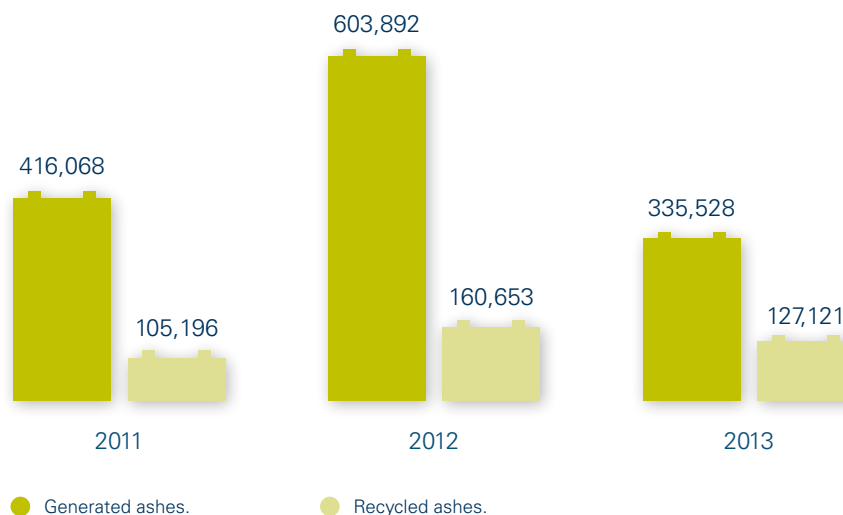
- reduction of the generation of ash, slag and gypsum as a result of lower electricity production levels;
- reduction of the generation of rubble caused by the movement of earth associated with the development of the gas distribution grid thanks to the application of new excavation methods and the lower-level expansion of said business; and
- improvement to the processing of plant pruning and felling waste in Panama, Colombia and Moldova.

For its part, the generation of significant hazardous waste increased by approximately 60% in comparison with 2012. This increase is due to cleaning operations due to maintenance of water treatment facilities, and the review of the criterion applied in previous years, when oil and fuel sludge sold for energy

Non-hazardous waste managed (tonnes)

Tipo	Cantidad
Earth and rubble	662,126
Fly ash	335,528
Gypsum	72,243
Cinders	58,231
Sludge	9,116
Waste plant matter	8,593
Scrap	2,506
Wood	1,059
Total	1,149,402

Generation and recycling of ashes (tonnes)



recycling were not considered to be waste. 3,155 tons of the 3,286 tons of mud managed in 2013 have been recycled.

We should point out that generation of waste from the decommissioning of facilities is not included, because as well as not being operational, they would significantly detract from the indicator.

Hazardous waster and fulfilling objectives (tonnes)

	2013	Target value 2013	Level of fulfilment	2012	2011
Total Gas Natural Fenosa	8,212	10,000	Compliance	5,126	7,333

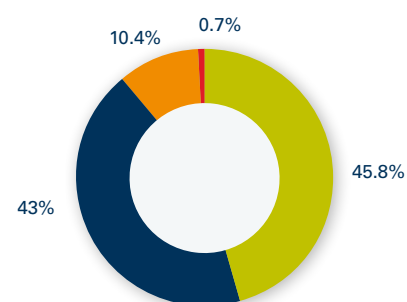
Compliance with waste management targets (%)

	2013	Target value 2013	2012	Level of fulfilment
Recycled and energy recovery	88.9	>50	76	fulfilled
Incineration and landfill	11.1	<50	24	fulfilled
Recycling of fly ash	37.9	≥25	27	fulfilled

Hazardous waste managed (tonnes)

Type	Amount
Sludge from oil and fuels	3,286
Hydrocarbons plus water	2,705
Solid waste contaminated with hydrocarbons	985
Used oil	537
Aqueous solutions	440
Hydrocarbon-contaminated soils	259
Total	8,212

Generation of hazardous waste



- Recycled.
- Energy recovery.
- Incineration.
- Landfill.

Products sold for reuse (tonnes)

	2013
Fly ash	74,795
Cinders	10,430
Sludge from oil and fuels	3,155

Water management

In 2013, the volume of water consumed was down 15%, mainly due to the reduction of production at said thermal power stations. In addition, specific consumption was 767.4 m³/GWh, which is a reduction of 4% in comparison with the previous year.

Water consumption accounts for 2.8% of the total water collected and 97.2% is returned to the destination medium, one part as evaporated water and the rest included in the discharges made at the facilities. 0.7% of the water that is collected is reused at the facility, which represents a volume equivalent to 26.9% of the total water consumed.

In 2013, the treatment equipment and systems worked as expected, which enabled compliance with discharge authorisations. Furthermore, in accordance with the studies that have been performed, Gas Natural Fenosa processes discharges correctly to ensure that there are no significant impact on the aquatic ecosystems in the destination medium. It is also important to note the correct operation of the urban wastewater treatment system that supplies the power



stations of Durango, Hermosillo and Naco-Nogales in Mexico, which not only ensures the reuse of said wastewater as process water, but also the water from the discharge provides quality water for other uses.



For detail information about the studies, please log on to the section titled “Sustainability and Biodiversity” on the website at: www.sostenibilidadybiodiversidad.gasnaturalfenosa.com.

Water capture by source (hm³)

	2013	2012	2011
Surface water captured (sea)	1,074.81	1,168.63	1,129.19
Surface water captured (rest)*	16.76	36.76	17.48
Groundwater captured	0.62	2.1	1.44
Wastewater used, from another organisation	8.16	8.64	8.51
Water captured from the mains water supply	1.02	1.07	1.55
Rainwater collected and stored	2.58	1.56	1.14
Total volume of water captured from the environment	1,103.95	1,218.76	1,159.31

* Water used to fill the lake of the Limeisa mine was not taken into consideration as it was not water captured for production processes.

Water consumption (hm³)

	2013	2012	2011
Consumption of cooling water	29.02	33.82	32.61
Consumption of water in water/steam cycle	1.23	1.43	2.17
Consumption of water in other processes	0.28	0.45	1.60
Consumption of water in ancillary services	0.35	0.78	2.36
Consumption of water in buildings	-	-	0.26
Total water consumption	30.88	36.48	39.00

Water discharge (hm³)

	2013	2012	2011
Consumption of cooling water	1,062.66	1,157.97	1,113.64
Consumption of water in water/steam cycle	9,50	9.69	7.04
Consumption of water in other processes	0,39	0.46	0.72
Consumption of water in ancillary services	0,03	0.02	0.02
Consumption of water in buildings	0,03	-	-
Total water consumption	1,072,61	1,168.14	1,121.42

Energy resources and materials

The main consumptions of Gas Natural Fenosa correspond to fuels and, to a lesser extent, chemical products used to operate the facilities, mainly the generation of electricity.

The company's total energy consumption in 2013 reached a value of 200,300 TJ, with a reduction of 11% in the consumption of natural gas and coal, mainly due to the high level of hydraulic and wind power generation registered in Spain, thus reducing the thermal gap that is available. Furthermore, the consumption of oil by-products by the company's own fleet was also reduced thanks to the renewal of part of the fleet with more efficient vehicles.

Approximately 80% of the consumption of energy resources outside the organisation, associated with our activities, is due mainly to the end use given to natural gas and the coal that is commercialised.

The intensity of the company's energy consumption in 2013 reached a value of 54.8 TJ/million euros Ebitda. According to business segment, electricity generation is the most energy-intense activity, followed by the gas, electricity distribution, mining and gas distribution segments.



Total energy consumption within the organisation (TJ)

	2013	2012	2011
Non-renewable fuels	334,926	375,960	375,834
Natural gas	263,133	279,831	313,501
Coal-fired	55,075	79,013	45,253
Petroleum derivatives	16,718	17,116	17,080
Renewable fuels	1	-	-
Electricity acquired for consumption	10,992	-	-
Electricity generated (not included in fuel consumption)	24,775	-	-
Electricity and steam sold	(170,394)	-	-
Total	200,300	-	-

Energy consumption outside the organisation (TJ)

	2013
End-use of the natural gas that is commercialised	488,849
End-use of the coal that is mined	16,591
Total consumption	505,440

Energy consumption intensity ratios within the organisation according to activity segment

	Gas distribution	Electricity distribution	Electricity	Gas	Mining	Total
Energy consumption within the organisation (TJ)	3,571	10,927	174,215	11,270	317	200,300
Ebitda (millions of euros)	1,615	922	820	258	41	3,656
Ratio (TJ/millions of euros Ebitda)	2.2	11.9	212.5	43.7	7,7	54.8

Materiales utilizados (tonnes)

	2013
Fuels	
Natural gas	4,935,003
Coal-fired	2,358,845
Petroleum derivatives	415,734
Total	7,709,582
Other materials	
Calcium carbonate	37,895
Magnetite	3,511
Sulphuric acid	2,808
Hydraulic/lubricant oil	2,060
Calcium hydroxide	1,778
Sodium hypochlorite	1,021
Sodium hydroxide	951
Total	50,024

NB: the total figure of other materials accounts for 99% of the total materials under consideration.



In 2013, Gas Natural Fenosa continued to eliminate polychlorinated biphenyls (PCB), a substance that is present mainly in certain older electricity transformers. At the present time, there are 219 t of dielectric oil with a low concentration of PCB (below 500 ppm) to be withdrawn, which represents a reduction of 12% in comparison with the previous year.

Climate change

The role played by energy technologies and innovation is key to reducing CO₂ emissions. The use of low-carbon energies, such as natural gas, is the vector on which Gas Natural Fenosa carries on its business, to ensure compatibility between the energy supplied to society and the reduction of the climate change. Importance is also placed on promoting energy efficiency and saving, mature and competitive renewable technologies and the development of carbon collection and storage.

Gas Natural Fenosa's position regarding the climate change

Gas Natural Fenosa's position regarding the climate change corresponds to the following eight principles:

- Maintaining energy strategies and policies that are coherent with supply safety, competitiveness and environmental sustainability.
- Establishing quantifiable objectives for reducing greenhouse gas emissions.
- Working on levelling the balance of social, environmental and economic aspects to contribute to a low carbon economy.
- Encouraging and optimising energy saving and efficiency at our facilities and those of our customers, as the most efficient way of combating global warming.
- Resorting to being active in carbon markets and supporting their globalisation so that energy production and consumption trends can be sustainable.
- Guiding the company's actions in order to raise awareness in society in general regarding the global solution for climate change.
- Having specific measures to ensure fair and sustainable commitments on reducing global emissions are met.
- Getting behind projects to reduce greenhouse gas emissions on a global scale, paying special attention to developing countries.

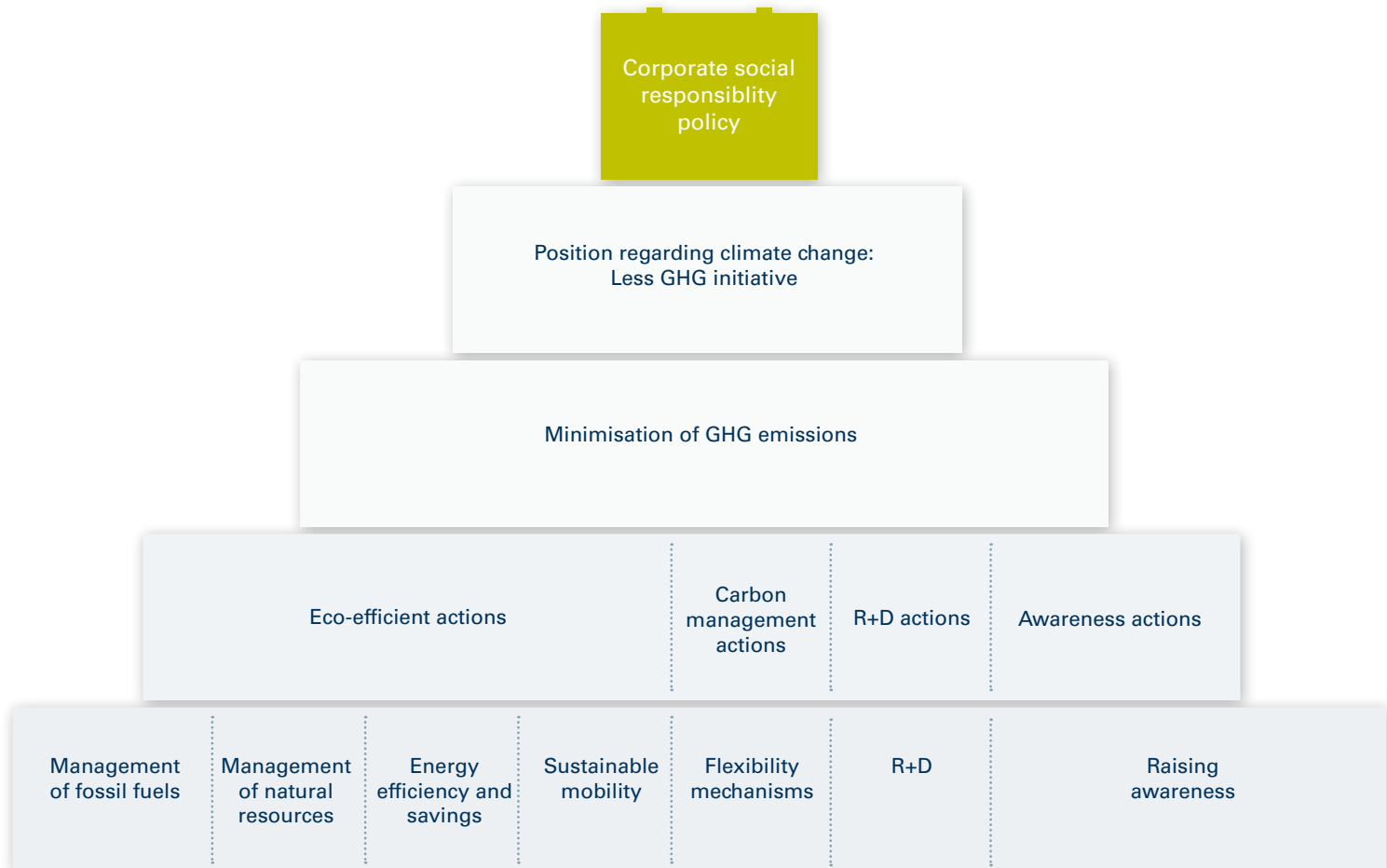
Gas Natural Fenosa's strategy for climate change is based upon:

- Giving added value to carbon management.
- Identifying options and solutions to cope with the obligation to comply with restrictions on greenhouse gases at the lowest cost.

- Minimising risks arising from future restrictions in the emission of greenhouse gases in light of legislative and political developments.
- Developing business opportunities created due to the need to mitigate global warming.

This strategy is based around four main pillars: improving eco-efficiency, carbon management, R&D and raising society's awareness.

Gas Natural Fenosa strategic pyramid on climate change



Risk management at Gas Natural Fenosa in figures

- Total GHG emissions (scope 1 and 2) in 2013 were 21.4 Mt CO₂ eq, up 15% on 2012.
- Specific CO₂ emissions from the generation of electricity totalled 399 t CO₂/GWh, which corresponds to a reduction of 12% in comparison with the previous year.
- The reduction of greenhouse gases in emerging countries through Clean Development Mechanisms was 0.93 Mt CO₂, reaching 3.7 Mt CO₂ for the period 2010-2013.
- Emissions avoided through actions based on improving eco-efficiency and carbon management totalled more than 15 Mt CO₂.
- Methane emissions per kilometre of gas distribution and carrier grade totalled 9.9 t CO₂ eq/km.



Special mention must be made of the efforts made by the company in transparency each year through the publication of the Carbon Footprint Report, which includes all the relevant information related to Gas Natural Fenosa's performance regarding the climate change. It is necessary to highlight the fact that the inventory of greenhouse gas emissions in 2013 has been affected by the United Nations' decision to apply the next stage of compliance with the Kyoto Protocol (2013-2020), which updates the global heating potential of greenhouse gases using the values provided in the "4th Assessment Report de la IPCC". This update affects methane, nitrous oxide, sulphur hexafluoride, hydrofluorocarbons and perfluorocarbons.

In 2013, mention must also be made of the Compensa2 project. The aims of this project are to reduce the impact Gas Natural Fenosa has on climate change and offer emissions-free products as part of the commercialisation portfolio.

Risks and opportunities of climate change

Gas Natural Fenosa's Corporate Risks Map includes the risks and opportunities associated with climate change. Their quantification enables their inclusion in the corporate strategy and sets targets to minimise risks and maximise opportunities.

The risks and opportunities resulting from the climate change have been divided into four main types:

Leadership in the Carbon Disclosure Project (CDP)

The Global 500 Report Climate Change Report 2013, gives Gas Natural Fenosa the highest possible score of 100/A, positioning it for the second year running at the fore in utilities across the world and, for the first time, at the top of the global ranking owing to its focus on climate change issues.

Gas Natural Fenosa is the best-valued company according to the CDP Iberia 125 Report for 2013, which analyses the behaviour of the leading companies in Spain and Portugal with regard to the climate change. The two most outstanding parameters measured by this study are the quality of the data on the climate change submitted to the market through the Carbon Disclosure Leadership Index (CDLI) and the

actions taken by the companies to reduce their carbon emissions and mitigate the risks associated with climate change through the Carbon Performance Leadership Index (CPLI).

Furthermore, in 2013, Gas Natural Fenosa subscribed to the CDP Supply Chain initiative to analyse emissions associated with our supply chain. In this first year, the company has received information from 40 suppliers, representing 30% of the total cost of non-energy supplies.

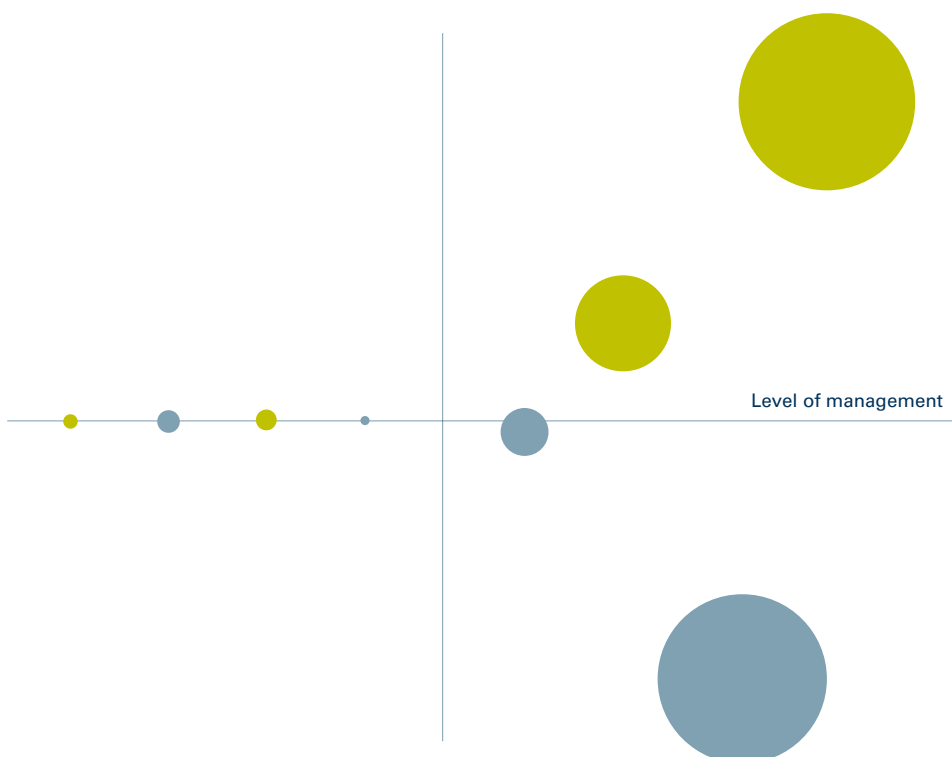


- Physical parameters. Increase in temperature, changes to precipitation, increase in sea levels and extreme meteorological events.
- Market. Such as the existence of CO₂ markets and the development of other similar markets.
- Regulatory. Development of energy policies to reduce climate change based on the promotion of renewable energies and energy efficiency.
- Reputational risks and opportunities.

Categories of impact of the risk map

Category	Factors
Climate temperature	Demand for natural gas. Demand for electricity. Performance of combined cycles.
Rainfall	Generation office. Wholesale market electricity price.
Rise in sea level	Flooding. Production losses.
Extreme meteorological events	Variation in frequency and intensity of extreme meteorological events.
CO ₂ markets	2008-2012 trade plan for emissions rights. Intervention of the European Commission. Intervención de la Comisión Europea. Introduction of CO ₂ capture technology. Wholesale market electricity price. Thermal gap.
Renewable energies	Impact on the generation office. Sensibility regarding the wholesale market electricity price.
Energy efficiency	Demand for natural gas and electricity. Penetration of electric cars: rise in demand for electricity and more use of the installed power.
The company's reputation	Impact on the company's reputation.

Impact of the risks and opportunities of climate change on Ebitda in Gas Natural for 2013-2020 (millions of euros)



Promotion of eco-efficiency

As part of its commitment to eco-efficiency, Gas Natural Fenosa has worked in different areas and obtained positive results in the reduction of emissions and in energy-savings.

Fossil resources management

Commitment and actions

The combined-cycles of gas represent the most efficient technology to produce electricity from fossil fuels, with a performance close to 60%.

Gas Natural Fenosa is one of the leading combined-cycle operators in the world, as it has over 9,000 MW of installed power using this technology, enabling it to produce environmentally friendly energy.

Results

During 2013, Gas Natural Fenosa prevented the emission of 10.394 Mt CO₂ due to the low emission factor of combined cycle plants compared to the thermal mix of electricity systems in Spain and Mexico.

Similarly, these prevented emission led to energy savings of over 46,652 TJ.

Renewable resources management

Commitment and actions

Gas Natural Fenosa maintains its commitment to the implantation of mature renewable technologies. In 2013, the company started up two mini-hydraulic plants, Os Peares II and Belesar II, in Spain, totalling more than 38 MW. Furthermore, the Wind Farm of Bii Hioxo (234 MW) is under construction in the state of Oaxaca, Mexico.

Results

In 2013, the production of new developments in renewable energies, such as mini-hydraulic and wind power, avoided the emission of 1628 Mt CO₂ and saved 19.098 TJ in the Spanish electricity system.

Energy efficiency and saving actions

Energy efficiency and saving actions

In 2013, the company has started up 9 MW from the re-powering of the hydraulic power stations of Burguillo and Puente Nuevo.

The change of boiler at Meirama in 2013 led to a reduction of 420 CO₂/GWh in comparison with the previous configuration.

The emission factor of high-efficiency co-generation in 2013 represents a reduction of 443 t CO₂/GWh in comparison with the thermal mix of the Spanish peninsular.

Results

These energy efficiency and saving actions at the electricity-generation facilities have led to a reduction of 1352 Mt CO₂ and a saving of 9024 TJ.

Gas Natural Fenosa is committed to using the best materials and renewing the pipes and mains of the grid to reduce CH₄ emissions in countries such as Spain, Italy, Argentina, Brazil, Mexico and Colombia. Besides the improvements to the grid, the emission factors of materials have been checked in accordance with the methodological revision performed at Sedigas, significantly reducing steel emission levels for pressure levels of more than 16 bar.

Methane emissions in the transport and distribution of gas fell to 1235 Mt CO₂ eq, approximately 17% less than in 2012. Furthermore, the renewal of materials avoided emissions totalling 0.526 Mt CO₂ and energy savings of 1235 TJ.

As a result, the emission factor of the grid has fallen from 11.5 to 9.9 t CH₄/km.

Efficiency solutions for customers

Commitment and actions

Gas Natural Fenosa's actions for the tertiary sector, public administrations and industry have played an important role in the reduction of CO₂ emissions in Spain through the replacement of boilers and natural gas used in vehicles. In 2013, mention must also be made of the "Ledplus Programme", sustainable mobility solutions based on natural gas and comfort solutions with electric climate control.

Results

These actions avoided emissions totalling 0.187 and made energy savings equivalent to 10,389 TJ.

CO₂ emissions in Spain are still affected significantly by Royal Decree 134/2010 and the Resolution handed down by the Secretary of State for Energy on 13 February 2013, which provides for the use of national carbon quotas

Carbon management

Gas Natural Fenosa performs integral management of its cover portfolio for Phase III (2013-2020) of the Emissions Trade Directive. Owing to the absence of the free allocation for electricity generation during this period, Gas Natural Fenosa must acquire 100% of the emission credits and rights that are necessary for annual fulfilment through its active participation in the secondary market and in primary projects and carbon funds.

In 2013, the total consolidated CO₂ emissions of Gas Natural Fenosa's coal-fired thermal power stations, combined-cycle and co-generation plants that were affected by Directive 2003/87/CE of 13 October 2003, which provides a system for trading with greenhouse gas emission rights, were 11.7 million tonnes of CO₂ (15.4 million tonnes of CO₂ in 2012).

With regard to flexibility mechanisms, in 2013, Gas Natural Fenosa successfully registered the hydro-electric power station of Torito (Costa Rica) as a new MDL project. It is estimated that 77,400 t CO₂ eq/year of greenhouse gases can be reduced through this CDM project, and 1.6 Million t CO₂ eq in prevented emissions are calculated to be prevented during the credit period, which is 21 years at the most.

This is the 10th MDL project registered by Gas Natural Fenosa with the Executive Board of the United Nations for climate change. It has been the first Spanish company to achieve this type of registration with the United Nations with the hydroelectric power station of Los Algarrobos in Panama.

In 2013, all the MDL projects registered by Gas Natural Fenosa led to reductions of 0.933 Mt CO₂ and avoided the consumption of 3485 TJ

Research, development and innovation in climate change

Gas Natural Fenosa continues to foster the development of innovation projects designed to improve the company's sustainability, environmental impact and efficiency. Accordingly, it takes part in initiatives that focus on developing technologies to reduce CO₂ emissions, including the "MenosCO₂ Project", in which the company is committed to developing new, cheaper processes for trapping CO₂.

It also takes an active part in the Spanish CO₂ Technology Platform (PTECO₂), the Spanish CO₂ Association and the European Zero Emissions Power Plant Platform (ZEP), which fosters the development of technology in processes that improve the efficiency, trapping, transport, storage and recycling of CO₂ as key technologies for fighting the climate change.

The company works in the development of solutions that allow the use of alternative fuels, the cost and environmental impact of which is less than that of traditional fuels.



For more information on this subject, please see the chapter on "Sustainable mobility" in this report.

Gas Natural Fenosa is also developing new technologies related to biomass and energy crops as a project in collaboration with Instituto de Investigación de la Generalitat de Cataluña (IRTA) and the project for the development of energy fuels based on micro-algae. The aim is to evaluate the viability of producing said algae to obtain a low-cost gas that is rich in methane and can be injected in the natural gas distribution grid or used directly as a fuel.



Awareness actions

Fundación Gas Natural Fenosa organises events, courses and seminars on environmental education and awareness. Its activity focuses mainly on energy and the environment, examining subjects such as climate change, energy efficiency and savings, sustainable mobility, etc. The many events organised by the foundation included in particular the 12th International Energy and Environment Seminar: “Three views of the response to the climate change: United States, European Union and emerging countries”, held in Madrid in November 2013.

Gas Natural Fenosa at the X Carbon Expo

Gas Natural Fenosa took part in the Carbon Expo with its Fuels and CO₂ Markets, Trading, Environment, Quality Assurance and Technology and Engineering departments.

The Gas Natural Fenosa stand was visited by Miguel Arias Cañete, Minister of Agriculture, Foodstuffs and the Environment of the Spanish government, and by various professionals, including project developers, brokers, traders, banks and members of the general public interested in energy efficiency and climate change.

The Expo is one of the few opportunities in this area in which official representatives from governments and representatives of the private sector, civil society and the media discuss issues related to policies, trends and other matters.

Main indicators

	2013	2012	2011
Direct greenhouse gas emissions (Mt CO ₂ eq)	20.8	24.3	23.2
Emission factor (g CO ₂ /kWh)	399	454	371
Emissions prevented (M tCO ₂ eq/year)	15.0	15.8	>17
Emissions prevented by CDM projects (M tCO ₂ eq/year)	0.9	1.0	0.9
Emissions caused by leaks on gas grids (t CO ₂ eq/km grid)	9.9	11.5	11.8

Initiatives designed to reduce greenhouse gas emissions (kt CO₂ eq) and associated energy savings (TJ)

	2013 energy savings (TJ)	Emissions avoided 2013 (kt CO ₂ eq)	Emissions avoided 2012 (kt CO ₂ eq)	Gases included in the calculation	Scope of the emissions*
Electricity generation: combined cycles (CC)	46,652	10,394	11,451	CO ₂	A1/A3
Spain	21,682	6,440	7,826	CO ₂	A1/A3
Mexico	24,970	3,954	3,625	CO ₂	A1/A3
Electricity generation: renewable. Spain	19,098	1,628	1,396	CO ₂	A1/A3
Wind power	15,856	1,352	1,202	CO ₂	A1/A3
Mini-hydraulic	3,242	276	194	CO ₂	A1/A3
Electricity generation: energy efficiency, Spain	9,019	1,359	1,371	CO ₂	A1/A3
Repowering mini-hydraulic power plants	2,307	197	95	CO ₂	A1/A3
Change boiler Meirama	5,804	1,008	1,143	CO ₂	A1
High efficiency cogeneration	908	154	133	CO ₂	A1/A3
T&D gas and electricity: energy efficiency. Spain	1,235	526	441	CH ₄	A1
Pipe replacements	1,235	526	441	CH ₄	A1
End use of gas and electricity. Spain	10,389	187	182	CO ₂	A3
Energy services	10,389	187	182	CO ₂	A3
Clean Development Mechanism (CDM)	3,485	933	968	CO ₂ /CH ₄	A1/A3
Total	89,878	15,027	15,809	CO₂/CH₄	A1/A3

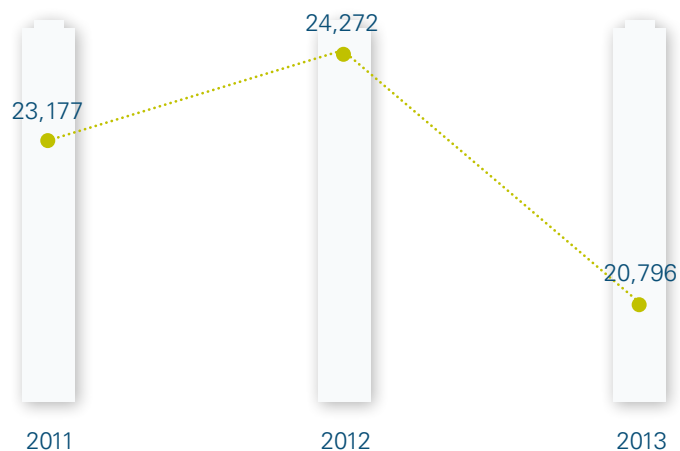
* A1: scope 1. A3: scope 3.

Emissions of CO₂ electricity generation (kt CO₂)

	2013	2012	2011
Cogeneration	183	197	206
Specific emissions (g CO ₂ /kWh)	525	585	462
Combined-cycle thermal power stations	12,333	13,512	15,083
Specific emissions (g CO ₂ /kWh)	375	376	374
Coal-fired power plants	5,278	7,582	4,416
Specific emissions (g CO ₂ /kWh)	998	1,002	989
Fuel oil-fired power stations	1,038	1,173	1,281
Specific emissions (g CO ₂ /kWh)	628	657	714
Total electricity/thermal power generation	18,832	22,464	20,986
Gas Natural Fenosa thermal mix emission factor (g CO ₂ /kWh)	468	493	446
Gas Natural Fenosa emission factor (g CO ₂ /kWh).	399	454	371

Direct GHG emissions. Total Gas Natural Fenosa (kt CO₂ eq)

	CO ₂	CH ₄	N ₂ O	SF ₆	HFC	PFC	Group Total
Electricity generation	18,831.54	8.39	33,96	1.96	1.88	-	18,877.73
Gas distribution	11.57	1,239.22	0.01	-	-	-	1,250.80
Gas (infrastructures)	590.70	3.48	2.68	-	-	-	596.86
Electricity distribution	-	-	-	47.56	-	-	47.56
Mining	23.41	0.08	0.05	-	-	-	23.54
Total	19,457.22	1,251.17	36.70	49.52	1.88	-	20,796.49

Direct GHG emissions. Total Gas Natural Fenosa (kt CO₂ eq)

Gas Natural Fenosa fosters the development of innovative projects with the aim of improving the company's sustainability, environmental impact and efficiency. Accordingly, it takes part in initiatives geared towards developing technologies to reduce CO₂ emissions

Indirect CO₂ emissions. Total Gas Natural Fenosa (kt CO₂)

	2013	2012	2011
Fixed sources. Indirect CO ₂ emissions. Scope 2	599	817	951
Natural gas emissions commercialised to third parties. Scope 3	88,855	-	-
Emissions from coal extracted from the Kangra mine. Scope 3	5,650	-	-
Total	95,104	-	-

Greenhouse gas emissions intensity ratios according to activity segment

	Gas distribution	Electricity distribution	Electricity	Gas	Mining	Total
Greenhouse gas emissions (kt CO ₂ eq)	1,251	48	18,877	597	23	20,796
Ebitda (millions of euros)	1,615	922	820	258	41	3,656
Ratio (kt CO ₂ eq/millions euros Ebitda)	0.77	0.05	23.03	2.31	0.57	5.69

Biodiversity

Gas Natural Fenosa is aware of its role in the protection of natural environments. Accordingly, the company is committed to protecting biodiversity through preventive environmental management and the development of restoration, refurbishment and conservation actions on natural areas.

Gas Natural Fenosa's commitment to the conservation of biodiversity

- Complying with nature protection laws and regulations.
- Promoting and cooperating in preserving biodiversity in the area surrounding its installations, paying special attention to protected spaces.
- Studying the environmental impact of its activities and projects, their effects on ecosystems and biological diversity, taking into account its stakeholders.
- Adopting measures to prevent and minimise possible adverse effects on biodiversity, restoring damaged areas and soils.
- Respecting the traditional ways of life of the indigenous communities to favour the preservation and sustainable use of the environment.

Biodiversity Action Plan

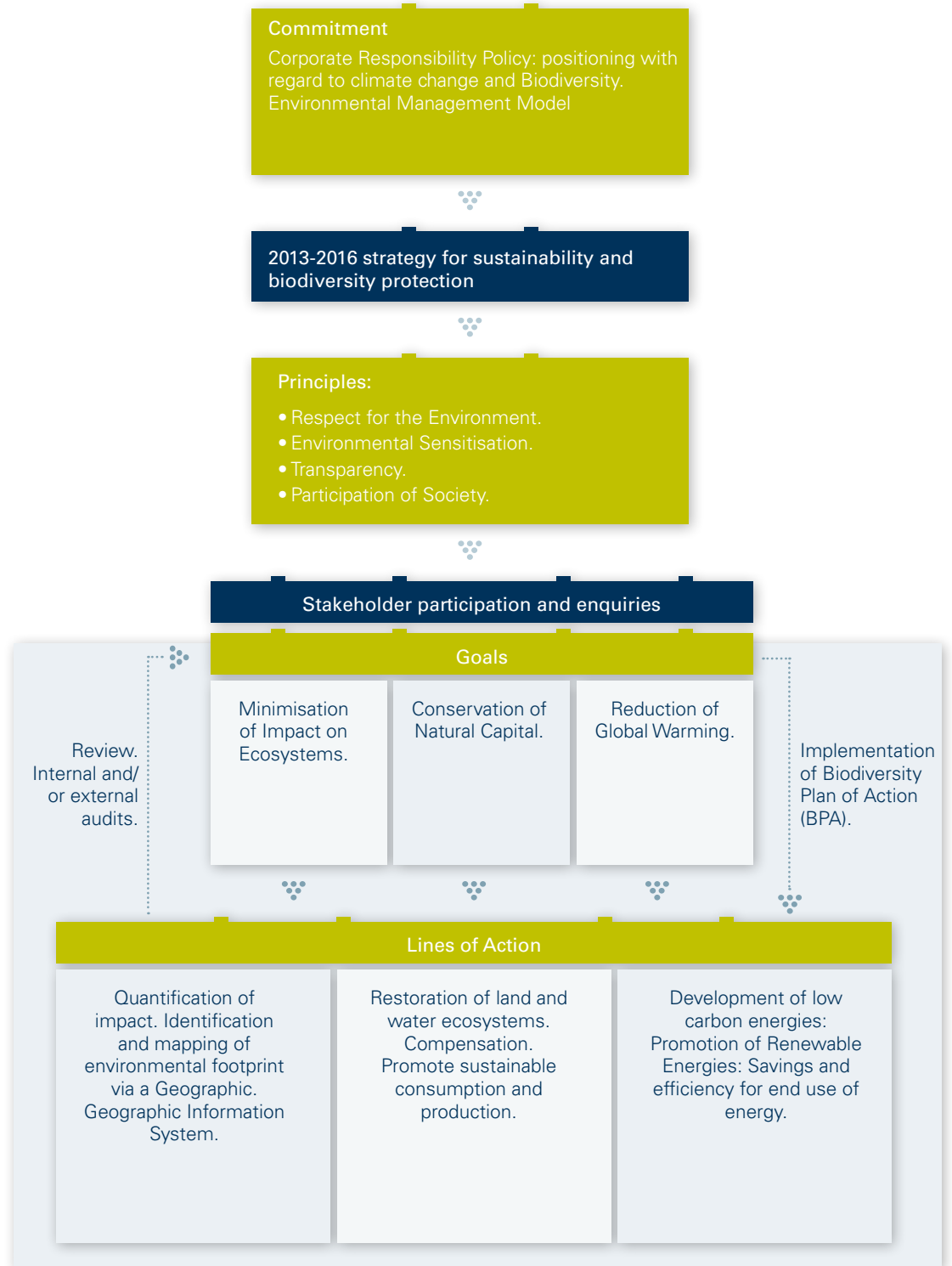
In 2013, Gas Natural Fenosa launched the 2013-2016 Biodiversity Action Plan, with the aim of reviewing the current strategy in this field and identifying new opportunities for action in environmental protection, especially in areas with a higher potential risk.

As part of the plan and to select the actions that are most favourable and adequate for conservation, Gas Natural Fenosa has defined a number of assessment criteria based on the following:

- compliance with the pertinent legal requirements,
- environmental value of the areas,
- characteristics of the local population that is affected,
- pre-existing biodiversity conservation programmes or projects,
- soil use,
- project area category,
- target species types,
- cost-efficiency ratio of implementing the action, and
- complexity involved in evaluating monitoring processes.

Besides these criteria, the company also considers its stakeholders' opinions, especially in the local areas in which the activities are carried out.

Strategy in Sustainability and Biodiversity



Signing of the Biodiversity Pact

In 2013, Gas Natural Fenosa subscribed to the Biodiversity Pact fostered by the Ministry of Agriculture, Foodstuffs and the Environment as part of the Spanish Enterprise and Biodiversity Initiative.

Signing the Pact reinforces the company's commitment to biodiversity conservation as lines of action across all its businesses and activities, present in its objectives and the actions that make up the aforementioned Biodiversity Action Plan.

The Biodiversity Pact acknowledges that the conservation of biological diversity is of common interest for humanity in view of its importance for life on the planet, social well-being and economic development. The signatory companies undertake to develop their activities in ways that are compatible with biodiversity conservation.

It is important to note that, every two years, Gas Natural Fenosa draws up its Biodiversity and Environmental Footprint Report, which contains the company's practices that focus on conservation, awareness and research related to the natural environment. Since 2009, it is published by the company on its website: www.gasnaturalfenosa.com

Environmental studies

Besides the studies that are performed on aquatic ecosystems and mentioned in the section on environmental parameters, Gas Natural Fenosa also performs voluntary studies on the effects of its electricity-generation facilities on terrestrial ecosystems to discover the influence of atmospheric emissions on the state of forests and their evolution over time. The analyses cover the main indicators which have an effect on ecosystems, air quality, soil condition and state of vegetation.

The studies carried out in 2013 confirmed the situation of normality observed in recent years, and concluded that the studied facilities had an acceptable impact on their environment.



For detailed information about the studies, please log on to the section titled "Sustainability and Biodiversity" on the website;
www.sostenibilidady biodiversidad.gasnaturalfenosa.com

Promotional actions

The various actions taken by Gas Natural Fenosa to develop biodiversity conservation can be grouped under three types of initiatives:

- Actions that focus on environmental conservation. These actions comprise those related to the protection of species and habitats.
- Actions that focus on education and awareness as basic functions for biodiversity protection. It is standard practice for the company to raise awareness about conservation among employees and populations where Gas Natural Fenosa performs its activity.

- Collaboration with different organisations and authorities through agreements and partnerships in those countries where the company is present. The synergies made possible through these agreements have a direct impact on the biodiversity of each country.



For more detailed information about the above actions, please log on to the section titled "Sustainability and Biodiversity" on the corporate website:
www.sostenibilidady biodiversidad.gasnaturalfenosa.com

Recovery of the habitat of the European mink in Navarre (Spain)

Throughout 2013, Gas Natural Fenosa collaborated with the environmental NGO Acciónnatura on the online environmental awareness campaign titled "Natural Commitment" to recover the habitat of the European mink on the banks of the River Arga in the town of Etxarri, Navarre.

The initiative encouraged the company's wholesale companies to post tweets about the project. Each time it was referred to, the company donated three euros. The 10,000 tweets achieved by the campaign will lead to direct aid totalling 30,000 euros, almost 50% of the total budget estimated for the initiative.

The restoration of this place has been marked by the Biodiversity Conservation Department of the Government of Navarre as an aspect of great interest in the strategy for the conservation of the European mink, since it is a species in danger of extinction and the autonomous community of Navarre is home to at least 75% of the population on the Iberian Peninsula.

Environmental recovery of the mine of Limeisa

The recovery of the land occupied by a mine after it had stopped working is one of the best positive examples of environmental conservation.

This is the case of the project that is taking place currently in the lignite mine of Meirama (Limeisa) in Galicia (Spain) after mining operations ceased in 2008. A large lake has been created in the hollow left by the mine and forestry work has been carried out on the exterior tip. The LIMEISA mine environmental recovery project covers a total area of approximately 1000 ha and has a budget of 60 million euros, around 90% of which has now been used.

The study was launched in 2013 by a multi-disciplinary team coordinated by the University of Santiago de Compostela to create an inventory of local biodiversity. In general and although there are differences according to the biological group under consideration, it is estimated

that the campaign detected approximately 60% (632) of the species that could be present in the area, many of them listed and protected by law. The project also includes the mid-term periodical monitoring of the information obtained to detect possible declines so that the species that are included or excluded from the inventory over time can be used as indicators of environment management quality and as a base for the appropriate management of the habitats, the detection of sensitive areas and possible anomalies, such as invasive species.

Furthermore, the Forestry Planning has been certified as Sustainable Forestry Management (Spanish acronym: PEFC) and is considered as a self-sustainable management model in which the revenue obtained from the sale of wood covers the expenses of the forestry work, infrastructures and rational countryside management work.

Indicators

The development of Gas Natural Fenosa's business requires extensive land use. The following table shows the main operations carried out by the company and their relationship with

protected areas or areas of biodiversity value. In many cases, the presence of these facilities is prior to the designation of the environment as a protected area. The areas that are potentially affected have been calculated by increasing the area occupied by the facilities with an

affected area of our radius with a length that varies between a minimum of 10 m and a maximum of 5 km, depending on the type of facility in question.

Description of land owned, leased, managed or adjacent to protected natural spaces or unprotected high biodiversity areas

Business	Type of operation	Location with regard to the protected area	Surface area/Length of the affected radius	Value of biodiversity
Gas	Exploration	Interior	12 ha	LIC, ZEPA, ENP, RAMSAR, IBA
	Transport and distribution	Interior and adjacent	26 ha/192 km	ENP, IBA
Electricity	Generation	Interior and adjacent	35,263 ha	LIC, ZEPA, ENP, RAMSAR, IBA, AICA, National Leisure Area
	Transport and distribution	Interior and adjacent	58 ha/17,887 km	LIC, ZEPA, ENP, IBA
Mining	Coal extraction	Exterior	0	-

SCI: places of community importance; ZEPA: areas of special protection for birdlife; ENP: Protected natural areas; RAMSAR: wetland listed in the Ramsar Agreement; IBA: places of international importance for the conservation of birdlife; AICA: area of importance for the conservation of birdlife in Mexico.

The facilities whose surface area covers all or part of the land with a certain level of protection are classified as interiors, those that are located in the affected radius that corresponds to the protected area are considered adjacent and those whose area is not inside a protected area and not in the affected radius have been classified as exterior.

With regard to the business activities in countries in which no reference cartographic information is available on natural spaces that are protected or have

value for biodiversity, the surroundings of the facilities have been examined and the distribution areas of the protected species have been located on the national species lists.

In all cases, the company meets the requirements applied by the public administrations to minimise any possible negative effects said facilities may have on the species and habitats located in its surrounding areas. Voluntary work is occasionally carried out beyond the requirements provided in environmental

legislation. However, the risk of actually affecting the environment always exists and there are sometimes incidents, which can usually be avoided and normally involve compensatory actions.

Number of species whose habitats are in areas affected by operations*

	Critically endangered species	Endangered species	Vulnerable species	Threatened species	Species of least concern
Spain	3	7	25	25	362
Mexico	0	0	0	2	0
Dominican Republic	2	1	7	11	108

* According to the species catalogue of the International Union for the Conservation of Nature (red list of the UICN).

To minimise said effects, the company applies operational control procedures and, at the facilities where the potential effect is greater, studies are performed to assess environmental hazards and environmental emergency plans are drawn up to prevent the incident before it happens or to minimise damage when it does happen. Environmental emergency drills are also performed on a regular basis and the procedures that have been defined are tested.

The following table identifies the main potential effects on biodiversity caused by the company's activities and facilities.



Main effects on biodiversity

Construction use of factories, mines and carrier infrastructures

Electricity carrier infrastructures can affect birds owing to collisions with overhead lines and electrocution by contact with the supports.

Pollution

The emissions of combustion gases and particles at the thermal power stations potentially affect the soil and the animal and plant life in the area around the facilities.

Conversion of habitats

Changes to the use of the soil and the permanent presence of the facilities in the natural environment can affect the populations of species living in the surrounding area.

Changes to ecological processes beyond their natural range of variation

The discharges made by thermal power stations can affect the aquatic medium owing to variations in water flow and the occasional alteration of normal physical-chemical and biological parameters.



Environmental impact

Gas Natural Fenosa's performance and commitment make it possible to combine the activities that correspond to its energy businesses with protection for the environment and citizens' quality of life. This is possible thanks to the company's extensive knowledge of the territory in which it operates and the complete characterisation of its interactions with the ecosystems created in the various environmental impact assessments (EIAs) and other environmental studies performed voluntarily, which have already been mentioned in previous sections.

In 2013, Gas Natural Fenosa monitored 175 projects in different countries and at different stages of development. Accordingly, it completed various EIAs related to new electricity generation

projects and those required in the development of new gas and electricity distribution and carrier infrastructures. Among others, special mention must be made of the EIAs at the hydraulic power station of Velle II in Galicia and San Juan in Colombia. Public participation in the procedures to approve these projects is ensured through national and regional legislation in each country where the company carries them out.

Exhaustive environmental vigilance plans (EVP) are carried out during the construction and operation of facilities, and these periodically monitor the state of the environment. The information obtained from these studies is sent to the competent bodies, leading to the take-up of preventive or corrective measures whenever required.

The following table shows various initiatives carried out at the company's facilities to reduce the environmental impact of its activities. Furthermore, for certain more relevant environmental vectors, such as atmospheric emissions, the consumption of energy or the generation and management of waste, quantitative targets are set in terms of reductions, as reported in the section on environmental parameters.

Initiatives for reducing the environmental impact of activities, products and services

Environmental management initiatives

Business/Department	Country	Initiative	Result
Environment. Corporate	Global	Environmental assessment form	Implantation of a new methodology associated with the environmental assessment of certain issues.
Electricity generation	Dominican Republic	Environmental hazards	Analysis of potential environmental issues.
Electricity generation (renewables)	Spain	Optimisation of the environmental management system	Increase in training and system optimisation.
	Moldova	Hazard control	SERA-based environmental hazards analysis.
	Colombia	Extension of the environmental management system	Inclusion of commercialisation activities.
Electricity distribution	Dominican Republic	Environmental hazards	Analysis of environmental hazards at engine plants.
	Spain	Environmental correction	Actions for adapting environmental liabilities.
	Spain	Monitoring and improvement of physical agents	Actions at substations to improve the environment.
Gas distribution	Argentina	Environmental assessment	Environmental assessments associated with Gas Natural Fenosa's projects.
	Argentina	Environmental hazards	Analysis of environmental hazards at facilities.
	Brazil	Improvements to environmental inspections	Increase in the environmental inspections of the grid.
	Brazil	Environmental correction	Actions for adapting environmental liabilities.
Upstream	Spain	Implantation environmental management system	Certification environmental management system.
Tertiary market and energy solutions	Spain	Involvement of contractors	Regular monitoring of environmental management with contractors.
Engineering	Spain	Optimisation of the environmental management system	Improvements to the system, training and control of suppliers.

Initiatives related to emissions and climate change

Business/Department	Country	Initiative	Result
Environment. Corporate	Global	Participation in forums	Support for institutions to reduce greenhouse gas emissions at the Conference of Parties (of the United Nations in Warsaw).
Electricity generation	Spain	Greenhouse gas emissions	Assessments associated with the implementation of the DEI directive.
	Spain	Greenhouse gas emissions	Significant reduction of total CO ₂ emissions.
Gas distribution	Brazil	Reduction emissions hazard	Reduction methane leaks due to improvements to the grid, repairs, surveillance and prevention.
	Italy	Reduction of emissions caused by transport	Reduction of emissions caused by travel and carpooling.

Initiatives related to the use of resources

Business/Department	Country	Initiative	Result
Gas distribution	Italy	Improvement energy efficiency	Replacement thermal power station and circulators at Acquaviva and ERM preheating.
Tertiary market and energy solutions	Spain	Energy efficiency	Improvements to systems at sports centres.
Electricity generation	Spain	Water consumption	Reduction of consumption at the power stations of La Robla, Aceca and Málaga.

Iniciativas en relación con residuos

Business/Department	Country	Initiative	Result
Initiatives related to waste	Colombia	Waste storage	Adaptation of waste storage areas and integral hazardous waste management.
	Colombia	Equipment with PCB	Inventory and implantation of the plan for eliminating equipment with PCB.
	Colombia	Management of pruning and other waste	University collaboration projects.
	Dominican Republic	Reduction of waste	Reduction of the generation of hazardous waste.
	Panama	Reduction of the risk of spillage	Installation of anti-spillage measures and effect on the aquatic medium.
	Panama	Reduction used oil	Reduction of 27% of the used oil generated.



Initiatives related to discharges

Business/Department	Country	Initiative	Result
Electricity distribution	Moldova	Reduction of the risk of spillage	Replacement of switches that contain oil with other empty switches.
Electricity generation	Dominican Republic	Discharge quality	Improvements to the effluents treatment system.
Upstream	Spain	Reduction of the risk of spillage	Installation of anti-spillage measures and effect on the aquatic medium.



Interest in people

Principles of responsible action with employees

Professional development is one of the commitments laid down in the Gas Natural Fenosa Corporate Responsibility Policy, and is based on the following principles:

- Providing employees with training and professional development opportunities.
- Fostering a motivational working environment, where employees are treated with respect and their initiatives are considered in responsible fashion.
- Encouraging clear targets, efficient leadership, competitive compensations and acknowledge the targets met.
- Providing conditions which are conducive to a fair balance between professional and personal life within a framework of equality and dialogue.

Persons, key to the success of Gas Natural Fenosa

Interest in people is still a principle from which Gas Natural Fenosa draws inspiration. After 170 years, the strategy for people management is still based on mutual respect and commitment, generating a working environment in which independence, the culture of empowerment allows employees to develop personally and professionally and always within the framework of business targets.

Gas Natural Fenosa is a global project developed in more than 25 countries. At the close of the year, the company had 16,323 direct employees, 63.8% of whom carry out their activities in Europe, 29.3% in America and the remaining 6.9% on other continents. The average age of employees was 44 and the average length of service, 15.8 years.

In 2013, Gas Natural Fenosa has continued to reinforced its commitment to the globalisation, homogenisation and quality of all its human resources policies and processes, to the point where it has become the first company to obtain the global certificate of Family-Responsible Company.

Another important event in 2013 has been the level of excellence achieved by the Employee Service. The innovation of this service was recognised with a prize at the 11th Edition of the Expansión y Empleo Awards, which include technical consultancy services provided by IE Business School.



Employee Service 2013

Multi-channel approach	60,000 queries attended and resolved.
Average employee satisfaction	7.8 out of 10.
Resolution of queries in less than 24 hours	70%.
Service innovation	Prize at the 11th Edition of the Expansión y Empleo Awards.

Accordingly, the roadmap that began in 2011 with the Human Resources Master Plan has made it possible to launch projects such as the Talent Management Model, the Leadership Institute, Individual Development Plans, the Virtual and Extended University, the Employee Service and the renewal of all the processes which, together with initiatives that involve special awareness, such as the Capacitas Project for disabled individuals, have led to Gas Natural Fenosa increasing its positions in the most prestigious indicators. In 2013, it was one of the top 20 companies to work with in Spain, according to MERCO, climbing from 52nd positioning 2007 to 17th in

2013, and maintaining world leadership in the social dimension awarded by the prestigious Dow Jones Sustainability Index.

The most immediate challenges for Gas Natural Fenosa regarding people include employees with a high level of motivation and a feeling of belonging and the implantation of a culture for individual development with a learning model based on experience and a culture of feedback focused on development.

Value actions

Proposed actions 2013

Expansion of the Extended University for suppliers in Brazil, Colombia and Spain.

Launch of training itineraries of Gas Natural Fenosa.

Setup of the Revitalisation Plan of the Virtual University, with a specific plan for collaboration and contribution.

Expansion of the Corporate University community for personnel with commercial functions to the company's other countries.

Actions planned 2014

- Expansion of the Extended University to Italy, Moldova and Panama.

- Extension of the scope of the training itineraries internationally.

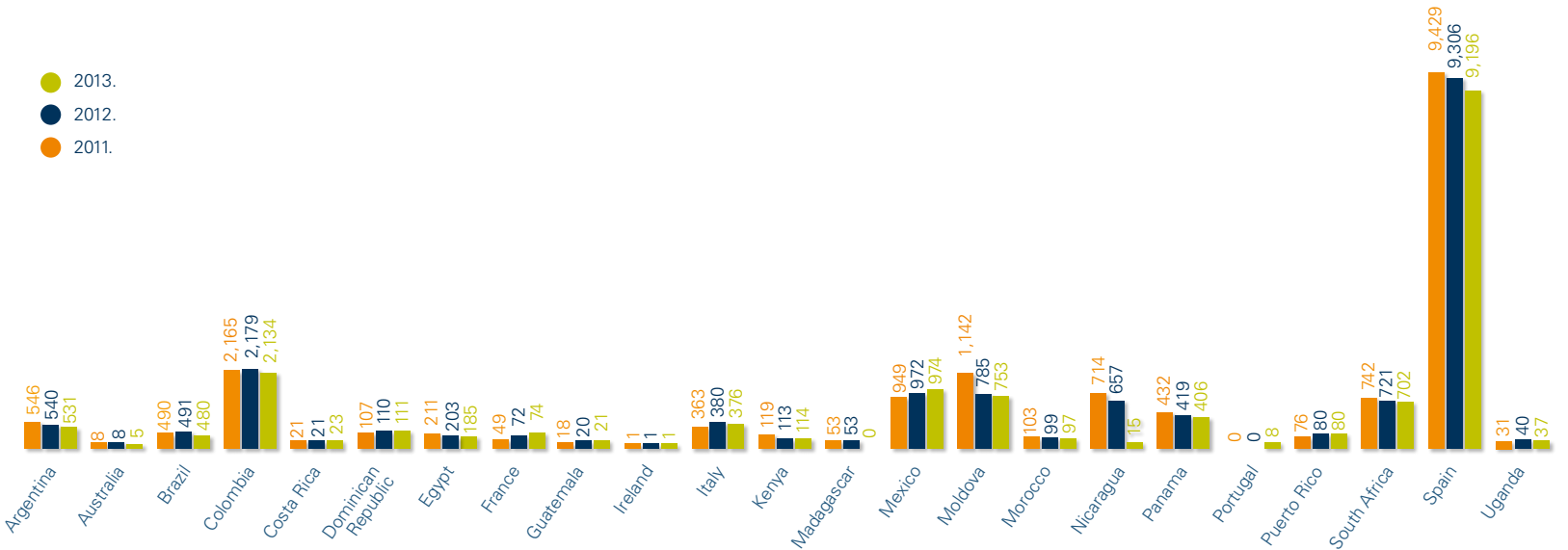
- Development of the "Head Office Programme", which will involve 3000 people across the world as a result of the climate survey.

- Cascade communications to ensure that every employee receives the key projects and to reform the essential role played by middle management as an in-house communicator.

- International implantation of the Shared Services Centre and the eLearning Office.

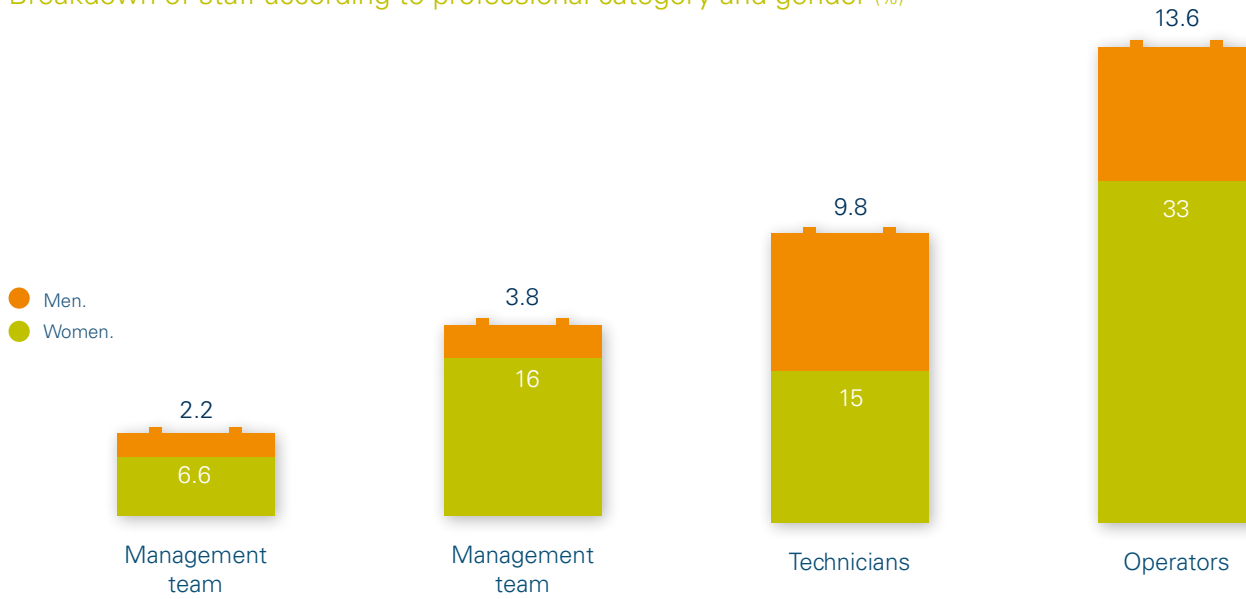
Level of fulfilment: ● High. ● Medium. ● Low.

Staff rate (Number of employees)*



* Number of employees according to corporate criterion. The indicators given in this chapter apply to staff with centralised management, corresponding to the staff at companies with a majority holding and at which the staff and human resources are managed in accordance with the same criteria, totalling 13,358 people, 7331 in Spain and 6027 distributed across Argentina, Australia, Brazil, Colombia, Costa Rica, Dominican Republic, Egypt, France, Guatemala, Ireland, Italy, Kenya, Madagascar, Mexico, Moldova, Morocco, Nicaragua, Panama, Portugal, Puerto Rico, South Africa, Spain and Uganda.

Breakdown of staff according to professional category and gender (%)



Nb: the geographic breakdown of this indicator is available in the indicator annex of this report (p. 192).

Knowledge management

Corporate University

Since 2013, professional learning and development have been integrated under the same division. Accordingly, knowledge management, people development and attraction, talent identification and development form

part of the same process. As a result, the company has achieved greater effectiveness in its professional development and training programmes.

This integrated process is an important step forward in Gas Natural Fenosa's skills model as training activities are aligned as much as possible with business targets. It has also enabled the implantation of a

model for constructing training itineraries in which the professional careers of the people working at the company are consolidated.

Training itineraries



Throughout 2014, Gas Natural Fenosa is to implant the training itineraries on a gradual basis until it consolidates a unique training management model at the company.

Online training

Across the Corporate University, more than 750,000 training hours were completed by a total of 92,117 attendees, which means that each professional at Gas Natural Fenosa dedicated an average of 55.7 hours to learning. Of said figure, 167,971 were online, via the Corporate University platform, which can be accessed by the company's employees in Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, France, Italy, Mexico, Moldova, Morocco, Panama and Spain. A global penetration index of 79.4% was achieved in 2013 (persons that access the platform at least once), with an average of 11.8 visits and 6.4 downloads per user. The percentage of employees trained through this channel in comparison with total staff reached 62%.

Development of online knowledge platforms

In 2013, Gas Natural Fenosa launched a plan to revitalise its online training platform with the incorporation of coordinators, whose function was to encourage and enable participation, and the figure of business expert, who resolves queries in his/her knowledge area.

As a result of the plan, 207 workgroups appeared in the virtual environment, 81 queries were answered by the experts and 551 training or documentary resources have been incorporated.

Information quality and effectiveness measurement

The Corporate University has its own, integrated quality measurement model that is now applied in twelve countries. This system assesses how satisfied participants are with training; the application of knowledge acquired to the job, questioning both participants as well as their direct managers; and checking with managers to find out the perception of services provided by the company. In 2013, the efficacy index was 80%, obtained from the weighted average of the satisfaction index (9.0 out of 10), of the application index (73.6%) and of the measurement of perception index (8.1 out of 10), conducted simultaneously with the identification of training needs.

The implantation of the training itineraries implies evolution from a measurement model based on training hours to a model based on learning hours. In other words, not only is it necessary to count the hours of the in-class, virtual or blended courses, but also other forms of learning included in the itinerary: through experience, work before and after the course, reading of documents, videos, webinars, etc. Accordingly, the measurements taken of the itineraries return a total of more than 300,000 hours of efforts in training by 9,459 users.

Finally, it is important to note that, in 2013, the Corporate University renewed the certification of its Corporate Learning Improvement Process (CLIP). This certificate is awarded by the European Foundation for Management Development and recognises the quality of learning processes and people development at business education organisations. It also offers the possibility to learn about and compare Gas Natural Fenosa's training and management model with a team of expert assessors with extensive knowledge of other multinational companies.

On this occasion, the CLIP assessors highlighted the involvement of the business areas in the training itineraries of the Corporate University and the implantation of a learning and development system based on a centralised model and a team in contact with the business partner at Human Resources.

In addition, for the seventh time running, Gas Natural Fenosa's interest in its people was recognised by the highest possible score (100%) in the section titled "Human Capital Development" of the Dow Jones Sustainability Index World (DJSI).

Gas Natural Fenosa's Extended University, growth of the business through supplier training

Thanks to the Extended University, Gas Natural Fenosa, working in close collaboration with the business areas, has launched an initiative designed to substantially improve the skills of its distributors, agents and collaborator companies.

The Extended University is a pioneering project in its field and began in Mexico in 2012 to bring in significant improvements to the process for interaction with customers and suppliers through training, the transfer of best practices and increases in communication and integration. In 2013, the initiative was also gradually implanted in Brazil, Colombia and Spain. Throughout the year, the Extended University provided around 160,500 training hours for 17,340 people from collaborator companies. Special mention must be made of the high satisfaction index with the training shown by attendees (9 out of 10), as obtained from the scores given for the 250 courses that were offered.

For the Human Resources area, it was a priority project in 2013 and the key factor behind its launch was the provision of results, i.e. the capacity for demonstrating that the Extended University is a tool that makes a

positive contribution to the business. Accordingly, the work carried out by the Extended University has an immediate impact on certain business indicators, such as the increase in the number of sales generated, the reduction of billing and payment collection times and the reduction of duplicate information.

Another of the factors behind the project's success has been the search for synergies in a global model and the consideration of and adaptation to the particularities of each country and business. Thus, it is fundamentally important to have the support of local institutions and suppliers to demonstrate Gas Natural Fenosa's commitment not only as a training company, but also as a company that actively contributes to social development in the countries in which it operates.

At the present time, Gas Natural Fenosa continues to work on implanting the Extended University model in all the countries in which this initiative offers value for the business, as well as to increase the target public profile to public administrations, educational establishments, investee companies and prescribers and customers.

Business impact in Mexico

Increase in the number of collaborator installation companies that comply with Gas Natural Fenosa's quality and service standards (%).	18
Increase in the number of collaborator sales companies that comply with Gas Natural Fenosa's quality and service standards (%).	6
Increase in the seller rotation rate, brought about by improvements to the detection of non-productive sellers (%).	26

Introduction of the Extended University

Countries with Extended University up until September 2013	Brazil
	Colombia
	Spain
Countries where the Extended University will be established in the next semester	Argentina
	Italy
	Moldova



Programmes and contents of the Corporate University

Gas Natural Fenosa's Talent Management Model is based on the 70-20-10 adult learning method. Accordingly, the acquisition of knowledge by the company's professionals has to come 70% from practice and experience, 20% from other people and 10% from formal learning.

This learning model has led to an adaptation of the Corporate University. Without abandoning more traditional in-class training, learning through practice requires different training tools and methods that have led to an update of the Corporate University's programmes.

Knowledge transfer, which is the *raison d'être* of the Corporate University, is a continuous process based on the work carried out by in-house experts and professors. 34% of the annual training hours are given by the organisation's professionals, who also provide content for most of the training itinerary modules. In 2013, the company completed the identification of in-house experts and this body of teachers is currently made up of more than 160 people. In 2013, total training hours given by company professionals within the framework of the Corporate University totalled 255,268.

The training itineraries of the Corporate University make use of training synergies and satisfy development needs for larger collectives across the company and in a more organised, complete, stable and sustainable way in terms of time. The revisions for updating or adapting them to the changes undergone by the organisation or markets are performed annually.

Each itinerary comprises three blocks: knowledge of context, which is part of every itinerary; functional knowledge, assigned to a position or profile by the businesses; and skills, associated with the 24 skills provided in Gas Natural Fenosa's Leadership Model. Throughout 2013, the main training actions developed in each block have been as follows:

Knowledge of context	
Code of Ethics	Training related to the Code of Ethics reached 3,274 employees in Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, France, Italy, Mexico, Moldova, Panama and Spain.
Human Rights Policy	The course on the company's "Human Rights Policy" was taken by 1,679 people in 11 countries.
Knowledge for contribution	Knowledge for contribution, virtual training that fosters the integration of disabled individuals, had 3,640 students in 11 countries.
Integrated Management System	The aim of this course is to create awareness and report on all the issues that affect quality, health and safety and occupational hazards prevention by examining the knowledge and application of the various tools and documents used in the four stages of the system (planning, implementation, verification and action was bracket. In 2013, 2,881 training hours were given to 777 students.
Project management	This training, which is designed to achieve maximum efficiency in the management of the company's projects, involved 22 attendees and a total of 479 hours. Furthermore, employees who have training itineraries defined also have an online course with 21 modules that cover knowledge on project management on two levels: basic and intermediate.
Management of biodiversity and climate change	In this training activity, attendees increased their knowledge of environmental sustainability and, more particularly, the impact generated by Gas Natural Fenosa's activities and the application of preventive and corrective actions to minimise or reduce effects.
Commitment to health and safety	Gas Natural Fenosa has set itself the aim of achieving a cultural change in health and safety at the company. Accordingly, it launched this programme, which involves an ambitious training programme based on profiles and functions. Thus, the company gave 19,676 training hours in theory and 4,526 hours in practice in Spain, together with 12,384 and 3,612 hours, respectively, in the other countries to a total number of 3,983 attendees. Furthermore, as part of the same programme, 85 in-house instructors were trained and certified, 55 in Spain and 30 abroad. Said instructors gave 226 sessions on "Leadership in Safety".
Integral Health Classroom	The training given in this classroom reached 1,085 people and totalled 4,438 training hours.
Industrial Safety Classroom	Throughout 2013, the activities in this classroom totalled 3,605 hours and involved 470 attendees.

Functional knowledge

Multipurpose maintenance

This course is part of Gas Natural Fenosa's strategic plan and, in 2013, totalled 273 training hours attended by 41 people.

Works manager

A total of 177 employees in Spain, Mexico and Colombia acquired or consolidated their knowledge in this area.

Five golden rules

This online course on the prevention of hazards in electrical installations and discharges was given in Colombia, Mexico, Panama and Spain to 578 students.

Recovery of sulphur hexafluoride (SF₆)

86 individuals obtained the certificate for personnel carrying out sulphur hexafluoride (SF₆) recovery work on high-voltage equipment, totalling 1,376 training hours.

New technical gas services personnel

The 376 individuals who joined the Technical Gas Services Unit in 2013 completed 6,083 training hours.

Multiply yourself by three: from customer management to channel management

The aim of this training programme is to ensure that energy management technicians acquire the skills required to implement a working model that consists of "making" collaborator companies "work". In-class and virtual training sessions were given on coordination between teams, management tools, energy solutions and products and loyalty. The programme included hours dedicated to coaching.

Skills

Specific programmes

Gas Natural has specific training programs for skills that totalled 36,625 hours taught. In 2013, 4,137 individuals took part in one of the courses that were given to strengthen leadership and management skills as part of the training itineraries.

The development of middle managers and executives has been affected by the evolution of the training model, which has required a detailed transformation of the programmes designed for said groups, developing specific training initiatives such as the following:

Programmes for executive development	
Core development programmes	Gas Natural Fenosa has designed new programmes linked to the professional growth of its executives to homogenise the style of leadership and consolidate the executive curriculum, to be introduced in 2014. Special mention must be made of the "New Directors Programme," which develops the management skills and competencies required at director level at Gas Natural Fenosa, and the "Leadership Programme" for deputy directors and department managers.
Training in feedback	The company organised different sessions to train directors in feedback interviews, attended by 1,231 people in 11 countries. The director of the Corporate University and a Professor from the ESADE business school took part in one of the sessions that was broadcast live online to 10 countries (Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, France, Italy, Mexico, Moldova and Panama).
Corporate Leadership Programme	The Programme involved five academic sessions that were followed by video-conference at the various facilities of Gas Natural Fenosa. A total of 560 executives took part in 11 countries (Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, France, Italy, Mexico, Moldova, Panama and Spain).
Managerial Development Programme	As part of the Management School, this programme involve the participation of 47 high-potential managers, identified according to Gas Natural Fenosa's Talent Management Model, totalling 6,674 training hours.

Gas Natural Fenosa training indicators

	2013	2012	2011
Staff trained (%)	97.1	94.30	94.40
Training hours per employee	55.7	52.70	52.20
Total course hours	752,901	782,462	809,853
Men	553,375	578,472	592,017
Women	199,526	203,990	217,836
Annual investment in training (euros)	10,332,184	8,982,897	8,827,857
Investment in training per person (euros)	764.5	605.10	569.20
Attendees	92,117	68,809	67,834
Users of online training schemes over total staff (%)	62.0	58.60	32.30
Participants' degree of satisfaction (out of 10)	9.00	8.70	8.50

Training hours by areas of knowledge

Area of knowledge	hours
Technical Institute	684,348
Business	138,773
Up & midstream and regulation	5,242
Generation	54,042
Energy markets	1,012
Gas distribution	30,900
Electricity distribution	30,576
Commercial	17,001
Processes	362,061
Occupational risk prevention	196,991
Quality and environment	28,227
Engineering and innovation	28,688
Information systems	57,819
Other corporate services	50,336
Internationalisation	183,514
Corporate culture and responsibility	44,232
Languages	139,282
Leadership Institute	68,552
Management and high potential	31,927
Skills school	36,625
Yearly plan total	752,900

Training hours per employee and professional category

	Management team	Middle management	Technicians	Operators
Staff trained (%)	100	99	95	94
Training hours per employee	96.2	73.0	58.0	39.5
Total course hours	114,825	195,222	194,343	248,511

Talent management and leadership model

Gas Natural Fenosa's commitment to individual development and the evolution of its employees' professional careers can be seen in the company's Talent Management Model, which helps define the learning of every professional in a controlled and consistent manner to ensure that their development is in line with corporate requirements.

The Talent Management Model was adapted to the company's situation in 2012 and, as a main pillar, a unique Leadership Model was defined for every employee and integrated in accordance with skills focused on achieving solid, balanced business growth. The model is made up of 24 skills, integrated into three areas which, in turn, include five dimensions. These 24 skills correspond to the professional development of all members of staff as they are required at various professional levels.



Throughout 2013, Gas Natural Fenosa has developed the communication plan and the effective implantation

of this model across the company, with different actions that include the following:

Actions designed to publicise the Leadership Model

In 2013, the Leadership Model, which involved 180 directors in 2012, was completed with the analysis of the actions proposed in accordance with the 70-20-10 model. The company also completed this process for its deputy directors and department managers, who totalled 1,100 people.

For this collective, Gas Natural Fenosa also assessed skills through the standard 360° multi-source assessment system and developed specific training on the in-house Leadership Model through workshops organised by the Institute of Leadership at the Corporate University, which involved more than 1,200 people. Attendees returned an average score in terms

of satisfaction of 9.1 out of 10. The sessions involve specific training on the preparation of Individual Development Plans (Spanish acronym: PDI), using a development guide, which is classified as excellent.

Once again, the virtual channel of the Corporate University was the vehicle for the individual delivery of the results of the 360° multi-source assessment and where the company's directors have documented their PDIs, focused on learning through experience as a fundamental part of development. In 2013, 997 PDIs were completed.

Talent segmentation

In 2013, Gas Natural Fenosa notified its employees of the new process for talent segmentation as a basis for development and succession, which provides opportunities to professionals in accordance with their potential.

The company has strengthened its talent identification process with the design of a set of indicators that are more objective and reliable when identifying and managing the organisation's talent, achieving the following goals:

- Establishing a rigorous and working definition of talent to create a common language and apply the model consistently across Gas Natural Fenosa. Accordingly, talent is the meeting point between the employee's contribution and his/her potential. Contribution takes into account what the professional achieves and how he/she achieves it and potential is determined in accordance with two variables: the person's capacity for learning and his/her interests and aspirations.

- Obtaining a rigorous process that is technically validated for identifying and managing talent in a more objective and reliable way. Through this process, the company assesses each individual according to objective behaviour, the results obtained, his/her skills learning and interest in progressing.
- Effectively segmenting different talent groups to offer opportunities for development adapted to the various profiles. Accordingly, the following is identified: transformation talent, future talent, critical talent, transition talent and talent to be demonstrated.

A total number of 1,408 directors have been positioned in terms of contribution, giving rise to the five talent segments: transmission talent, future talent, transition talent, critical talent and talent to be demonstrated.



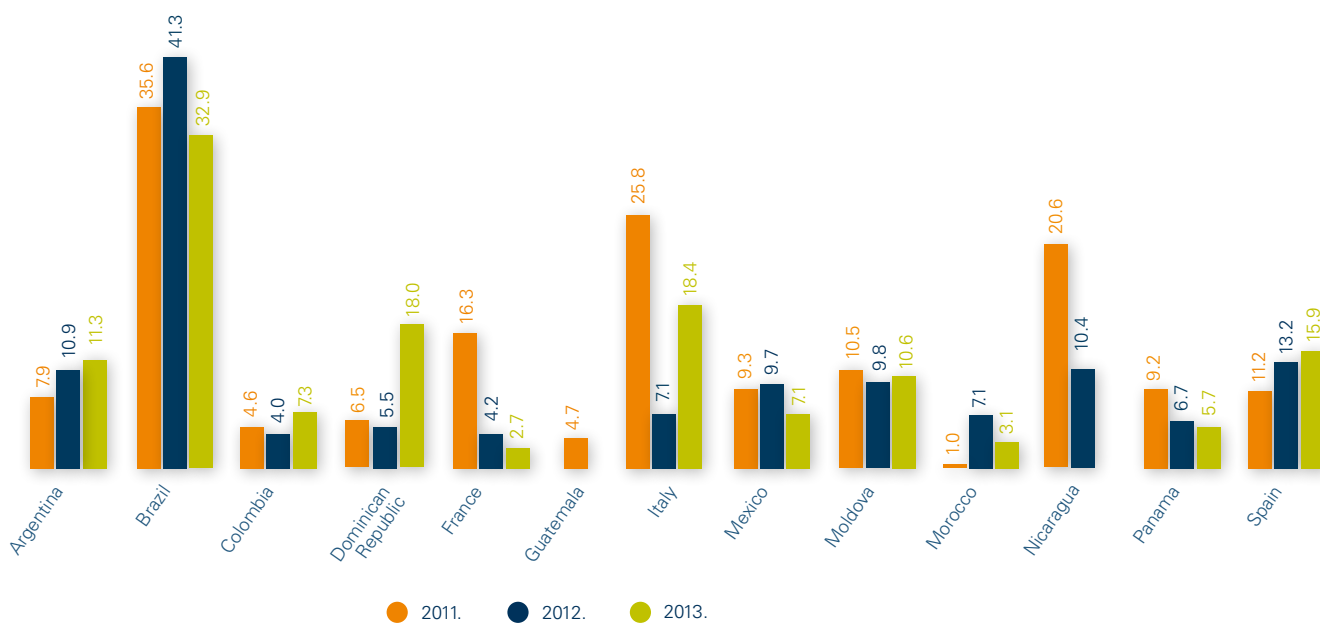
With regard to the attraction and incorporation of high-potential professionals, in 2013, Gas Natural Fenosa incorporated new professionals on the MBA Programme to cover key vacancies and the second rotation of the programme for incorporations that depend directly on the general departments was completed.

The company also continued the “Summer Internship Programme” with students from different university degrees and courses.

Furthermore, the company has launched the matching table in which human resources managers from the various

businesses work together and in coordination to anticipate the cover of vacancies that arise from organisational changes, people leaving or the rotation of directors. In 2013, 160 positions have been managed with 276 directors being monitored.

Staff promotions



NB: number promotions were made of staff in Australia, Costa Rica, Egypt, Guatemala, Ireland, Madagascar, Puerto Rico or Uganda in 2013.

Human and social development

Employment quality and mobility

Gas Natural Fenosa offers its employees stable, quality employment (96% of the positions have open-ended contracts), together with a solid, structured and attractive professional career.

In accordance with the above commitment and aware that employee satisfaction depends largely on the existence of opportunities for professional development, Gas Natural Fenosa offers all its employees the possibility of taking part in the "Internal Mobility Programme", with the possibility of applying for any vacancy anywhere, regardless of the employee's location. In 2013, said programme has been consolidated as one of the pillars for revitalising the company's employees' professional development.

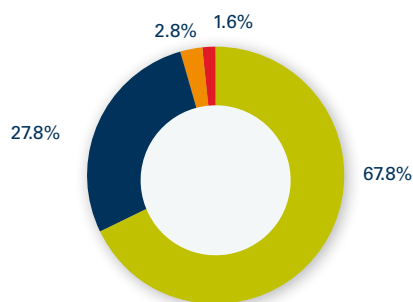
The "Internal Mobility Programme" in figures

- More than 300 vacancies covered thanks to internal promotions in Spain, 228 of them processed through this programme and 125 of them covered in-house and the others transferred to recruitment and external selection.
- 82 positions covered with this procedure, with the participation of 233 candidates of a total of 254 international applications.
- 839 employees, 6.2% of staff, applied for vacancies, generating 1,466 applications, which implies an average of 1.7 applications per employee.

In addition, Gas Natural Fenosa has a unique global external and internal mobility model in every country in which the company operates, thus guaranteeing a single image as an employer and the application of best practices when

identifying, attracting and retaining the professional talent that is necessary for its business.

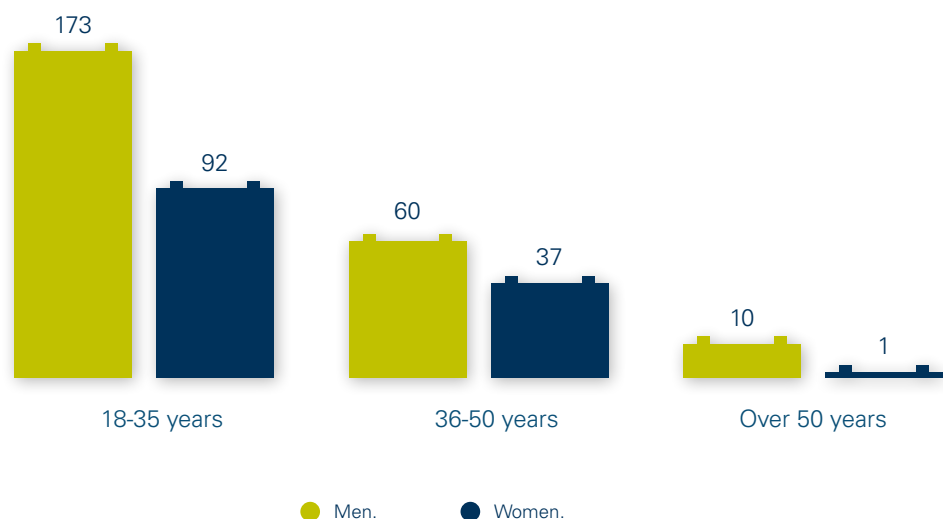
Type of contract



- Open-ended contract (men).
- Open-ended contract (women).
- Temporary contract (men).
- Temporary contract (women).

Nb: the geographic breakdown of this indicator is available in the indicators annex of this report (p. 194).

New employees by gender and age group



Nb: the geographic breakdown of this indicator is available in the indicators annex of this report (p. 198).



Diversity and equal opportunities

Ethical behaviour, respect for people, occupational safety and prevention, the promotion of respect for equality and offering an attractive and stimulating career form part of the Gas Natural Fenosa's commitment to its employees.

These principles are assumed as part of Gas Natural Fenosa's day-to-day management and they are provided expressly in its Code of Ethics, as well as in important texts such as the I Collective Agreement, the Equality Plan in Spain and the recently-approved Protocol for the Prevention of Mobbing, Sexual Harassment and Sexual Discrimination.

In 2013, particular importance has been placed on the incorporation of a collective of more than 300 people from the company Gas Natural Fenosa Engineering, into the "Equality Plan", extending the scope of the programme to a segment made up of a high number of technology experts and engineers.

Thanks to the globalisation of principles Gas Natural Fenosa has become the first company to obtain the EFR global certificate proving it to be a family-responsible company through the implementation of uniform human resources policies in the countries in which it operates.

Along the same lines, the approval and launch of an Equality Policy for every country has significantly opened the company to an increasingly globalised world in which good policies and principles cannot be restricted to local areas.

In diversity, special mention must be made of the successful campaign titled "Committed to Training" and the "Capacitas Project", which made it possible to employ 11 disabled workers at Gas Natural Fenosa in Spain in 2013. Another important achievement was that Gas Natural Fenosa was recognised as one of the seven Spanish companies with the degree of Excellence in Diversity in Spain.

Disabled employees. Spain (%)

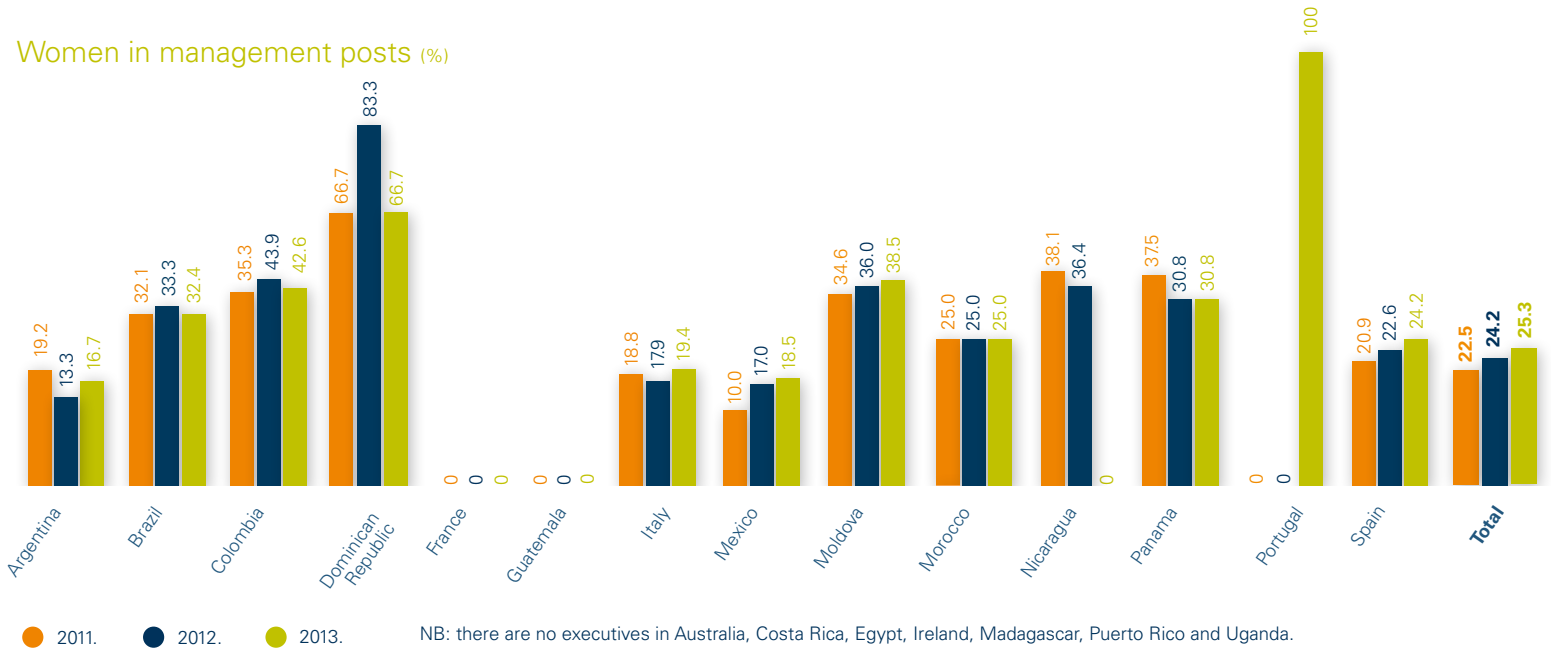
	2013	2012	2011
Disabled employees	2.06	1.58	1.26

Flexibility and support for the personal environment

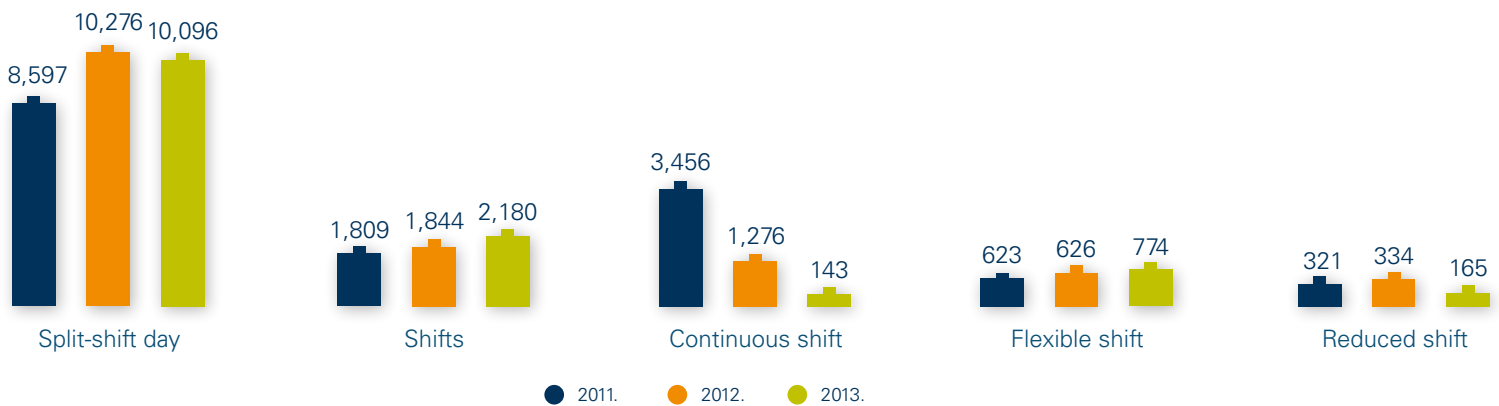
At Gas Natural Fenosa, finding a balance between employees' professional and personal lives is an important part of the labour and services flexibility measures and the benefits adapted to their requirements, so that they can organise their options in accordance with their development plans and the company's interests.

Furthermore, the legal entitlements to reduce the number of daily hours worked and the temporary limitations to them are extended by the company, including accumulating leave for breastfeeding and increasing the terms of calculation. Female employees have the possibility of avoiding travel that involves moving away from their homes during pregnancy or breastfeeding.

Women in management posts (%)



Flexibility and support for the personal environment (no. of people)





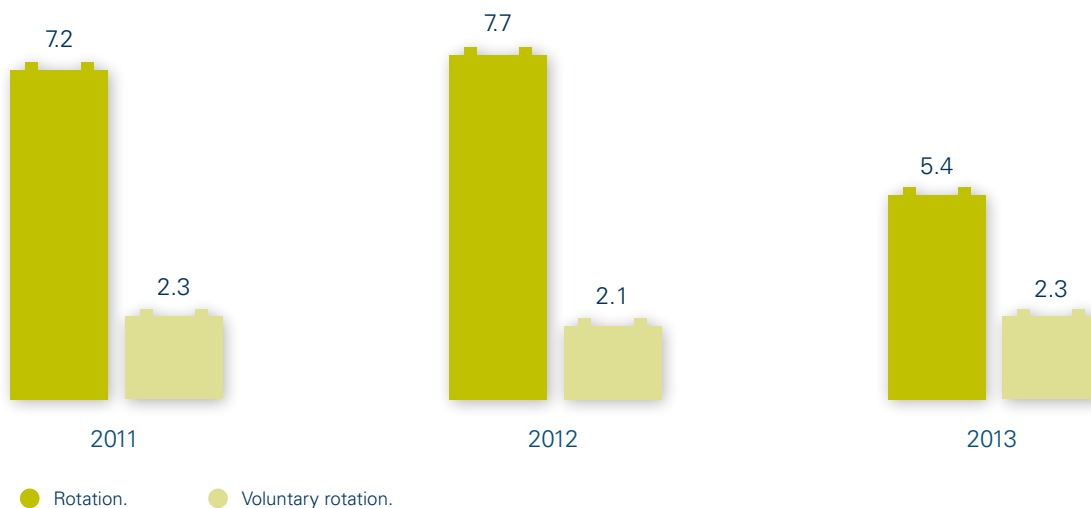
Similarly, employees who are responsible for relatives can apply for flexitime policies and the option for working closer to home. Priority is also placed on transfers requested by officially disabled individuals, those who look after dependent individuals, pregnant women and women who are breastfeeding, with a focus on keeping the family group

together and special circumstances that refer to illnesses that affect the collaborator, his/her spouse or, in-law spouse, children or parents.

Within the legal framework of each country and the values that correspond to the different cultures in which the company's businesses carry out their

activities, Gas Natural Fenosa has established or agreed to give certain social benefits to its employees according to area, country and collective bargaining agreement.

Rotation index and voluntary rotation index (%)*



* Rotation: leave/average staff. Voluntary rotation: voluntary layoffs/average staff.
 NB: the breakdown of this indicator according to geographic location is available in the appendix of this report (pg. 196).

Rotation indices according to gender and age group (%)*

		Rotation index	Voluntary rotation index
18-35	Men	1.1	0.6
	Women	0.6	0.4
36-50	Men	0.8	0.4
	Women	0.3	0.2
>50	Men	2.2	0.6
	Women	0.4	0.1

* Rotation: leave/average staff. Voluntary rotation: voluntary layoffs/average staff.
NB: the breakdown of this indicator according to geographic location is available in the appendix of this report (pg. 196).

Compensation, remuneration and results

Remuneration policy

Gas Natural Fenosa's remuneration policy is governed by equity on an internal scale and competitiveness from the market point of view. The governing criteria are as follows:

- For the employees covered by the collective bargaining agreement, remuneration is established according to the professional group and sub-group to which they belong, as provided in current agreements.
- For managers and employees not included in the collective agreement, it is established on an individual basis according to the remuneration policy approved by the Board of Directors' Appointments and Remuneration Committee.

The aim of the variable remuneration, which is part of Gas Natural Fenosa's remuneration policy, is to foster employees' commitment and encourage their best performance at work, bringing them into line with the long-term interests of the company and its shareholders.

General principles of the remuneration policy

The company's staff remuneration policy is governed by a number of general principles, including the following:

- Rewarding employees with an integral offer of monetary and non-monetary elements that recognise and respect the diversity of their requirements and expectations as related to their professional environment, which also stands as a tool for communicating the business targets and organisational purposes.
- Fostering a culture of commitment to the group's targets, where contributions made as individuals and as a team are fundamental.

Systematically applying identical criteria to evaluate professional development, results and the level of adaptation to skills at all times.

- Fair and competitive remuneration. Fair because it recognises differences according to the responsibilities and criticality of the position all the person's worth for the group. Competitive because it applies a flexible market positioning adapted to the specific requirements of local markets in order to attract better professionals and maintain their loyalty.
- Guaranteeing the application of the criteria on remuneration and reward, uniquely and transparently for everyone concerned in order to guarantee objective management.

The annual variable remuneration values contributions to achieving individual targets in accordance with the work post, related to economic-financial variables and variables on efficiency and growth, as well as quality and safety issues. It is also directly linked to the achievement of targets as proposed in the Target-based Management Plan.

The remuneration package offered to Gas Natural Fenosa's employees corresponds to market trends and is complemented by a pension scheme. The company's pension scheme includes the Pension Plan, which is the main vehicle for financing post-employment commitments.

Gas Natural Fenosa also offers a number of social benefits to complement its employees' remuneration package, such as the Flexible Remuneration System, now consolidated at the company following its launch in 2012, for directors and technical staff not covered by the collective bargaining agreement in Spain. This system allows beneficiaries to voluntarily design their remuneration package, allocating part of their monetary remuneration to certain tax-benefit products that are also economically advantageous, in accordance with applicable current legislation.

In 2013, the campaign for the flexible remuneration system exceeded the requests made in 2012 by 10%. This percentage indicates the success of this remuneration system within the company.

Share in results

Target-based Management (Spanish acronym: DPO) and the commercial variable remuneration are the methods in place at Gas Natural Fenosa to encourage employees' involvement in achieving the company's targets and sharing directly in results. Both are applied through to types of annual variable remuneration depending on the collective to which they correspond:

- Management: focused on target-based management (DPO) and performance appraisal, applied to individuals who belong to the collective of directors not covered by the collective bargaining agreement.
- Commercial: depending on the fulfilment of commercial targets. This focuses on all the individuals who have a commercial function in the group.



Breakdown of personnel costs (millions of euros)

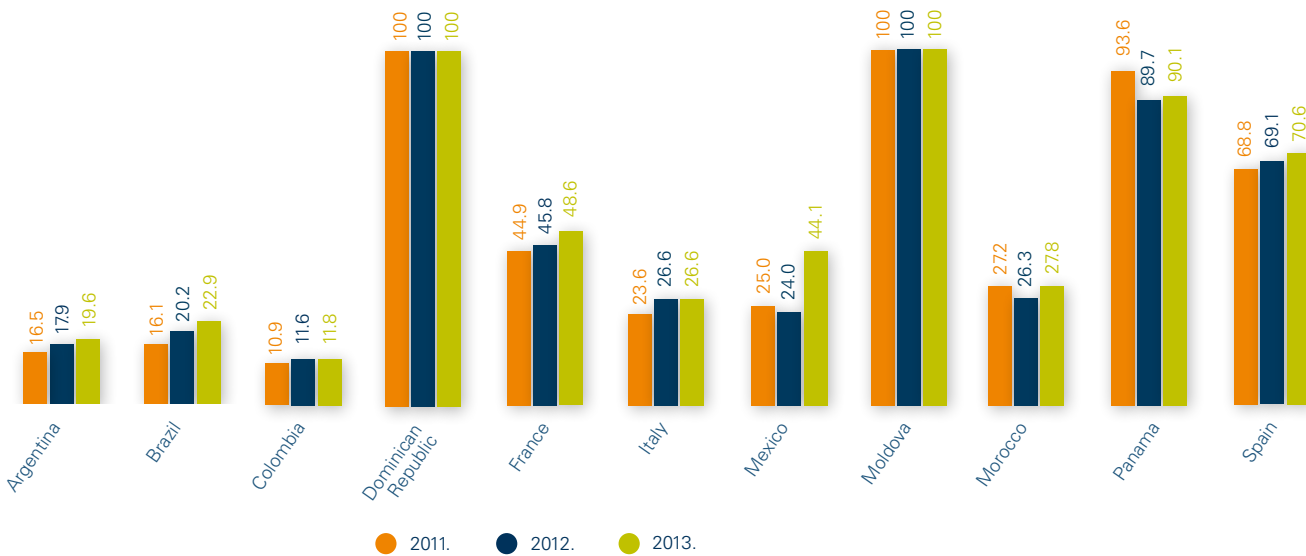
	2013	2012	2011
Wages and salaries	684	707	699
Social Security costs	127	129	126
Defined contribution plans	39	32	32
Defined benefit plans	5	4	4
Work carried out for the company's fixed assets	(83)	(85)	(82)
Others	89	84	79
Total	861	871	858

The company also applies monetary-based incentive programs for all its management staff, with a measurement period of three

years, linked to the achievement of mid-term targets and designed to foster the retention and motivation of key individuals

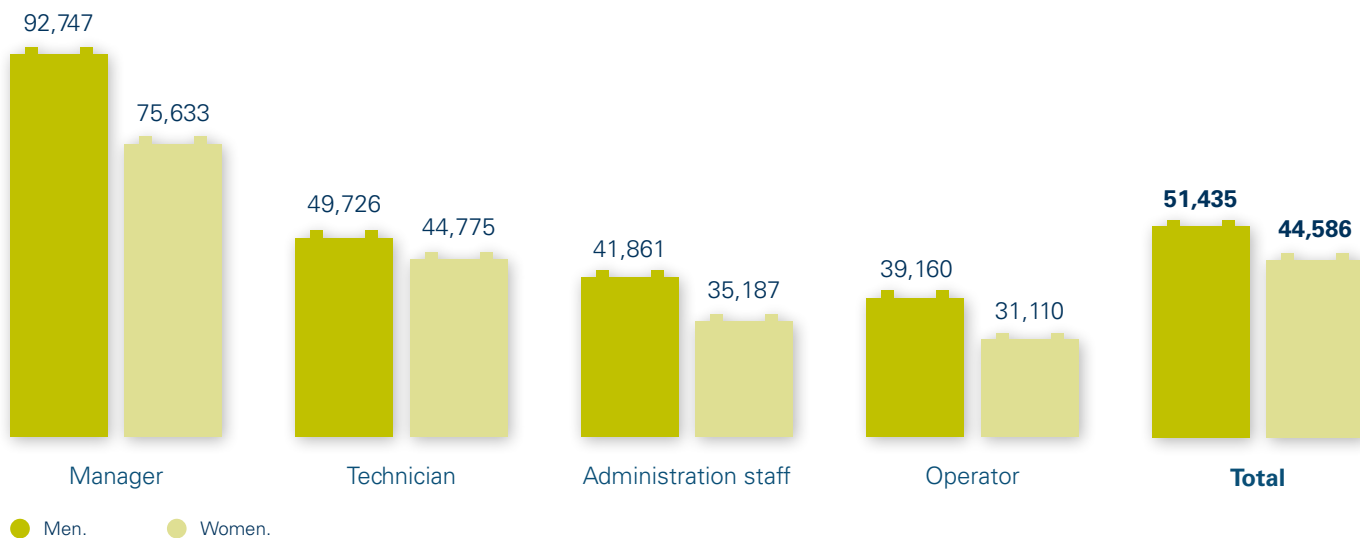
linked to said targets in line with maximising Gas Natural Fenosa's value in a sustained manner over time.

Performance management indicators and target-based management (DPO)*



* Percentage of participants in the MbO and Performance Management systems. The breakdown by gender for this indicator is available in the appendix of this report (pg 196). NB: Australia, Costa Rica, Egypt, Guatemala, Ireland, Madagascar, Nicaragua, Portugal, Puerto Rico and Uganda have a staff volume that is not relevant for this indicator.

Average salary of men and women according to professional category (euros)



NB: figures for Spain. The breakdown of this indicator according to geographic location is available in the appendix of this report (pg 194). The difference in salary shown by the results is in line with the context of the sector and generated mainly by the company's past gender make-up, which means greater average seniority of men in comparison with women.

Trade union representation and contact with social players

Respect for the right to freedom of association and trade union representation in every country in which the company operates is of key importance for the company. The companies that make up Gas Natural Fenosa have freely elected workers' representatives and there is full respect for the principle of legality and free trade unionism.

In 2013, special mention must be made of the following figures:

- 33 organisations were represented in all spheres of operation, 7 in Spain and 26 in the international business.
- In Spain, at 31 December 2013, there were 435 freely elected trade union representatives at 114 work centres and 19 companies.



Similarly, without prejudice to current legislation, Gas Natural Fenosa fosters constant contact with a workers' trade union representatives, preferably through the Trade Union Sections. Accordingly,

Gas Natural Fenosa maintains permanent communication channels with trade union representatives and social players as an active part of its corporate policies.

Signing of the 1st Collective Bargaining Agreement of the employees of Gas Natural Fenosa Spain 2012-2015

Following a complex negotiation process and in the framework of a still recent merger and a delicate economic environment on a general scale and in the energy sector, the 1st Collective Bargaining Agreement of the employees of Gas Natural Fenosa Spain 2012-2015 was signed unanimously by the trade unions represented at the negotiation table on 5 March 2013.

The new agreement affects 5,537 workers and is a milestone for the company, which, thanks to the agreement, establishes one single legal framework for 22 of the companies in the electricity, gas and engineering sectors that carry on their businesses in Spain.

The agreement focuses on people and employment quality as its main goals, together with additional issues such as occupational safety, social dialogue and management flexibility.

The 1st Collective Bargaining Agreement of the Gas Natural Fenosa Group of Companies in Spain has involved the adaptation and extension of the Joint Promotion Pensions Scheme for employees

through the incorporation of three new developer companies (Gas Natural Fenosa Engineering, Operación y Mantenimiento Energy and Gas Natural Fenosa Telecomunicaciones) which represent the incorporation of 429 new participants. The new collective bargaining agreement has also led to the increase in provisions for risk contingencies regulated in said agreement.

During the signing of the agreement, Gas Natural Fenosa and the workers' representatives made great efforts and provided employees with relevant information via the NaturalNet intranet, offering the possibility of making direct requests, queries and notifying incidents via the new Employee Service (Spanish acronym: SAE). As of 31 December 2013, there had been 97,580 visits, queries and downloads on "Labour Information" on NaturalNet and there had been 10,642 queries, incidents and requests through the SAE, attended directly by said service or through the Labour Relations Unit.

Internal communication to bring employees into line with a common goal

Internal communication is an essential tool for achieving Gas Natural Fenosa's targets. Its main aim is to contribute actively to achieving the transformation proposed by the company in close collaboration with the group's businesses and areas.

To achieve these goals, Gas Natural Fenosa focuses specifically on measuring the efficiency of the actions that have been taken to optimise internal communication channels on a yearly basis. Accordingly, the company has resources that include the Employee Panel, through which it launches opinion studies and surveys

The company has the following internal communication channels:

- NaturalNet, the corporate intranet. As the only intranet for every country, it optimises its features each year by fostering employee involvement and participation.
- Natural, the in-house magazine. Available in four languages, it brings employees news of the company and fosters a common culture.
- Direct communication spaces. In particular, the "Dialogue Programme" created to foster contacts between management and employees. In 2013, this initiative has been promoted heavily through the new action titled "Speaking about the company", in which directors from the company's top 50 offer planned informative sessions that last one hour and in which they explain previously prepared corporate content and answer spontaneous questions from employees. They also include subjects that are specific to their management area.

Strategic objectives

The strategic objectives of internal communication are as follows:

- Bringing the organisation in line with the strategic objectives so that employees are aware of the business targets and assume their involvement, participation and commitment.

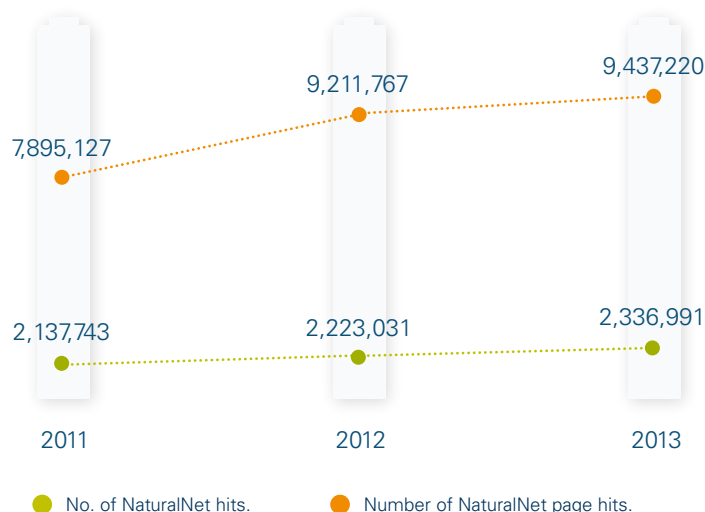
- Fostering corporate values and culture.
- Improving the work climate, fostering employees' pride of belonging.

In 2013, almost 100 direct communication actions took place in Spain alone, involving the participation of more than 5,800 people. 65 sessions corresponded to the "Speaking about the company" programme.

- Communication campaigns, which focus on actions and projects that must be familiar to people at Gas Natural Fenosa and in line with

which they need to carry out their work. Thus and in accordance with the messages that are to be transmitted, the intranet is used, together with posters at work centres, audio-visual material, the distribution of promotional material and competitions, etc.

Gas Natural Fenosa intranet indicators





In-house communication campaign "Health and Safety Commitment"

The aim of Gas Natural Fenosa's "Health and Safety Commitment" Plan is to foster a qualitative change in its prevention culture and improve safety results.

In 2013, a strong in-house communication campaign was launched in every country in which the company operates to create awareness and spread best practices in health and safety, as well as communicate the basic principles of health and safety as provided in the company's Corporate Responsibility Policy.

The campaign, which will continue until 2015, has included vinyl signs being put up at work centres, together with posters, the publication of safe behaviour videos featuring employees and messages sent from senior management, talks to collaborator companies, etc.

Furthermore, Gas Natural Fenosa's intranet and the in-house magazine has created a permanent space for this project.



For more information, see the chapter on "Health and Safety".

In 2013, the awards were given for the 1st edition of the Our Energy Awards. The initiative fosters innovation and continuous improvement in the organisation through the contribution of ideas by employees.

Fully convinced that the employees' opinion about the shared business project is of capital importance, in 2013, Gas Natural Fenosa completed another edition of the climate and commitment survey, which has shown the good in-house valuation based on a culture of pride of belonging and commitment to the company.

Commitment and Working Environment Survey

In 2013, Gas Natural Fenosa launched the 2nd Work Climate and Commitment Survey of Gas Natural Fenosa, focused on all its employees and all the countries in which the company operates, placing priority on it being completed on the web and achieving very high participation results (81%, 5% more than the previous edition).

The aim is to learn the level of satisfaction and commitment of staff as a whole and in each country, area and business of Gas Natural Fenosa in order to establish global or local action plans to improve the issues that have the worst results and the greatest impact on employees' commitment.

The survey includes 11 valuation categories: compensation and benefits, sustainable commitment, communication, working conditions, professional development and training, management, boss, image/market, organisation, internal relations and corporate responsibility.

The most outstanding results include a significant improvement to those of the survey performed in 2010.

The results have been notified to employees this year and work is ongoing on the action plans arising from the results obtained.

2013 Work Climate and Commitment Survey

High percentages of participation

Participation levels increased in Spain by 10% and by 5% for the rest of the group in 2010. These results indicate a good level of acceptance of this initiative by all employees.

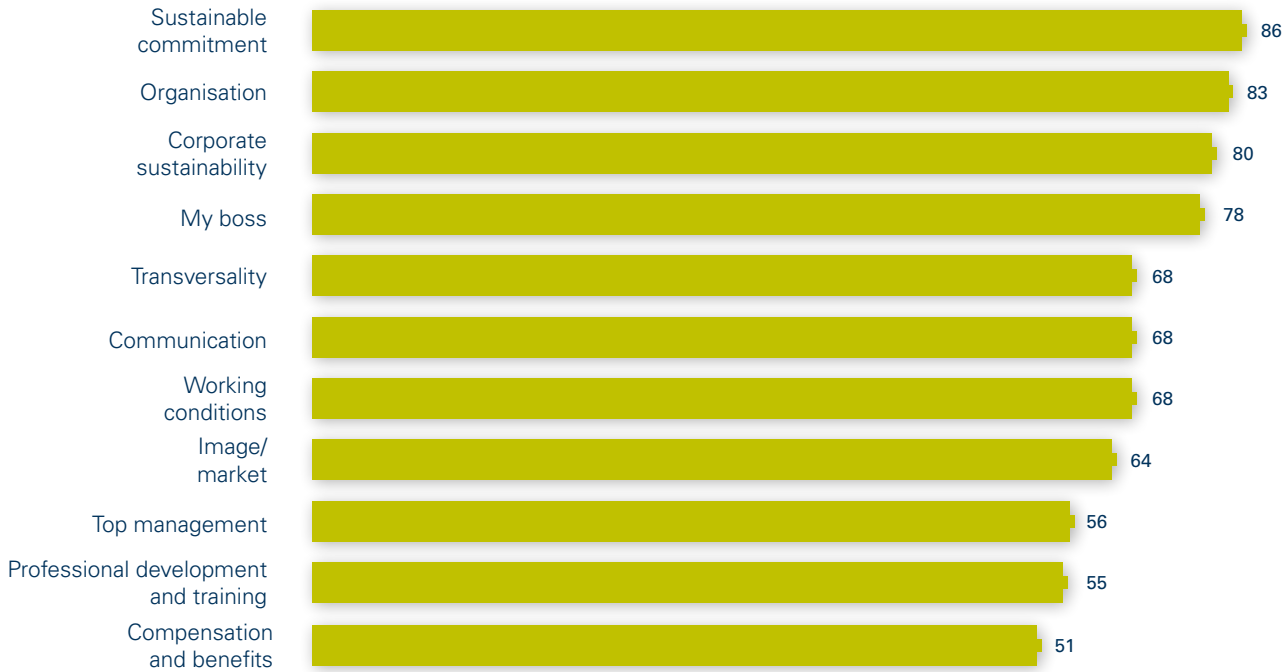
Good results

There was a significant improvement in the results of all the topics addressed in the survey with regard to 2010.

Better vs the energy sector

Gas Natural Fenosa is in the lead with regard to other companies in the energy sector in almost every category.

Summary of the results by category Conclusions (% favourable responses)



Favourable responses for sustainable commitment



One of the responses which improved the most



81%
+12

Responses which improved the least



95%
+2



95%
+1

● Difference with regard to 2010.

Indicator annex (%)

		Argentina	Australia	Brazil	Colombia	Costa Rica	Egypt	Spain	France	Guatemala	
Breakdown of staff by age range 2013.	18-35	15.6	40.0	35.4	21.3	39.1	0.0	18.4	75.7	52.4	
	36-50	36.7	60.0	49.2	51.0	47.8	0.0	50.9	23.0	38.1	
	>50	47.6	0.0	15.4	27.7	13.0	0.0	30.7	1.4	9.5	
Breakdown of staff by gender. 2013.	Men	74.8	80.0	60.2	68.2	91.3	0.0	70.8	56.8	81.0	
	Women	25.2	20.0	39.8	31.8	8.7	0.0	29.2	43.2	19.0	
Women in management posts. ¹	2011	19.2	-	32.1	35.3	-	-	20.9	0.0	-	
	2012	13.3	-	33.3	43.9	-	-	22.6	0.0	0.0	
	2013	16.7	-	32.4	42.6	-	-	24.2	0.0	0.0	
Senior managers from the local community.	2011	68.0	-	40.0	80.0	-	-	99.0	-	-	
	2012	66.7	-	57.0	87.5	-	-	100.0	0.0	0.0	
	2013	75.0	-	66.7	75.0	-	0.0	99.4	0.0	-	
Breakdown of staff according to professional categories and gender.	Management team	Men	4.7	0.0	5.2	1.7	4.3	-	9.2	10.8	4.8
		Women	0.9	0.0	2.5	1.2	0.0	-	3.0	0.0	0.0
	Intermediate positions	Men	8.3	0.0	12.3	11.4	30.4	-	17.1	2.7	52.4
		Women	4.5	0.0	6.9	4.4	0.0	-	3.1	2.7	4.8
	Technicians	Men	10.0	80.0	17.7	11.2	8.7	-	16.4	33.8	23.8
		Women	3.2	20.0	12.9	9.0	4.3	-	10.8	24.3	9.5
	Operator positions	Men	51.8	0.0	25.0	44.0	47.8	-	28.1	9.5	0.0
		Women	16.6	0.0	17.5	17.1	4.3	-	12.3	16.2	4.8

¹ NB: there are no executives in Australia, Costa Rica, Egypt, Ireland, Madagascar, Puerto Rico or Uganda.

Ireland	Italy	Madagascar	Morocco	Mexico	Moldova	Nicaragua	Panama	Portugal	Puerto Rico	Dominican Republic	Uganda	Total
0.0	16.5	0.0	18.6	46.7	275	20.0	29.3	50.0	60.0	34.2	67.6	22.9
100.0	64.1	0.0	66.0	470	39.8	70.0	30.3	50.0	20.0	55.9	32.4	49.1
0.0	19.4	0.0	15.5	6.3	32.7	10.0	40.4	0.0	20.0	9.9	0.0	28.0
0.0	77.7	0.0	85.6	73.4	70.5	70.0	670	25.0	60.0	80.2	81.1	70.6
100.0	22.3	0.0	14.4	26.6	29.5	30.0	33.0	75.0	40.0	19.8	18.9	29.4
-	18.8	-	25.0	10.0	34.6	38.1	37.5	-	-	66.7	-	22.5
-	17.9	-	25.0	170	36.0	36.4	30.8	-	-	83.3	-	24.2
-	19.4	-	25.0	18.5	38.5	0.0	30.8	100.0	0.0	66.7	-	25.3
-	0.0	-	0.0	170	50.0	0.0	100.0	-	-	-	-	88.0
-	0.0	-	0.0	0.0	50.0	0.0	50.0	-	0.0	50.0	-	88.0
-	0.0	-	0.0	0.0	50.0	-	50.0	-	0.0	-	-	84.8
0.0	6.6	-	3.1	4.5	2.1	10.0	4.4	0.0	20.0	0.9	0.0	6.6
0.0	1.6	-	1.0	1.0	1.3	0.0	2.0	12.5	0.0	1.8	0.0	2.2
0.0	12.8	-	37.1	16.9	17.4	30.0	23.4	0.0	0.0	18.9	40.5	16.0
0.0	2.1	-	2.1	3.7	4.8	20.0	9.6	0.0	0.0	6.3	2.7	3.8
0.0	15.4	-	11.3	21.4	5.7	30.0	14.5	12.5	20.0	6.3	10.8	15.0
100.0	7.2	-	1.0	9.4	6.4	10.0	9.4	62.5	0.0	8.1	0.0	9.8
0.0	42.8	-	34.0	30.6	45.3	0.0	24.6	12.5	20.0	54.1	29.7	33.0
0.0	11.4	-	10.3	12.4	170	0.0	12.1	0.0	40.0	3.6	16.2	13.6

Indicator annex

			Argentina	Australia	Brazil	Colombia	Costa Rica	Egypt	Spain	France	Guatemala
Breakdown of staff according to type of contract (%).	Open-ended contracts	Men	74.8	80.0	60.2	58.6	91.3	-	70.1	56.8	81.0
		Women	25.2	20.0	39.8	24.9	8.7	-	28.9	43.2	19.0
	Temporary contracts	Men	-	-	-	9.6	-	-	0.8	-	-
		Women	-	-	-	6.9	-	-	0.2	-	-
Average salary of men and women according to professional category (euros). ²	Executives	Men	53,814.6	-	70,245.4	66,171.9	-	-	92,747	99,733.0	-
		Women	48,241.4	-	61,827.6	64,148.8	-	-	75,633	-	-
	Technicians	Men	26,470.5	-	25,163.1	12,703.3	-	-	49,726	45,553.0	-
		Women	24,363.9	-	22,207.6	12,125.5	-	-	44,775	48,037.0	-
	Administrative staff	Men	22,770.8	-	17,304.0	6,061.2	-	-	41,861	26,455.0	-
		Women	17,905.5	-	17,932.4	6,252.4	-	-	35,187	29,566.0	-
	Operating	Men	21,328.1	-	14,184.8	5,401.7	-	-	39,160	-	-
		Women	24,390.4	-	15,476.2	5,159.5	-	-	31,110	-	-
Ratio between the standard minimum salary and the local minimum salary by country and gender. ²	Total		2.7	-	2.9	1.3	-	-	2.0	1.5	-
	Men		2.4	-	2.7	1.5	-	-	2.0	1.5	-
	Women		2.9	-	3.1	1.0	-	-	2.0	1.5	-
Total annual ratio between the best paid person at the company and the average total annual remuneration of staff. ^{2/3}	2013		5.8	-	12.3	25.5	-	-	12.8	3.01	-
Ratio between the percentage increase of the total annual remuneration of the best paid person at the company with the percentage increase of the average total annual remuneration of all the staff. ^{2/4}	2013		1.03	-	0.94	0.94	-	-	0.00	0.00	-

² NB: in 2013, Australia, Egypt, Guatemala, Ireland, Madagascar, Nicaragua, Portugal, Puerto Rico and Uganda have a staff volume that is not relevant for the salary indicator.

³ Ratio between the total annual remuneration of the best paid person at the company in each country in which significant operations are carried out with the average total annual remuneration of all the staff (excluding the best paid person) in the corresponding country.

⁴ NB: ratio between the percentage increase of the total annual remuneration of the best paid person at the company in each country in which significant operations are carried out with the percentage increase of the average total annual remuneration of all the staff (excluding the best paid person) in the corresponding country.

Ireland	Italy	Madagascar	Morocco	Mexico	Moldova	Nicaragua	Panama	Portugal	Puerto Rico	Dominican Republic	Uganda	Total
-	77.4	-	85.6	62.6	70.3	70.0	67.0	25.0	60.0	80.2	81.1	678
100.0	21.5	-	14.4	22.7	28.8	30.0	33.0	75.0	40.0	18.9	18.9	278
-	0.3	-	-	10.8	0.3	-	-	-	-	-	-	2.8
-	0.8	-	-	3.9	0.7	-	-	-	-	0.9	-	1.6
-	66,964.6	-	68,495.3	41,725.0	16,917.4	-	28,668.7	-	-	54,461.5	-	-
-	58,312.3	-	62,380.3	36,697.1	26,916.1	-	30,187.5	-	-	71,599.0	-	-
-	34,034.5	-	26,234.7	15,894.6	7,275.7	-	11,462.7	-	-	14,731.5	-	-
-	35,793.7	-	23,201.8	14,237.0	6,808.1	-	12,769.9	-	-	20,970.8	-	-
-	27,840.2	-	9,203.4	7,889.7	7,419.4	-	12,978.1	-	-	11,492.1	-	-
-	26,506.6	-	11,318.2	9,794.9	8,783.6	-	12,229.2	-	-	9,160.6	-	-
-	28,397.6	-	12,633.51	6,121.1	4,221.1	-	8,879.0	-	-	8,301.3	-	-
-	-	-	-	6,138.5	4,370.3	-	8,834.2	-	-	4,585.7	-	-
-	1.2	-	2.9	3.0	3.0	-	1.3	-	-	1.6	-	-
-	1.1	-	2.7	3.0	3.0	-	1.2	-	-	1.3	-	-
-	1.2	-	3.0	3.0	3.0	-	1.3	-	-	1.8	-	-
-	4.0	-	3.1	9.1	27.4	-	14.9	-	-	6.3	-	-
-	2.22	-	1.25	0.00	1.32	-	1.20	-	-	0.00	-	-

Indicator annex

		Argentina	Australia	Brazil	Colombia	Costa Rica	Egypt	Spain	France	Guatemala	
Rotation index (%) (number of layoffs/ average staff).	2013	4.3	45.3	7.7	4.4	-	100.0	3.9	14.1	5.1	
Voluntary rotation index (%) (number of voluntary layoffs/ average staff).	2013	3.8	45.3	2.9	2.9	-	-	1.1	9.8	5.1	
Performance Management Indicators and Target- based Management (DPO) broken down according to gender and professional category. ²	Management team	Men	4.7	-	5.0	1.5	-	-	9.2	9.5	-
		Women	0.9	-	2.5	1.1	-	-	3.0	0.0	-
	Intermediate positions	Men	4.3	-	8.1	2.6	-	-	12.3	1.4	-
		Women	3.4	-	5.8	1.2	-	-	2.0	2.7	-
	Technicians	Men	3.6	-	0.6	2.5	-	-	12.2	18.9	-
		Women	1.5	-	0.6	2.7	-	-	7.3	13.5	-
	Operators	Men	0.8	-	0.2	0.1	-	-	19.1	1.4	-
		Women	0.4	-	0.0	0.0	-	-	5.5	1.4	-
	Total	Men	13.4	-	14.0	6.7	-	-	52.8	31.1	-
		Women	6.2	-	9.0	5.1	-	-	17.8	17.6	-
Staff promoted (%). ⁵	2011	7.9	-	35.6	4.6	-	-	11.2	16.3	-	
	2012	10.9	-	41.3	4.0	-	-	13.2	4.2	-	
	2013	9.4	-	32.9	7.3	-	-	15.7	2.7	-	
Employees with collective bargaining agreement.	Not covered by collective bargaining agreements	27.1	0.0	24.0	14.9	8,7	-	23.9	94.6	0.0	
	Covered by collective bargaining agreements	72.9	100.0	76.0	85.1	91,3	-	76.1	5.4	100.0	
Trade union membership (%).	2011	48.9	-	17.4	47.7	-	-	26.3	-	-	
	2012	48.2	-	20.2	47.5	-	-	26.6	-	-	
	2013	47.3	-	12.7	49.5	ND	-	22.7	-	ND	

² NB: in 2013, Australia, Egypt, Guatemala, Ireland, Madagascar, Nicaragua, Portugal, Puerto Rico and Uganda have a staff volume that is not relevant for the salary indicator.

⁵ NB: number promotions were made of staff in Australia, Costa Rica, Egypt, Guatemala, Ireland, Madagascar, Nicaragua, Portugal, Puerto Rico or Uganda in 2013. .

Ireland	Italy	Madagascar	Morocco	Mexico	Moldova	Nicaragua	Panama	Portugal	Puerto Rico	Dominican Republic	Uganda	Total
-	4.2	100,0	2.0	8.5	8.2	2.8	8.5	-	-	5.5	30.8	5.4
-	1.9	9,6	1.0	4.8	2.7	2.8	7.8	-	-	4.6	25.7	2.3
-	5.1	-	3.1	4.4	2.1	-	4.2	-	-	0.9	-	6.4
-	1.1	-	1.0	1.0	1.3	-	2.0	-	-	1.8	-	2.2
-	5.1	-	9.3	10.5	17.4	-	20.4	-	-	18.9	-	10.4
-	2.1	-	2.1	2.7	4.8	-	8.9	-	-	6.3	-	2.5
-	6.6	-	11.3	13.0	5.7	-	10.6	-	-	6.3	-	9.3
-	5.9	-	1.0	4.6	6.4	-	8.1	-	-	8.1	-	5.8
-	0.5	-	0,0	4.3	45.3	-	24.4	-	-	54.1	-	14.6
-	0.3	-	0.0	3.6	17,0	-	11.6	-	-	3.6	-	4.7
-	17.3	-	23.7	32.2	70.5	-	59.6	-	-	80.2	-	40.7
-	9.3	-	4.1	11.9	29.5	-	30.5	-	-	19.8	-	15.2
-	25.8	-	1.0	9.3	10.5	20.6	9.2	-	-	6.5	-	-
-	7.1	-	7.1	9.7	9.8	10.4	6.7	-	-	5.5	-	-
-	18.4	-	3.1	7.1	10.6	-	5.7	-	-	18.0	-	-
0,0	1.9	-	32,0	19.6	0.0	0.0	56.2	0.0	80,0	1.8	0.0	20.4
100,0	98.1	-	68.0	80.4	100.0	100.0	43.8	100.0	20,0	98.2	100.0	79.6
-	51.8	-	68.3	22.4	74.1	43.1	44.2	-	-	-	-	-
-	47.1	-	69.0	21.9	68.0	39.3	38.7	-	-	-	-	-
-	43.6	-	69.4	22.1	66.0	-	35.7	-	-	-	-	45.9

Indicator annex

		Argentina	Australia	Brazil	Colombia	Costa Rica	Egypt	Spain	France	Guatemala
Employees five years from retirement age (%).	Management team	10.0	-	5.4	6.6	0.0	-	2.9	0.0	0.0
	Intermediate positions	7.4	-	5.4	4.5	0.0	-	7.7	0.0	8.3
	Technicians	14.3	0.0	3.4	3.7	0.0	-	2.6	0.0	0.0
	Operators	25.1	-	2.0	12.5	0.0	-	9.1	0.0	0.0
	Total	20.5	-	3.3	9.3	0.0	-	6.3	0.0	4.8
Employees ten years from retirement age (%).	Management team	36.7	-	16.2	23.0	0.0	-	11.2	0.0	0.0
	Intermediate positions	32.4	-	16.3	16.5	0.0	-	20.4	0.0	8.3
	Technicians	25.7	0.0	7.5	10.3	0.0	-	10.2	0.0	0.0
	Operators	43.5	-	6.9	37.9	0.0	-	28.8	5.3	100.0
	Total	39.4	-	9.6	28.5	0.0	-	19.9	1.4	9.5
New employees.	2011	16	2	49	99	2	0	281	24	1
	2012	26	0	32	85	0	0	239	33	4
	2013	14	-	26	55	2	-	94	11	2
No. of employees with right to maternity/ paternity leave. ⁶	Men	0	0	12	9	2	-	204	1	1
	Women	9	0	6	28	0	-	123	4	0
	Total	9	0	18	37	2	-	327	5	1
No. of employees who took maternity/ paternity leave.	Men	0	0	12	9	2	-	162	1	1
	Women	9	0	6	28	0	-	123	4	0
	Total	9	0	18	37	2	-	285	5	1
No. of employees who did not return to work once their maternity/ paternity leave was complete.	Men	0	0	0	0	0	-	1	0	0
	Women	1	0	0	0	0	-	3	0	0
	Total	1	0	0	0	0	-	4	0	0
Ratio of employees who returned to their position following paternity / maternity leave and continue in the company one year after their leave (%).	Men	-	-	100.0	93.8	-	-	99.5	100.0	100.0
	Women	100.0	-	100.0	100.0	-	-	99.1	66.7	-
	Total	100.0	-	100.0	98.0	-	-	99.3	80.0	100.0

⁶ NB: the concept of maternity/paternity leave and the related social benefits present specifics that are connected to the labour laws in force in each of the countries where Gas Natural Fenosa operates and must be taken into account when interpreting this information. For instance, legislation in Moldova determines that women have the right to maternity leave of 126 days 100% paid by the Social Security system. After this period, they have the right to take maternity leave of absence for up to three years, with 30% payment by the social security system, and from three to six years of unpaid leave, which explains why the number of people who did not return to work after their leave was complete was so high for this country.

Ireland	Italy	Madagascar	Morocco	Mexico	Moldova	Nicaragua	Panama	Portugal	Puerto Rico	Dominican Republic	Uganda	Total
-	0.0	-	0.0	1.9	7.7	0,0	15,4	0.0	100.0	0.0	-	3.6
-	0.0	-	5.3	3.5	17.4	0.0	18,7	-	-	7.1	0.0	7.8
0.0	1.2	-	8.3	1.7	11.0	25.0	18,6	0.0	0.0	0.0	0.0	3.6
-	1.0	-	0.0	2.1	25.4	-	36,9	0.0	0.0	9.4	0.0	11.5
-	0.8	-	3.1	2.3	21.2	10.0	25,1	0.0	20.0	7.2	0.0	8.1
-	0.0	-	25.0	13.0	15.4	0.0	30,8	0.0	100.0	33.3	-	13.0
-	7.1	-	28.9	8.0	31.1	0.0	30,6	-	-	14.3	0.0	19.8
0.0	3.5	-	25.0	3.3	15.4	25.0	26,8	0.0	0.0	0.0	0.0	10.1
-	10.3	-	11.6	9.5	38.4	-	62,4	0.0	0.0	14.1	0.0	30.0
-	7.4	-	20.6	7.5	33.2	10.0	41,4	0.0	20.0	12.6	0.0	21.5
0	33	7	0	160	64	37	42	-	0	9	31	857
0	31	3	0	126	36	28	48	-	5	10	19	725
-	13	-	-	85	31	3	22	-	-	7	8	373
0	12	-	5	35	14	2	0	1	1	5	3	307
0	3	-	0	13	14	0	5	0	0	2	2	209
0	15	-	5	48	28	2	5	1	1	7	5	516
0	4	-	5	35	0	2	0	1	0	5	2	241
0	3	-	0	13	14	0	5	0	0	2	2	209
0	7	-	5	48	14	2	5	1	0	7	4	450
0	0	-	0	0	0	0	0	0	0	0	0	1
0	0	-	0	0	12	0	0	0	0	0	0	16
0	0	-	0	0	12	0	0	0	0	0	0	17
-	-	-	100.0	83.9	-	100.0	-	100.0	-	100.0	100.0	97.4
-	100.0	-	100.0	82.6	92.9	-	-	-	-	100.0	-	96.7
-	100.0	-	100.0	83.3	92.9	100.0	-	100.0	-	100.0	100.0	97.1



Health and safety

Principles of responsible action in health and safety

Health and safety in the workplace, as set out in its Code of Ethics, is a strategic and intrinsic commitment for Gas Natural Fenosa and part of its Corporate Responsibility Policy and its Human Rights Policy and is based on the following principles:

- Guaranteeing that health and safety are non-delegable duties, and that they are taken on by senior management through a visible commitment, proactively accepted and implemented by the entire organisation, and by our suppliers and partner companies.
- Establishing health and safety as an individual responsibility and as a condition of employment at Gas Natural Fenosa and of the activity of its partner companies.
- Ensuring that any potential situations of risk that may affect employees, customers, the general public and the safety of facilities are brought to attention, assessed and managed in the appropriate manner.
- Establishing learning as the driver of change towards a safety culture, by means of ongoing training, accident and incident analysis and the dissemination of lessons learned.
- Incorporating health and safety criteria into business processes, new projects, activities, facilities, products and services, and in the selection and assessment of suppliers and partner companies, non-compliance with which will condition the commencement or continuity of their activity.
- Providing the resources and necessary means to enable compliance with established safety standards at all times.

Safety as a strategy at Gas Natural Fenosa

Gas Natural Fenosa is aware that the most important thing in the planning, development and execution of its activities is health and safety. The actions of the company follow standards that are higher than the required legal obligations of each country where it carries out its operations. By voluntarily adopting new requirements and by continuously improving the management of health and safety, the company involves not only its employees but also suppliers, collaborating companies, clients and other stakeholders with the aim of avoiding accidents and damage to health.

The challenges Gas Natural Fenosa has set are focused on implementing global strategies regarding health and safety as a means to improving working conditions. The following strategic approaches should therefore be highlighted:

- Achieving a solid culture of health and safety through the development and implementation of the Commitment to Health and Safety Plan.
- Consolidating accident rate monitoring tools to identify areas for improvement and reduce occupational accidents.
- Systematising and standardising safety management.



Lead by example

“At Gas Natural Fenosa there is only one way of working we can accept: **safely**”.



Value actions

Proposed actions 2013

- Launch of the accident monitoring scorecard.
- Unification of criteria and launch of general occupational hazards prevention procedures.
- Investigation study to compare the chronological and biological ages of the company's workers.
- Continuation of the “Your health always on your agenda” campaign designed to foster a cultural change.

Actions planned 2014

- Launch and implement the “Mobility Plan”
- Expansion of accident measurements using OHSAS and ILO indicators.
- Development and implementation of a tool for comprehensively managing safety.
- Implementation of the established training system on health and safety on an international level.
- Launch of the Safety Observatory to provide an overview on health and safety, achieved by contributing our own experience as well as that of others to create a true culture of safety.

Health and Safety Commitment Plan

In 2012, Gas Natural Fenosa launched its Commitment Plan for Health and Safety which, from a global perspective, strives for qualitative change regarding the culture of safety of the company. The plan was devised with the idea that everyone working in the development of Gas Natural Fenosa's activities (our own staff and companies which collaborate with us) embrace the fact that safety is a top priority and that there is zero tolerance for unsafe actions.

The plan proposes a new approach based on safe individual behaviour and in the identification and anticipation of hazard situations with the goal of optimising results in terms of quality, cost and productivity and creating value for all stakeholders.

Top management at Gas Natural Fenosa plays a major role in the construction and development of this commitment to safety.

The Total Safety Commitment implies turning prevention into a key factor for business leadership, by bringing about a visible change in people's behaviour and developing shared responsibility in health and safety.

As a goal for 2014, the "Commitment Plan for Health and Safety" foresees that Gas Natural Fenosa will have incorporated a culture of global anticipation to encourage safe behaviour for all operations so that:

- all employees and contractors will feel motivated and proud to work in a safe environment as well as contributing to it, and
- the company will receive recognition in the sector as a leader regarding safety and as an example of responsible operation.

Safety management using design and implementation networks

The "Health and Safety Commitment Plan" was set up in 2012. With regard to the first phase, Gas Natural Fenosa had support from Dupont as a strategic partner and world reference in the application of best practices in occupational health and safety, and carried out a diagnosis to understand the starting point for managing health and safety within the company.

The goal of the second phase, carried out throughout 2013, was to implement a new culture of health and safety. To this end, Gas Natural Fenosa has created ten design and implementation networks coordinated by a central project team and which acts as a driving force as well as ultimately being responsible for responding to the needs of the different groups and providing the necessary resources for fulfilment of the objectives at all times.

The networks are multidisciplinary teams with their own missions, visions and objectives and are made up of representatives from different functions or businesses (safety, operations, maintenance, human resources, purchasing, communications, etc.) working with the goal of defining strategies, measuring progress and ensuring that the goals for which they were created are achieved.

The work done by the following networks throughout 2013 should be highlighted:

- Network for visible commitment. The mission of this network is to define and develop awareness tools and training for all executives and managers of the organisation as part of its active commitment to safety.
- A communications network created to define a model of global communication, facilitating the proper channels to ensure that all messages reach their target audience.
- A training network, which aims to ensure optimal training of employees and contractors to achieve cultural change regarding health and safety.
- A network of business partners whose mission is to define and ensure the criteria and methodology for partner companies to integrate a zero accident culture.

Together with the above the role played by the behaviour management network, the network for the management of knowledge and experience, the indicators and objectives network, the organisational model network, the information systems network and the network for global policies and standards should be highlighted.

Four drivers for change in Gas Natural Fenosa

The Commitment to Health and Safety Plan is based on developing four drivers: leadership, employees, collaborating companies and installations and processes, which are the levers which will shape the cultural transformation of Gas Natural Fenosa and allow its commitment towards health and safety to be extended and to have greater cover.

Leadership

For Gas Natural Fenosa, leadership is the key factor for project's success, in other words, the involvement and commitment of the different business managers.

For effective safety management, commitment needs to be integrated at all levels of the organisation. Accordingly, the Management of Gas Natural Fenosa plays a crucial role in constructing and developing this safety commitment, marking the level required, standardising the implementation of the new culture and taking responsibility for the success of this Plan.

In 2013, the Steering Committee made public Gas Natural Fenosa's comprehensive commitment to safety and identified five core principles that set the direction in which the company should move forward.

In March 2013, the Board of Directors of Gas Natural Fenosa also approved a new Corporate Responsibility Policy. Said policy keeps the six current commitments in force, but includes changes that affect the commitment to health and safety with the aim of aligning the policy to the five principles that underpin the Commitment to Health and Safety.



Health and safety culture amongst employees

The vision of Gas Natural Fenosa is to be able to transform and grow the safety culture of the company so that all employees embrace the ideas of safety as a top priority and that tolerance regarding unsafe actions in the company and its social perimeter must be zero.

A change in culture to include the highest standards

Gas Natural Fenosa aims to achieve a change in preventive culture to ensure safety and safeguard the health of those working in the development of the company's activities. To this end, it has included within the framework of the new Corporate Responsibility Policy all aspects of the highest health and safety standards as well as the welfare of its employees.

In 2013, Gas Natural Fenosa launched a new health and safety regulation. This establishes the need to prepare standards in this area in order to define minimum and uniform criteria which must be complied with in global processes and

activities. The main focus is on including in this regulation the activities carried out throughout the entire company. The following standards are at the implementation stage:

- Driving.
- Work at height.
- Work permits.
- Personal protective equipment.
- Fines.

Risk Management

All work at Gas Natural Fenosa must be planned and implemented with safety in mind. The identification, risk assessment and planning of preventive activity are the basis for efficient management of health and safety in the workplace.

The evolution of preventive actions leads to a rise in regular checks of existing work conditions, of consultation and participation as well as checks oriented to the health and safety of collaborating companies. This has been possible thanks to the consolidation of risk assessment and emergency-related processes throughout 2011 and 2012.

In this context, we would like to highlight the implementation of a good practice called "Safety Contact". This consists of devoting a few minutes during meetings of more than five people to talk, preferable with the aid of a chart or photograph, about an action which is considered to be unsafe. The purpose of this contact is to avoid, by creating awareness, potential risks that can be encountered both at work as well as in our personal lives.

Certifications

Certification according to health and safety standards is a fundamental part of the process for the consistency and standardisation of working conditions at Gas Natural Fenosa and one of the targets set in the Integrated Management System.



Audits on the management of health and safety and have resulted in an objective assessment and understanding of its management system. The company has thus successfully carried out 20 auditing certification processes of the management system in accordance with OHSAS 18001. Of particular noteworthiness were the first-time certification of one of the company's businesses, six renewal audits and thirteen OHSAS 18001 certification monitoring audits.

Plans of action and development tools

In order to maintain the level of objectives ratified by the Steering Committee, plans of attack were launched and implemented throughout 2013 to establish local best local practices in areas of priority and greatest impact. Two approaches were used:

- Standardising the criteria applicable in the various countries regarding health and safety.
- Ensuring that actions are the same across all the businesses of the company, and extrapolating any actions identified as appropriate to other countries where Gas Natural Fenosa operates.

Plans of attack: the goal of plans of attack is to identify, transfer and implement the best local practices which have the most the most impact to the operational risk control of all the fields and countries where the group operates.

A consolidated accident rate scorecard

The scorecard supplies the management of the operating units with information on the condition and evolution of the health and safety of their units.

Investigation of accidents and incidents

Our aim is to carry out in-depth investigations of accidents/incidents, transmit the lessons learned to our employees and contractors, integrate supervision and the future implementation of corrective actions arising from accidents and set up a specialised team to study fatal and serious accidents by group type integrated in the safety project.

The launch of two new procedures with global methodologies for improved investigation purposes regarding the notification and classification of accidents and incidents should be highlighted.

Definition of objectives by job

The main goal is to include objectives aimed at managing health and safety in the workplace by defining objectives by job, performance objectives and corporate values. Thus, at the very least, there must be an objective on health and safety in the workplace included in job performance management.

Checks on contractors and supervision of work and jobs

Include supervision of safety conditions as part of inspection and supervision tasks of work and activities carried out by our own employees or by contractors and define limits for unsafe behaviour for which the established sanctions will apply.

Audits and self-assessment

Carry out audits and self-assessments for activities and critical safety processes by qualified personnel.

Health and safety responsibilities

Incorporate health and safety responsibilities in the job descriptions for employees and contractors carrying out said jobs.

Training

Expand and standardise the training plan of action related to activities with the most risk involved, and include all geographical areas and both our own personnel as well as contractors, based on:

- Analysing the level of the coverage of training of each country regarding particularly hazardous activities.
- Identifying of training needs and/or lack of.
- Defining of specific short-term training plan by country.

Tools: as a result of the actions taken by the design and implementation networks for changing the safety culture of the company, several tools have been developed. The following stand out for their relevance:

Personal plan of action

The "Personal Plan of Action" is a tool that allows the culture of safety and visible commitment to be embraced by all the leaders of the organisation via the definition of actions focused on results and achievements, leaving the achievement of the actions to their initiative, and subsequently assessing their compliance rate.

The idea of this plan is to integrate into the daily behaviour of all managers, middle managers and other employees who oversee staff or who supervise activities which are contracted, actions aimed to demonstrate visible commitment to safety.

Balance scorecard

The scorecard is the set of indicators whose goal is to provide the management of each operating unit with information on the state and development of the health and safety of their unit.

The scorecard is analysed monthly by each unit and helps decision making for the avoidance of accidents.

Preventive Observation Programme

This programme aims to increase the level of awareness of unsafe behaviours by identifying and observing them, and promoting the adoption of safe behaviours by effectively communicating the results of said observations to all workers.

A fundamental aspect of the programme is that observations are made regarding behaviour and not individuals. The result of the observation therefore records whether the observed behaviour is safe or unsafe but the person or group is that has been observed is not identified.

The target groups to be observed will be all workers, both our own as well as those contracted, working in all areas for Gas Natural Fenosa, including those in operations as well office workers and those working on pipelines, with a priority on those in the most operational and hazardous activities.

Lessons learned

Gas Natural Fenosa has established and implemented a methodology to compile and analyse potential improvements or best practices that have occurred during the development of the activities.

The lessons learned allow us to continuously improve activities and processes, facilitate the adaptation to changing market conditions, ensure we have technical documentation and optimised management and avoid the recurrence of problems or deficiencies that have occurred in developments carried out in the past.

Zero tolerance

This tool stems from the premise that any unsafe act or condition, however small it may seem, carries with it the likelihood of an accident occurring.

It is therefore unacceptable for any professional who detects a deviation to not do everything in their power to correct it.

This tool facilitates reporting zero tolerance deviations regarding safety and hazardous conditions, and ensures their correction.

By using this tool, Gas Natural Fenosa seeks to strengthen its commitment to safety through prevention, explicitly stating everyone's personal commitment, and in particular that of its leaders, to detect and immediately correct, without exception, any deviation from the rules and safety expectations.

Twelve months, twelve guidelines

Gas Natural Fenosa, together with the teams working on guidelines affecting safety, has designed a review tool in order to analyse its validity, level of compliance and understanding by employees. This system allows the observance and understanding of the applicable guidelines to be improved, ensuring that safety culture is reflected in the behaviour patterns of the organisation's employees.

Other projects

2014 will see the launch and implementation of its "Mobility Plan" which encompasses three main objectives:

- Sensitise workers about the risks of road safety as a result of the driving required as part of their job.
- Inform workers of specific and seasonal hazards, defensive driving methods, innovations in road safety and new traffic and road regulations in places of work.
- Drastically reduce the number of work accidents/incidents resulting from driving in comparison to the overall accident rate of the company.

Gas Natural Fenosa's commitment to health and safety for its employees not only affects the development of its functions within the company, but understands safety as a global concept.

Employee participation

Gas Natural Fenosa takes part in shaping key elements for prevention, establishing channels of information, consultation and proper participation. Worker participation is an essential element in the management of health and safety at Gas Natural Fenosa.

Employees and their representatives have experience and first hand knowledge of how it is developed and how it affects work. Mutual collaboration between workers and management, whose goal is to find solutions together, is therefore vital.

At Gas Natural Fenosa, 89% of employees are involved in health and safety committees. In 2013, meetings with their representatives were held and the preventive aspects of most concern raised were as follows:

- Accidents occurred during the year.
- Implementation level of the commitment to health and safety.
- Newly created guidelines and procedures.
- Monitoring the implementation of new tools such as "Preventive Safety Observations" or "Lessons Learned".
- Proposed new systematic assessment of occupational hazards.
- Prevention Plan.
- Clothing.

Training and awareness

In 2013, Gas Natural Fenosa went to great lengths to standardise management methods and dynamics for health and safety training. In a consolidated way, the company has established systems that guarantee the standardised implementation of the training action plan thanks to the analysis of the level of coverage of training of each country, identifying training needs and defining a specific short-term training plan country by country.

Management training process	
Detecting training needs	The Corporate University is leading this phase in the identification of training needs regarding health and safety, centralising the results compiled. Likewise, the business operating units are responsible for identifying training needs each year. For its part, the corporate unit responsible for prevention establishes the training required for each function of the organisation, the frequency of recycling and its mandatory or optional nature and reflects this in the training itinerary for each business.
Creation and diffusion of the training plans	The Prevention Unit creates specific training programmes at its Occupational Hazard Prevention Classroom, according to the training itineraries set out for each business. The annual training plan compiles the company's training objectives for technical aspects and skills and includes quantitative indicators which allow the subsequent development and following up of the plan.
Programming of the training actions	The Corporate University coordinates all the necessary resources to implement the annual training plan. The balance between the training provided by internal teachers and specialised external partner companies is one of the strengths of the management of the health and safety training at Gas Natural Fenosa.
Execution and follow up of the plan	Based on the targets set out in the annual training plan, the Corporate University monitors the key indicators of the process: hours of training, number of staff participants trained and number of courses given.
Recording the training	The Corporate University is responsible for ensuring that information regarding the participation in all training activities is recorded in the SAP corporate training module. This information is used to enable the detection of training needs based on the established training itineraries.

In 2013, the company gave 196,592 training hours in health and safety for 32,206 people over the course of 2,464 training actions

In 2013, the company gave 196,592 training hours in health and safety for 32,206 people over the course of 2,464 training actions. The average number of training hours per employee was 14.46.

For Gas Natural Fenosa it is of vital importance to measure employee satisfaction using the established health and safety training programmes. Over the last year it therefore made a major effort to meet the objectives set out regarding

the group of participants surveyed as well as regarding the satisfaction index resulting from the responses to satisfaction surveys.



Participation and results of the health and safety training satisfaction surveys

	Participants polled	Response (%)	Satisfaction
Total integrated countries	25,225	93	9.0
Risk Prevention Classroom	10,292	96	8.8
Spain total	14,581	93	8.6
Risk Prevention Classroom	6,597	97	8.4

Training in “Leadership in Safety” is one of the keys to achieving success in the “Commitment to Health and Safety Project” at all levels of the organisation. It is performed in a cascade to boost individual commitment, and in 2013, this program has been taught to executives,

intermediate management staff, and employees with leadership capacity on own staff or that of companies which collaborate with us. Throughout 2014, it will be extended to the rest of the organisation’s collectives.

So far 3,983 executives and middle managers of the whole group have participated, with 40,000 hours of training being given on “Leadership in Safety”.

Summary of preventive actions carried out

	2013	2012	2011
General and specific hazards assessments	7,255	9,618	11,011
Extraordinary activities hazards assessment	582	1,278	1,052
Regular control of work conditions	78,765	71,777	27,982
Emergency-related actions	1,004	1,367	1,126
Other actions	14,626	4,264	3,621
Total	102,232	88,304	44,792

Safety training. International

	2013	2012	2011
% attendees over total staff	70.26	44.24 ¹	74.06 ²
No. of training actions completed	2,464	1,610	1,011
Training hours per employee	14.46	8.81	8.34

¹ The percentage of participants over the total number of employees published for 2012 (115.7%) has been recalculated to improve its accuracy. The indicator represents the percentage of workers trained regardless of the number of courses they attended.

² The figure for 2011 cannot be compared with 2012 and 2013 as this new criterion has not been applied.

Accident indicators

	2013					2012			2011
	2014	2013	Total	Men	Women	Total	Men	Women	
Accidents requiring medical leave ¹	144	150	152	129	23	157	137	20	174
Days lost ²	3,975	3,370	4,184	3,524	660	3,547	3,361	186	4,853
Mortalities ³	0	0	0	0	0	2	2	0	1
Frequency rate ⁴	4.82	4.74	5.07	6.10	2.61	4.96	6.18	2.11	5.43
Severity rate ⁵	0.13	0.10	0.14	0.17	0.07	0.11	0.15	0.02	0.15
Incidence rate ⁶	10.03	9.80	10.56	12.69	5.43	10.25	12.78	4.35	11.25
Absenteeism rate ⁷	1.61	2.01	1.70	-	-	2.14	-	-	2.94

¹ Accidents requiring medical leave: Number of accidents in the workplace leading the employee to take sick leave.

² Days lost: Days not worked due to sick leave caused by accidents at work. Calculated from the day following the day the sick leave is received and considering calendar days.

³ Mortalities: Number of workers who died due to accidents at work.

⁴ Mortalities: Number of accidents with sick leave occurring during the working day for every million hours worked.

⁵ Severity rate: Number of days lost as a result of occupational accidents for every 1,000 hours worked.

⁶ Incidence rate: Number of occupational accidents for every 1,000 employees.

⁷ Absenteeism rate: Absence of employees from their jobs.

Accident indicators according to country

	Accidents requiring sick leave	Days lost	Mortalities	Frequency rate	Severity rate	Incident rate
Argentina	8	280	0	7.87	0.28	15.10
Brazil	2	58	0	1.85	0.05	4.15
Colombia	51	373	0	8.90	0.07	24.12
Costa Rica	0	0	0	0.00	0.00	0.00
Dominican Republic	1	15	0	3.80	0.06	8.15
France	0	0	0	0.00	0.00	0.00
Italy	2	14	0	3.32	0.02	5.30
Kenya	3	58	0	10.46	0.20	26.71
Madagascar	0	0	0	0.00	0.00	0.00
Mexico	22	334	0	11.56	0.18	23.21
Moldova	7	622	0	4.55	0.40	9.10
Morocco	0	0	0	0.00	0.00	0.00
Panama	1	4	0	1.17	0.00	2.60
Puerto Rico	0	0	0	0.00	0.00	0.00
South Africa	2	26	0	1.25	0.02	2.86
Spain	53	2,400	0	3.67	0.17	7.02

NB: Australia, Egypt, Guatemala, Ireland and Uganda were not included in this indicator as they did not have a reporting system.

Zero Accident Rate in Gas Natural Fenosa

The management of Gas Natural Fenosa has set itself the goal of zero accidents within the objectives of its "Commitment to Health and Safety Project"

The actions carried out have been developed in several stages that include an analysis of the current situation by means of the creation of a unique and unified criteria for the entire company. It also includes the development of an internal rating system of accidents allowing a proper statistical analysis to be carried out as well as acting on the main risk groups, and the creation of specific working groups by country and business to improve the reporting of our own accidents and those of contractors and allow in-depth investigation.

Initiatives promoted by the senior management in 2013 have achieved the involvement of the chain of command of the company, as well as standardising and unifying the reporting system for all countries as well as the statistical data for the standardisation of preventive measures applicable to the entire company.

In addition, in countries where the project has been implemented to a greater extent (e.g. Spain) very positive results have been achieved such as a 24.17% drop in accident frequency rate (AFR) and absenteeism due to workplace accidents is down by 20.90%.

Occupational health

Occupational health forms part of Gas Natural Fenosa's commitment to offering its employees a healthy working environment. Health Monitoring activities contribute to achieving this target in addition to providing improved working conditions, work climate, productivity and performance, together with a positive impact in terms of costs and profitability.



Healthcare Management Plan

The "Healthcare Management Plan" defines the strategic guidelines and establishes the general framework for action of Gas Natural Fenosa in the field of healthcare, ergonomics and psychology/sociology in a consistent way at national and international level.

This document applies to all businesses within the company with majority shareholdings as well as to those companies or entities in which the company has operational or managerial responsibilities.

The responsibilities outlined by the plan correspond to each and every one of the business areas and countries of the group. In addition, comprehensive health services act as assessment tools for the development, monitoring and following up of the plan in each of their areas.

The general goals defined by the plan are:

- Ensuring the health of workers, developing standard actions that respect the inherent differences of each country.
- Monitoring compliance with the relevant guidelines of each field regarding health.
- Establishing directives in the field of healthcare, ergonomics and psychology/sociology to be applied in accordance with Gas Natural Fenosa's strategic guidelines.

- Coordinating the development of activities carried out by external collaborators as well as establish measures to monitor and check them.
- Defining the indicators needed to assess the implementation and development of the "Healthcare Management Plan" and each and every one of the activities that constitute it.
- Ensuring continuous training for professionals in the activity, information regarding the latest technological developments and promoting creativity for innovation.

Furthermore, the deployment of the above goals involves implementing specific actions in the following twelve areas: health monitoring, common and professional contingencies, medical assistance and queries at the medical services in the workplace, health promotion, ergonomics and applied psycho-sociology, the management and document creation for comprehensive health, applications and IT systems regarding health, first aid courses and the use of semi-automatic defibrillators, health insurance management, audits, social benefits and management activities for the Comprehensive Health Unit.

The Comprehensive Health Unit carries out activities related to ergonomics and applied psycho-sociology, puts into practice campaigns for health promotion which are designed following a study of the epidemiological data of workers and an analysis of deficiencies and needs regarding health issues. It also conducts medical check-ups as one of its main tasks according to the specific risks of workers on the job.

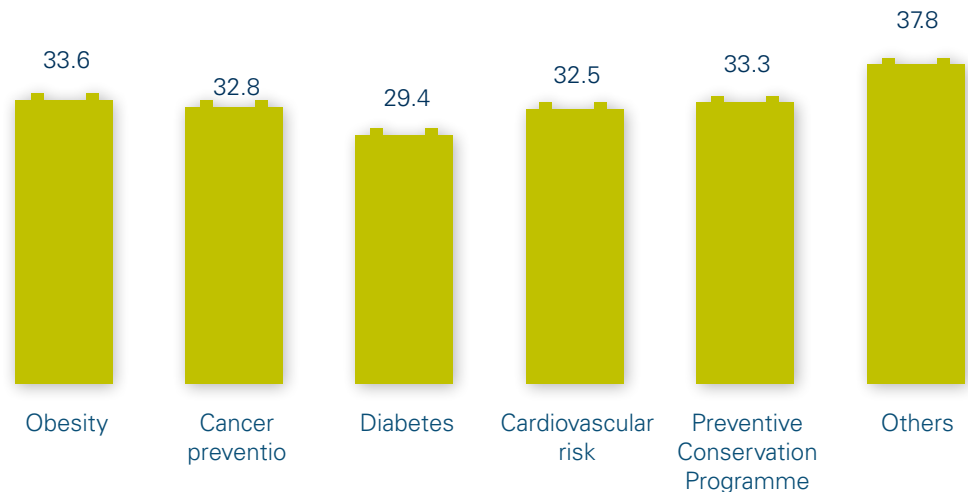
In 2013 as part of its prevention and health promotion campaigns, Gas Natural Fenosa launched a new campaign to detect food intolerances and also carried out sports check-ups to assess the fitness and adaptation to sport of those employees who practice high-intensity sports.

In addition, the company carries out annual check-ups of the health of workers involved in particularly dangerous activities such as jobs involving exposure to ionising radiation, those working with compressed, liquefied or dissolved gases or those using significant amounts of them, as well as those exposed to the risks of high voltage electricity.

With regard to serious diseases, the company's medical services, together with workplace accident insurance companies, provide care for children affected by cancer or serious disease. In these cases, the company offers reduced hours of the working day, 50% at the very least, to care for a child with a serious illness during their hospitalisation and the subsequent treatment of the disease.



Staff taking part in prevention campaigns (%)



Participants in occupational health campaigns

	2013	2012	2011
Prevention and/or early detection campaigns	25,165	20,077	14,978
Vaccination campaigns	3,023	4,182	3,690
Checkup	12,583	11,765	12,891
Medical assistance	33,621	24,932	23,769

Your health always on your agenda

The “Your health always on your agenda” campaign, organised by Gas Natural Fenosa's health services, is part of the “Commitment to Health and Safety Plan” and encompasses everyday issues such as cardiovascular health, nutrition and sports.

The aim of the campaign is to educate people working at Gas Natural Fenosa, as well as their families, about the importance of prevention and taking care of their health to ensure future quality of life, with the view that the well-being of the company's employees is also the well-being of those around them.

In this regard, the company has provided, via the Intranet, tips for healthy eating, healthy cooking classes, lectures on effective nutrition and tips for the summer, with information disseminated via the Intranet to enjoy a summer with no surprises.

Throughout 2014 specific campaigns on other topics of interest such as doing sport or cardiovascular health will be developed.



Involvement of collaborating companies

Gas Natural Fenosa has implemented strategies for an ongoing integration of risk prevention in its business culture, guaranteeing the best conditions to protect health and safety throughout the value chain.

The culture of prevention in the value chain

Since its inception, the new “Commitment to Health and Safety Plan” of Gas Natural Fenosa has been firmly committed to carrying out a qualitative change in the company's safety culture, under a global vision which is also extended to the value chain. The commitment is to prevent occupational hazards and direct all efforts to eradicating workplace accidents, not only for employees but also for suppliers and business partners.

At Gas Natural Fenosa we understand that a change towards a culture of safety can only be achieved when the same commitment has also been undertaken by companies that collaborate with us. In 2013, 1,455 collaborating companies were registered and a total of 43,202,865 hours of work was done by contractors and subcontractors.

Expansion of the commitment to safety

The commitment to health and safety seeks to ensure that collaborating companies comply with all the guidelines in this area and guarantee that those working for the contracted company have the training necessary to safely perform the work for which they were hired. In 2013, Gas Natural Fenosa implemented several tools to ensure that the commitment to safety also extends to collaborating companies:

Preventive Safety Observations (PSO)

Preventive safety observations detect and identify unsafe acts in order to make them visible by establishing a dialogue between the leader and the employee in order to achieve a greater commitment on the part of the worker to promote safe behaviour.

Checks prior to starting work

A check of safety conditions before starting any work identifies any particular aspects regarding the activity that could condition the preventive measures necessary for it to be carried out.

Documented safety inspections of work

The inspections backed up by documentary evidence allow compliance with the legal responsibility of the supervised parties, by means of the supervision of the execution of contracted activities, identifying and correcting deviations in safety and establishing the necessary actions to prevent their recurrence.

Coordination meetings

These meetings aim to convey the company's commitment to total safety via visible changes in the behaviour of individuals. They are carried out at different organisational levels and in different regions.

Document manager

This document management tool allows the information on health and safety provided by collaborating companies to be standardised.

In addition, backup activities were carried out with contractors in the area of hazard prevention, including the following:

- 9,825 activities relating to the coordination of preventive activities with contractors, most of which were coordination meetings.

- 2,392 meetings with representatives of businesses, contractors and the Prevention Service.
- 455 meetings with health and safety coordinators in construction sites.
- 14,774 work supervision inspections by contract companies.

In terms of training, Gas Natural Fenosa's contracts include the requirement whereby all its suppliers and contractors must certify that their employees were given specific training in occupational hazards prevention and safety for the work with which they were commissioned, as laid down in the contracting conditions.

Accident indicators (contractors and subcontractors)

	2013			2012		
	Total	Men	Women	Total	Men	Women
Accidents requiring medical leave ¹	788	720	68	189	180	9
Days lost ²	7,312	6,681	631	3,402	3,240	162
Mortalities ³	10	10	0	3 ⁷	3	-
Frequency rate ⁴	18.24	19.77	15.11	-	-	-
Severity rate ⁵	0.17	0.18	0.14	-	-	-
Incidence rate ⁶	12.51	12.84	9.81	-	-	-

¹ Accidents requiring medical leave: number of accidents in the workplace leading the employee to take sick leave.

² Days lost: days not worked due to sick leave caused by accidents at work. Calculated from the day following the day the sick leave is received and considering calendar days.

³ Mortalities: number of workers who died due to accidents at work.

⁴ Mortalities: number of accidents with sick leave occurring during the working day for every million hours worked.

⁵ Severity rate: number of days lost as a result of occupational accidents for every 1000 hours worked.

⁶ Incidence rate: number of occupational accidents for every 1,000 employees.

⁷ In 2012, another two workers from collaborator companies died due to a natural disaster. As a result of their cause, they were not considered as occupational accidents.

Accident indicators by country (contractors and subcontractors)

	Accidents requiring sick leave	Days lost	Mortalities	Frequency rate	Severity rate	Incident rate
Argentina	25	630	0	15.79	0.4	32.44
Brazil	30	640	0	5.28	0.11	19.14
Colombia	521	4,000	4	23.63	0.18	61.58
Costa Rica	38	474	0	29.12	0.36	107.04
Dominican Republic	1	20	0	3.54	0.07	4.41
Egypt	1	0	1	wd*	wd*	166.67
France	0	0	0	0	0	0
Italy	1	49	0	5.88	0.29	2.36
Kenya	0	0	0	0	0	0
Madagascar	0	0	0	0	0	0
Mexico	11	49	0	12.71	0.06	5.79
Moldova	22	331	0	11.13	0.17	20.99
Morocco	0	0	0	0	0	0
Panama	40	374	2	25.41	0.24	69.38
Puerto Rico	0	0	0	0	0	0
South Africa	1	0	1	0.69	0	1.58
Spain	97	745	2	16.22	0.12	2.07
Uganda	0	0	0	0	0	0

* Without data.

Safety in installations and processes

The diagnosis carried out in the first phase of the implementation of the "Commitment Plan for Health and Safety" identified that Gas Natural Fenosa's technical guidelines, procedures and practical guides ensure that the "in the field" activities of the company meet, and in some cases surpass, the legal requirements. The company also has systems aimed at ensuring the proper functioning of the facilities and processes. Gas Natural Fenosa has highly experienced professionals who make

sure that the facilities and processes operate without significant deviations even in cases where the system shows opportunities for improvement.

Risk management at industrial facilities

Within Gas Natural Fenosa's preventive activity is that of industrial hazard management, which in addition to affecting business results, is an ethical obligation embraced by the entire company.

In this scope, the main objectives of Gas Natural Fenosa are the detection and minimisation of hazards affecting activities, products and services that may have a significant effect on the company's facilities or its environment, causing economic, environmental and social damages.

It therefore relies on its Hazard Safety Unit, whose mission is to reduce hazard risks for the company. Said unit works according to the following conceptual scheme:



This conceptual model is based on five levers that are coordinated with industrial businesses.

In 2013, Gas Natural Fenosa strengthened each of these levers by continuously improving and using feedback obtained in day to day experiences, in tune with the various industrial concerns of the company.

Risk Map

The design of a risk map is an innovative tool in the industry. Gas Natural Fenosa's industrial risk map is based on an ad hoc risk mapping model and its own methodology.

The goal of the model is to have an overview of the most important risks at the main facilities of the company in order to prevent and minimise impacts, allowing monitoring through periodic assessments of the system and possible areas for improvement.

Today, models are in operation for pipelines, compression stations and electrical substations. The model for liquefied natural gas satellite plants is at an assessment stage, and development is scheduled for power stations.

Security audit

Security audits are carried out on the various technical processes of the group to ensure that compliance with current rules and regulations of the country and technical procedures established by the group and the internal regulations of the business unit are verified. They also verify the monitoring and checks of operational risks relating to technology, accidents and damage and aggression to the environment, as well as relevant management parameters.

The main goal is that these audits and diagnoses add value to the lines of business and assist them in the continuous improvement of the processes. They are carried out by a team of internal auditors specialised in the technical gas, electricity and generation of electricity processes.

Actions related to technology and research of incidents and accidents

As a preventive strategy, Gas Natural Fenosa includes the investigation of accidents and incidents and the identification of their root causes as the basis for the creation of improvement measures to increase the safety of facilities and processes and prevent their recurrence. The following actions are of particular note:

- Definition of alarms and indicators regarding the status of continuous currents and protection for substations (Córdoba river accident, Colombia).
- Development of instructions for actions coexisting with domestic LPG and natural gas receptor facilities (Miguelturra accident, Spain).
- Development of procedures to ensure the proper execution of work regarding tap changers for high voltage networks (accident in Miranda de Ebro, Spain).
- Review LNG discharge procedure at the LNG plants (Las Cruces plant, Spain).
- Improvements in the shrouding of networks and intensification of safe energy use programmes following surges in distribution lines caused by third party tampering (La Sierrita, Colombia).



- Actions related to NCV, establishing fire protection criteria according to company standards and extending the project, during 2013, to all the company's combined cycle power stations.
- Collaboration between the Universidad Libre Seccional of Barranquilla and Electricadora del Caribe, S.A. ESP to develop the "Project Study of levels of polychlorinated biphenyls in the blood and total commitment to those exposed and not exposed".

Training activities

Gas Natural Fenosa designs training tailored to each industrial concern yet without losing sight of our vision as a leading and integrated energy company. The dissemination of the lessons learned have enriched the training given to employees. Thus, in 2013, specific training was developed related to industrial safety and its concept with the idea of continuing this over time, not only within the company itself but also for businesses with LNG plants. In 2014, the company will introduce new training for the areas of gas and electricity.

Dissemination and support activities

Gas Natural Fenosa is actively involved with important industry associations and such as:

- Dissemination of information regarding activity risk and facilities in collaboration with the Galician Occupational Health and Safety Institute (ISSGA).
- Participation and collaboration with the Spanish Association for the Electrical Industry (UNESA) in the "electric work" group.
- Participation, as a member of the Spanish gas association (Sedigas), and collaboration with the Catalanian Centre for Occupational Health and Safety.
- Gas Sector Standardisation Technical Committee.
- Taking part in the Governing Board of the National Consumer Goods and Industrial Safety Association (Bequinor).
- Active collaboration in the working parties of the Technology Platform on Industrial Safety (PESI), especially in activities relating to the safety of installations and products.

In addition, the company is working on the following lines:

- Adaptation of the serious accident prevention system regarding those where hazardous substances are used as set out in Royal Decree 1254/1999 in accordance with the requirements of the Seveso Directives.
- A follow-up of the implementation of a new legislation database on industrial safety.

As a result of contact with Gas Natural Fenosa's distribution assets and in accordance with the records of the company's various groups, there were unfortunately 203 accidents involving the general public, causing 219 injuries and 66 deaths. At the end of the year, eleven legal actions were brought against Gas Natural Fenosa for some of these causes. With regard to serious accidents during 2013, there were no serious safety incidents at the company's facilities thanks to the high level of involvement of all personnel in this matter.

Our commitment to safety also extends to our customers

At Gas Natural Fenosa we carry out accident prevention campaigns for the company's customers via the dissemination of advice and notifications using global communications channels (television, radio, newspapers, etc.).

In addition, the company uses the electricity bills themselves as a channel for direct communication with the client, and awareness campaigns and information on the proper actions to take in situations of risk are introduced.

These campaigns are carried out every year so that users use the energy distributed by company with trust, yet are still aware of the situations of risk that should be avoided.

Number of accidents among the general public due to Gas Natural Fenosa's activities

	Accidents	Injuries	Deaths	Legal actions
Gas business	56	112	7	7
Electricity business	147	107	59	4
Total	203	219	66	11



Commitment to society

Principles of responsible action with society

Social commitment is one of the aspects laid down in the Gas Natural Fenosa Corporate Responsibility Policy and is based on the following principles:

- Positive integration in the society of the countries where we carry out our activities, respecting the culture, rules and setting.
- Generating value by our own activities and by collaborating with NGOs, local communities and other social players in all of the countries in which we operate.
- Promoting education, training, cultural wealth and the inclusion of the more underprivileged collectives through social investment.

Creation of wealth and well-being where the company operates

Gas Natural Fenosa ensures that its commitment to society are carried out via four priority lines of action that are aligned with its key activities.

- Access to energy, aimed at providing and facilitating access to this basic service by those populations with limited resources, in areas where the company performs its activity.
- Relationship with communities, to ensure fluid dialogue and to be aware of the social impact the company's business has.
- Social action, developed through the Latin America Integrated Operational Centre (COIL) through the strong presence the company has in this area. Three model social action programmes were defined. They seek to be aligned with the company's business as well as catering to the different stakeholders with which the company has relations.
- Sponsorship, patronage and donations, through which the company supports projects and initiatives that generate value for society and, in turn, strengthen the company's social commitment. These values are based on support for culture, social causes and the environment. The adoption of these values is channelled through the different sponsorship and activity initiatives, both of the Gas Natural Fenosa Foundation and the Gas Natural Fenosa Contemporary Art Museum.

Gas Natural Fenosa also fulfils its commitment to society by actively collaborating with prestigious sector and business institutions on both a national and international scale, to which it provides its experience, know-how and resources. Among others, it is part of the governing bodies of the business federations for the gas and electricity sectors, Unesa and Sedigas respectively, the International Chamber of Commerce and the Spanish Energy Club.

In the field of corporate responsibility, Gas Natural Fenosa is a member of Forética and of the Spanish Association for the UN Global Compact. The company also takes part in the Foundation for Renewable Energy & Environment and in the Corporate Excellence-Centre for Reputation Leadership.



Lines of action



Value actions

Proposed actions 2013

Dissemination and training on the General Sponsorship and Patronage Act contribute to improving transparency and internal control and minimising hazards.

Increase initiatives linked to the cultural sector and increase social media presence to promote free access to the cinema.

Extend the number of support impact and return reports to the cultural sector.

Actions planned 2014

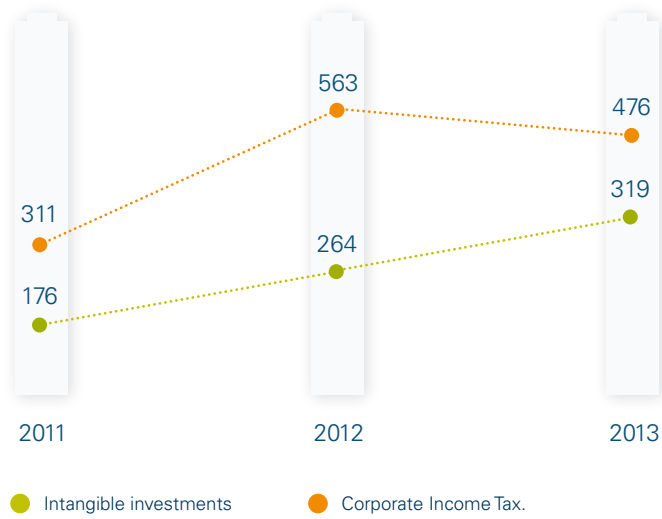
- Launch an initiative for the general public linked to the diffusion of energy efficiency and responsible use of energy through powerful communication platforms.

- Develop of activities on social networks on the company's culture in order to encourage the participation of users and to facilitate free access to the sector's various initiatives.

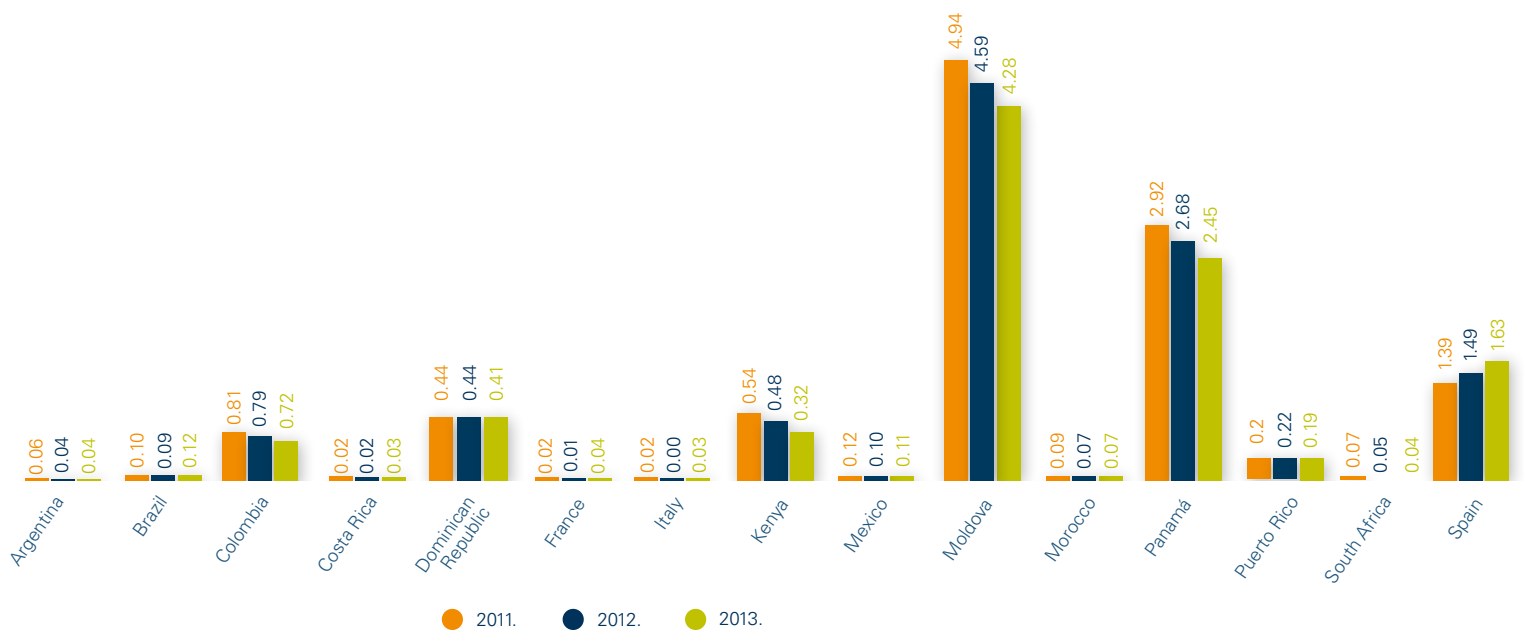
- Extend the assessment of social impact on new investment projects.

Level of fulfilment: ● High. ● Medium. ● low.

Contribution to society (millions of euros)



Contribution to GDP by country (%)



Fiscal contribution

Gas Natural Fenosa is committed towards acting with fiscal responsibility in managing its businesses. Thus, since 2010 Gas Natural Fenosa has subscribed to the "Code of Good Fiscal Practices" drawn up by the Large Companies Forum together with the Spanish tax authorities. The aim of this initiative, which is promoted by the Spanish Government, is to promote transparency, good faith and cooperation with the National Tax Authority in corporate fiscal practice and in the legal security in the application and interpretation of tax laws. Indeed, the company has expressly undertaken to avoid any opaque structures with tax purposes and to regularly inform the Board of Directors about fiscal policies applied. In order to assure that the tax practices of Gas Natural Fenosa are based on these principles, the group uses a General Good Tax Practices Procedure.



The total fiscal contribution of Gas Natural Fenosa amounted to 3,550 million euros in the 2013 year.

Pursuant to the Spanish laws determining countries which are considered to be tax havens (Royal Decree 1080/1991 of 5 July and Royal Decree 116/2003 of 31 January), Gas Natural Fenosa only has 3 shareholdings in companies incorporated in such territories, specifically the shareholdings of 95% in Buenergía

Gas & Power, of 47.5% in EcoEléctrica Holding and of 47.5% in Ecoeléctrica Limited, all registered in the Cayman Isles. They are companies which existed prior to the investment made by Gas Natural Fenosa, and which directly or indirectly own a single industrial shareholding which carries out the electrical generation activity by gas combined cycle plant in Puerto Rico (Ecoeléctrica, L.P.), which pay tax on their income in this country and which do not offer any kind of tax advantage for Gas Natural Fenosa.

Total tax paid by Gas Natural Fenosa (millions of euros)

	2013	2012	2011
Spain	2,746	1,904	1,746
First-party taxes ¹	896	418	419
Third-party taxes ²	1,850	1,486	1,327
Latin America	556	583	612
First-party taxes ¹	296	304	319
Third-party taxes ²	260	279	293
Others	248	201	89
First-party taxes ¹	93	100	73
Third-party taxes ²	155	101	16
Total	3,550	2,688	2,447

¹ Basically includes payments for corporate income tax, environmental taxes, local taxes and social security paid by the company.

² Basically includes Value Added Tax, Special taxes, employee withholdings and social security paid by the employee.

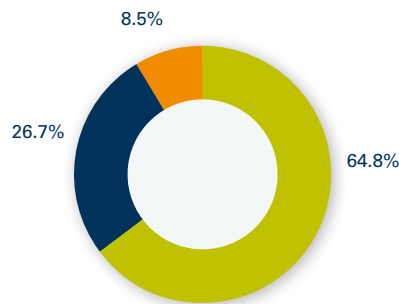
Economic contributions

Economic contributions to social investment programmes are another important part of the company's commitment. In 2013, they totalled 14.1 million euros.

The programmes to which these resources are allocated form part of the business development strategy and the aim is to generate a higher corporate commitment to society.

In order to measure the results, Gas Natural Fenosa has tools for assessing the reputation of the social programmes it carries out. In this regard, as in previous years, in 2013 it continued to use the London Benchmarking Group methodology (LBG), which offers an overall view of social investment and enables a comparison of the results obtained with those of other companies.

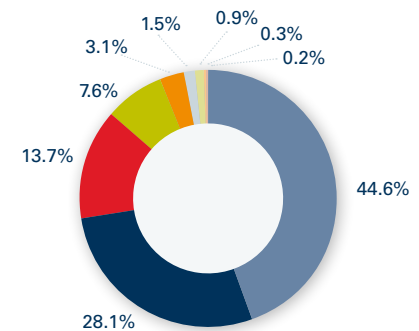
Motivation for initiatives*



- Social investment.
- Specific contribution.
- Business-related initiatives.

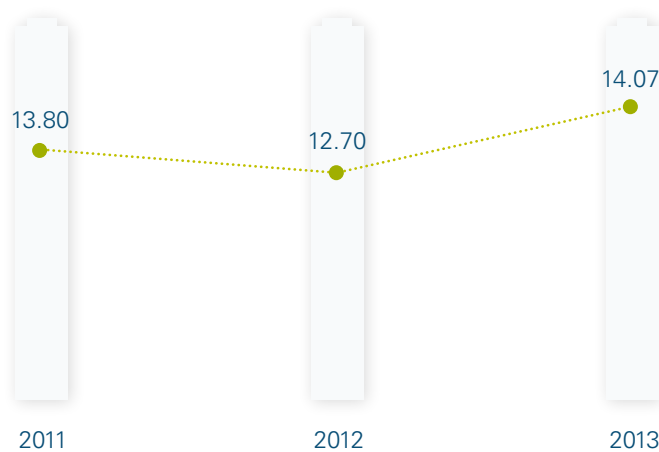
*London Benchmarking Group methodology (LBG).

Area of action*



- Economic development.
- Art and culture.
- Social welfare.
- Environment.
- Health.
- Education and youth.
- Sports.
- Research.
- Humanitarian assistance.

Evolution of contributions (millions of euros)



Gas Natural Fenosa's total tax contribution amounted to 3.55 billion euros in 2013

Access to energy

Gas Natural Fenosa performs its activity in areas where the energy supply does not reach the entire population. Being able to help people that live in these areas is a priority for the company, and this is why it actively works in developing its distribution networks to offer these populations a service under safe conditions.

Gas Natural Fenosa has a wealth of experience in this area. Accordingly, the projects carried out through its commercialisation company Energía Social in Colombia or the project carried out at Cuartel V in Buenos Aires made it possible to provide access to clean and reliable energies to tens of thousands of people. In the medium- and long-term, the development of these programmes allows, on the one hand, increasing

the number of customers and supply points, and on the other, acquiring more experience to expand its business to other areas in the same situation.



More information on energy access programmes can be found in the section titled "Access to energy," in the "Sustainable Opportunities" chapter of this report.

affected communities and the contribution to improving their living conditions are key aspects in achieving this commitment.

Gas Natural Fenosa has a method based on the Measuring Impact methodology of the World Business Council for Sustainable Development (WBCSD) and the aim is to define initiatives and programmes for the effective management of social impacts associated with the company's business.

Relationship with communities

Within the framework of its Human Rights Policy, Gas Natural Fenosa established a solid commitment to local communities. The assessment of the social impact that the company's activities may have on the

Bujagali hydroelectric plant (Uganda)

In 2013, the following programmes resulting from the social impact assessment carried out in 2012 at the hydro-generation plant operated by a subsidiary of Gas Natural Fenosa were implemented: Operación y Mantenimiento Energy.

Programmes resulting from the project at the Bujagali hydroelectric power station (Uganda)

Local procurement programme

Its goal is to encourage people to buy from local suppliers as well as taking into account sustainability criteria regarding their selection and assessment.

Suppliers development programme

Gas Natural Fenosa provides training and advice for local suppliers to adapt the quality of products and services that they provide to the company needs. In 2013, a significant effort was made to improve the performance of the companies responsible for the transportation of people and goods, in order to reduce road accidents.

Healthcare and life insurance programme

This programme aims to improve the resources available to meet the health needs of the employees of the plant and the community and at the same time reduce the number of days lost due to health problems, thus increasing productivity. The programme focuses mainly on providing HIV testing as well as counselling and education to prevent its spread. These projects will also extend to the community.

Tackling energy poverty

A programme to deal with one of the community's main needs. Given that it is not possible to directly provide the electricity produced in the area to its inhabitants, agreements have been signed with specific organisations in order to provide renewable energy generation sources such as solar lamps.

Project for building the Bií Hioxo wind farm (Mexico)

The Bií Hioxo wind farm is a 234 MW project currently under construction in Juchitán de Zaragoza (Oaxaca, Mexico). With an investment of over 400 million dollars, it is estimated that during the construction phase it will generate around 600 jobs. Once it is operational, calculations predict that over 400,000 tonnes of CO₂ per year will have been prevented from being emitted into the atmosphere.

In relation to this project it should be stressed that although certain groups have made several allegations of violations of human rights of the communities affected by the project, Gas Natural Fenosa maintains that these are unfounded, lack objective justification, and are inconsistent with the commitments embraced by the company in its Human Rights Policy.

Gas Natural Fenosa, given its strong commitment to respecting human rights and, specifically, traditional ways of life, has consistently worked with the affected community and in addition to the project itself, which itself generates wealth, has set up actions that contribute to improving the living conditions of the inhabitants of the area.

Once the needs of the community affected by the project have been identified, the company develops a number of programmes aimed at the various interest groups, based on different lines of action.

Programmes resulting from the Bií Hioxo (Mexico) wind farm construction project

Support for education and culture

It includes initiatives to equip ten local schools with IT rooms, cover the costs of renovating the schools or sponsoring a photography exposition that highlights that benefits of wind energy.

Contribution to improving infrastructures in the community

Funding to rehabilitate a well to allow 3,000 to enjoy access to drinking water .

Reforestation of areas of the community

Planting 5,000 fruit trees in collaboration with the Juchiteco Ecological Forum.

Direct support for the community affected by the project

Contribution to the development of the fishing activity in the area, with the cooperation of the land owners.

Nairobi thermal power plant (Kenya)

Since 1997, Gas Natural Fenosa has taken part in the electricity generation market in Kenya via the Nairobi South fuel plant, which has an installed capacity of 109 MW.

In addition to managing the plant, the company has developed a programme of actions with the community in the low-income slum neighbourhoods which surround the plant.

Yearly surveys are conducted to find out what the local residents think of the initiatives. The results show that Gas Natural Fenosa is highly regarded and these programmes have contributed to improving the opinion local residents have of the company as well as consolidating friendships and collaborative relationships.



Programmes resulting from the thermal power plant in Nairobi (Kenya)

Educational initiatives

The company provides university scholarships to low-income students and donates books for subjects for advanced studies.

The possibility of yearly internships at the plant is offered to an average of 30 students.

Health

Campaigns aimed at improving the health of employees and their families are carried out. Of particular note was the appreciation for the de-worming campaign for children and the free lectures for workers and their families to raise awareness of issues such as AIDS prevention, diabetes, hypertension and cancer.

Environmental protection

Involvement in conservation, cleanliness and awareness programmes. This was done by planting trees, cleaning up the slums around the plant and creating awareness for environmental protection and waste separation.

Promotion of local art and culture

Collaboration through an annual donation to the Kenya National Youth Orchestra, made up of young musicians from the country.

Construction project for the Torito hydroelectric power plant (Costa Rica)

In Costa Rica, Gas Natural Fenosa has developed a 50 MW hydraulic generation plant which, when in operation is expected to supply over 55,000 families.

In 2013, Gas Natural Fenosa signed a cooperation agreement with neighbouring communities for the "Torito Project." As a result of this agreement and after multiple meetings with the residents of the area affected by the project, several programmes which aim to address their needs and concerns have been set up.

- Improvement programmes regarding infrastructure and technology: this involves an investment over 350,000 dollars and includes initiatives such as the construction of an aqueduct in Yama which will allow access to drinking water; the construction of sewers and the repair of roads.

- The programmes' projects to improve facilities in schools and community halls should be highlighted. Furthermore, a contribution will be made to improve the equipment of the healthcare centre in Pavones in order to meet the health needs of the population.

- Cultural and social programmes: we have participated closely with the community and government bodies in Costa Rica regarding cultural and artistic activities, as well as with those benefiting the environment, such as: the Arts Festival, the Science Fair, the Environmental Fair and reforestation projects, among others.

Community investment programmes

For Gas Natural Fenosa is essential that its community investment programmes focus on the geographical areas where

it has a presence and that they be developed in tandem with the corporate activity. To meet this target, the Latin America Integrated Operational Centre (COIL) for Management of Community Investment Programmes was created

which, under the motto "Energy to Grow", implements three kinds of projects:

COIL projects

Value for Suppliers Programme

This programme aims to provide training and free expert advice to companies that make up the value chain of the company. The programme is implemented via high-level seminars following which participants have the opportunity to enjoy personalised consultations with the speakers. Taking part in 2013 were suppliers and partners in business and technical training as well as installers who were offered technical training.

Responsible Use Programme

The programme aims to educate children and adults on the topic of safe and efficient use of natural gas and electricity as well as the prevention of accidents through the improper use of these resources. It is implemented through lectures and workshops in schools, parks, fairs and shopping centres among other places.

Programmes for the families of employees

- This consists of a set of three programmes for children of company employees in the region of Latin America.
- The "Training for Leadership Programme" offers the possibility of taking a training course in leadership given by the Corporate University of Gas Natural Fenosa to the children of employees who are finishing their university education.
 - The "Projecting Your Future Programme" provides a financial grant to those who are starting their university education.
 - The "Natural Vocation and Summer Internship Programme" provides participants with a vocational direction or the possibility of doing work experience in the company during the summer months.

Social innovation programmes

	Total since the beginning	2013
Responsible use (children trained)	579,350	297,743
Responsible use (adults trained)	501,351	260,931
Value for suppliers (companies trained and assessed)	4,820	3,068
Staff Families ¹	53	34

¹ Includes the "Training for Leadership Programme," "Projecting Your Future," and "Natural Vocation" and "Summer Internship" programmes.

"Responsible use of electricity" workshop

In 2013 Gas Natural Fenosa developed training sessions for customers of its Colombian subsidiary Electricaribe. These workshops, which provided interaction with clients and training for them, promoted the safe and efficient use of electricity based on their needs for it.

Among the contents offered is an explanation of the energy route (generation, transportation, distribution and sale of energy), measures for environmental

conservation, efficient and safe use of electricity, saving tips and understanding of the bill.

This work is developed by a team of professionals with experience in customer relations. In 2013, a total of 48,956 people across the Caribbean region participated in these workshops with a significant presence of clients from specific areas and projects of the "Electricity Standardisation Programme" (PRONE).

Sponsorship, patronage and donations

Sponsorship and donations constitute occasional economic support for specific projects for social development through the promotion of culture, art, science and other disciplines. As general compensation, Gas Natural Fenosa improves its image and attraction for the general public.

In 2013, Gas Natural Fenosa drafted its first General Regulations on Sponsorship and Donations, designed in 2012 to establish the general management principles for sponsorships and donations by the company and to define the processes that regulate and control its development. Similarly, activities related to sponsorship and donations are subject to a process of 100% transparency. The regulations also provide priorities, which can be summarised in social action, culture and energy and the environment.

Energy guides and environmental school projects

This programme, developed in Colombia by Gas Natural Fenosa, aims to educate pre-school, primary and secondary school students, as well as specific customers about the safe and efficient use of energy.

As a result of this process, and with regard to the Caribbean region, the company has achieved that a yearly average of 300 students, called energy guides, are multipliers of the corporate messages about the responsible use of electricity. In 2013, this reached a total of 230,444 people.

A highlight within the framework of this programme is the design of the "Environmental School Projects" (PRAES), which aim to formulate projects to collaborate with environmental conservation and the responsible use of electricity. This process involves teachers, representatives of ministries for education, students and parents. In 2013, 20 environmental projects were carried out. These resulted from institutional educational agreements signed with the department of education of each municipality and various educational institutions.



Educational initiatives

The educational initiatives for young persons represent one of the main activities of Gas Natural Fenosa as part of its commitment to society, particularly with regard to the good use of energy and to sustainable development.

In 2013, we can highlight the conferences given as part of the programme titled "Energy, the Environment and You", which were attended by a total of 26,941 Spanish students.

By the same token, the company implemented a wide range of collaboration, participation and sponsorship initiatives with different educational entities in Spain, Italy, Moldova and some Latin American countries.

Social action focused on underprivileged groups

Gas Natural Fenosa drives and supports projects that help reduce social inequality and integrate the most vulnerable social collectives. It therefore collaborates financially with foundations and associations whose corporate purpose is to help reduce or mitigate these problems in some of the countries where it performs its activity.

Promotion of health and research

The company also has a line of action in its sponsorship and donations programme designed to support health and research. It may help improve the quality of life of many people.

Among the various programmes in which Gas Natural Fenosa takes part, research to improve the quality of life of patients and their families, research into cardiovascular diseases - which are the leading cause of death worldwide -, child nutrition programmes in Mexico, and collaboration with the Association for the Fight Against Diseases of the Blood in Children (ALCESI) in Argentina should be highlighted.

Promotion of music, theatre and films

Gas Natural Fenosa also maintained its commitment to collaborate with the world of film, music and theatre, by providing support to festivals, musical events and concerts.

By supporting the world of film, it collaborates with one of the industries most affected by the crisis, particularly in the case of festivals, which in recent years have suffered important cutbacks in the public aid they used to receive.

Gas Natural Fenosa is recognised for its continued support to cinema and audiovisual culture

In 2013, Gas Natural Fenosa received the Lumière Cinema Medal from the Lumière Foundation for its staunch support for the world of cinema and its contribution to audiovisual culture.

The company is committed to working in collaboration with society and in particular with the world of film via its support for major festivals and cinemas in the country. Its commitment to film aims to contribute to the sustainability and dissemination of an important sector of the country's culture.

Gas Natural Fenosa sponsored the Sitges International Fantastic Film Festival of Catalonia, the San Sebastian International Film Festival, the Málaga Film Festival, the Cartagena International Film Festival and Madrid Première Week. Furthermore, 43 screens within the Cinesa cinema network in Spain are called "Gas Natural Fenosa Screen."

In addition, throughout the year, the company sponsored numerous film-related events. For example, for the first time last summer, it sponsored the Gas Natural Fenosa Itinerant Film Cycle, which has brought the best of Spanish cinema to over 9,000 people in different cities. Other initiatives of note which enjoyed sponsorship by the company were the the Málaga Open Film festival, the Estiu Film Archive of the Valencian Cinematography and Audiovisual Institute in Valencia, and the Gandules13 Gas Natural Fenosa Cycle at the Centre for Contemporary Culture in Barcelona (CCCB).

Also, Gas Natural Fenosa's Facebook page "At the cinema as at Home" has been awarded the 2013 TNS Fanpage Award. This page, which currently has about 18,000 followers, seeks to bring the best films from festivals and national cinemas to the public, and includes competitions and promotions related to the world of cinema.

Fostering cultural enrichment

An important part of the company's cultural investment is carried out through the Gas Natural Fenosa Contemporary Art Museum (MAC), an exhibition area in A Coruña, which has been open for 18 years. The museum offers exhibitions, staged, informative and leisure events, as well as taking part in activities to favour social integration of people with any form of disability.

Moreover, the company supports other institutions such as the National Art Museum of Catalonia (MNAC), the Contemporary Art Museum of Barcelona (MACBA), the Valladolid Science Museum and the Royal Association of Friends of the Reina Sofia National Museum.

Corporate volunteers and employee participation

Gas Natural Fenosa also encourages its employees to participate in community investment programmes of the company.

Among these actions the "Solidarity Day" initiative, created and managed by the employees themselves since 1997, should be highlighted. It involves participants voluntarily donating a one-day fraction of their annual salary to projects targeted at promoting education and teaching children and young persons in those countries in which Gas Natural Fenosa operates.

For the Solidarity Day event, the company donates an amount equal to the amount donated by employees and assumes all management costs, so that the total amount raised can be used for the annual selected project. Close to 2,000 employees around the world took part in the initiative.

Since it was created, through its scholarship programmes the Solidarity Day has funded the education of more than 3,000 children and young persons at primary & secondary level as well as technical and university studies in Argentina, Bolivia, Brazil, Colombia, the Philippines, Guatemala, Kenya, Mexico, Moldova, Mozambique, Nicaragua, Panama and the Dominican Republic.

In 2013, as a new idea and for the first time since its formation, the association agreed to the implementation of special projects of a social and educational nature in Spain, given the difficult economic situation the country is experiencing. All the projects aim to meet the basic needs of the most affected groups, such as those at risk of social exclusion, the unemployed and families with serious economic problems. Solidarity Day thus collaborated with Cáritas to fund three soup kitchens located in Guadalajara, A Coruña and Pontevedra. From when the project was set up in March 2013 and until the end of the year, 30,218 full meals were served.



In addition, and together with the AREP Association, the "Project - Get the message!" was developed with the aim of increasing the level of employability of people with difficulties arising from mental health problems, by training them as messengers. Over the course of the year, of the twelve students participating in the project, four were hired and have started working. Lastly, together with the Femarec association, the company is working to create a training course on waste management and environmental awareness, aimed at people with disabilities.

Funds raised in 2013 from Solidarity Day amounted to more than 460,000 euros and will be used to carry out social and educational projects in Moldova and Portugal.

The initiative was a finalist in the seventeenth edition of the Codespa Awards for the category of best corporate volunteer work.

Gas Natural Fenosa Foundation

The aim of the Gas Natural Fenosa Foundation is to promote essential cultural values in the technological, anthropological and sociological aspects. To do this, it carries out national and international activities, in different countries of Latin America and the Maghreb, in order to adapt its activity to the local reality.

Besides, it performs training actions for gas sector professionals, through the Energy Training Centre, and promotes cultural-type activities targeted at preserving and showing the historic and cultural heritage of the gas sector.

The foundation carries out its activities in four main areas: energy and the environment, international activity, training and heritage. Its strategy is based on the following points:

- Improving knowledge and awareness of the environment among the population in general and, specifically, at the professional level, through dissemination and awareness initiatives on issues concerning energy and the environment. Over the course of 2013, 19 activities were carried out in Spain with over 3,000 participants. More than seven million gas and electricity customers received, together with their gas and/or electricity bill, information regarding energy savings and energy certification.

- Protecting and disseminating the historic heritage of Gas Natural Fenosa and of the gas and electricity sectors, through the preservation and dissemination of the company's important historical archives and those of different companies that have been involved in it, as well as the development of research work and publications.
- Training gas and electricity sector professionals, mainly regarding aspects of procedures and processes and in improving customer relations. Seven training programmes with 187 courses were given, amounting to a total of 35,560 training hours for 2,807 people.
- On-going development of international programmes, focused on the dynamics of each geographical zone.

The Gas Natural Fenosa Foundation was recognised as the most transparent Spanish foundation in the annual ranking drawn up by the Compromiso y Transparencia Foundation

This year, at a national level, the foundation inaugurated the first festival for low cost films and emerging directors, called Low Cinema. The foundation thus joins the support given by Gas Natural Fenosa to the world of film.



For more information about the Gas Natural Foundation, please visit the foundation's website, www.fundaciongasnaturalfenosa.com

The museum as a tool for the foundation to forge links with society

In 2012, the Gas Natural Fenosa Foundation inaugurated the Gas Museum which highlights the importance that gas has had in the development and modernisation

of society as well as where the future of energy lies. Over the course of 2013, the Gas Museum received around 42,000 visitors from individuals, teachers and schoolchildren.

Activities of the Gas Natural Foundation. Spain

	2013	2012	2011
No. of active agreements with autonomous regions	20	20	18
No. of seminars/courses held	17	18	18
Budget allocation (out of total) (%)	32	29	12
No. of publications	1	3	3
Environmental education fact sheets	1	1	1
Information sheets	9	9	9

Activities of the Gas Natural Foundation. International scope

	2013	2012	2011
No. of activities	14	13	13
% of the total budget	14	17	14
No. of countries in which it operates	8	7	8



Integrity

Principles of responsible action at the company

Integrity is one of the commitments laid down in the Gas Natural Fenosa Corporate Responsibility Policy, and is based on the following principles:

- Rejecting corruption, fraud and bribery in its business dealings and establish measures to prevent and combat them, developing internal channels allowing communication of irregularities while respecting and preserving anonymity.
- Respecting the principles of the UN Global Compact, as well as the principles of the OECD for corporate governance.
- Respecting all aspects of the UN Universal Declaration of Human Rights and the Declaration of the ILO regarding basic rights in the workplace, drawing special attention to its recognition of the rights of ethnic minorities, refusal to accept child exploitation, forced labour or any other practices that might contravene workers' rights.

Integrity is key to the company's success

From its beginnings, the growth attained by Gas Natural Fenosa has been based on social commitment, integrity and the ethical behaviour of the company which have formed part of the corporate culture and its vocation to service for customers and the society in which it belongs. Indeed, ethics and honesty are the fundamental pillars of the declaration of the company's mission, vision and values, its strategic plans and the Corporate Social Responsibility Policy. They are also commitments assumed by the highest body of government.

Gas Natural Fenosa believes that operating on the basis of integrity directly contributes to achieving business targets and sustainable business management. Proceeding in an ethical way, as recognised by many reference institutions in these areas, such as the World Economic Forum or Transparency International, reduces operating costs, avoids the risk of violating legislation, promotes the retention of talent and favours the correct operation of the market and the distribution of business profits.

These principles are even more important in the present context. The economic crisis has affected the trust of many players in the correct operation of the markets and the capacity of enterprise to achieve the sustainable growth of society as a whole. Faced with this situation, the company's priorities are twofold:

- Strengthening the confidence of its key stakeholders, mainly institutions, shareholders, investors and customers, in the markets on which it operates and based on its ethical principles.
- Extending the way it works to new international environments that offer the company opportunities for growth. The maintenance of integral conduct to help local institutions grow stronger and guarantee the development of a competitive local business fabric is a basic focus that enables the company to take advantage of the great opportunities that can be found.



Gas Natural Fenosa faces challenges regarding integrity through a management approach based on various policies and procedures and specific tools. These elements seek to ensure that the company's activities and those of its employees comply with applicable standards and laws in every country in which it operates. They also seek to ensure that all the units and organisations behave impeccably in accordance with ethical values and formal commitments to conduct, and to preventing and detecting any breach in the appropriate time and manner.

Gas Natural Fenosa put in place various Corporate Integrity Programmes (CIP) to guarantee the above targets:

- Code of Ethics Management Model.
- Crime Prevention Model.
- Anti-fraud and anti-corruption policies.
- Human Rights Policy.

These programmes give rise to indicators that can be used for the management, control and supervision of the company's ethical conduct, which makes it possible to measure the effectiveness of the programmes that are in place and develop new improvement plans adapted to the specific needs of the business.

Value actions

Proposed actions 2013

Recurring process for compliance with the Code of Ethics through the automatic workflow.

Implementation of a space on the website for access to the Code of Ethics by suppliers.

Formalisation of the Anti-fraud and Anti-corruption Policy to standardise all developments.

Actions planned 2014

● Recurring process for compliance with the Code of Ethics through the automatic workflow.

● Approval of the Anti-corruption Policy and updating of the group's guidelines regarding issues of fraud and corruption.

● Adaptation of the Human Rights Policy to the UN Guiding Principles.

Code of Ethics Management Model.

The Code of Ethics, drawn up and approved by the Board of Directors, is Gas Natural Fenosa's basic instrument for integral, responsible and transparent action.

It lays down the principles for the company's employees in matters relating to corruption and bribery, respect for people, professional development, equal opportunities, relation with collaborating companies, occupational health and safety, and caring for the environment, among others.

Since 2005, when it was adopted, the code has been renewed regularly to adapt it to the new situations that affect the company.

Gas Natural Fenosa also has a Code of Ethics Management Model managed by the Internal Audit Department. Its targets are to ensure the knowledge, application and fulfilment of the code. This Management Model includes the following:

- The Code of Ethics itself.
- The Code of Ethics Committee, chaired by the Director of Internal Audit to ensure its objectiveness and independence, is responsible for ensuring the dissemination and fulfilment of the code through the supervision and control of the security systems. It has local committees in the countries in which the company carries out its major activities.
- Safeguard systems are the company's mechanisms for ensuring the dissemination and fulfilment of the Code of Ethics. They are as follows:
 - Reporting channel, through which all the employees and suppliers can send queries or notify breaches of the code, in good faith, in a confidential manner and without fear of reprisal.
 - Annual declaration procedure, through which all the employees repeatedly declare that they have read, understood and comply with the code.
 - Online course with training on the issues included in the code, mandatory for all employees.

The Code of Ethics Management Model also provides that the Audit and Control Committee of the Board of Directors and the Management Committee must receive regular reports from the Code of Ethics Committee on the most relevant issues related to this area. It is, among other things, the body responsible for receiving notifications related to fraud, audits, decisions on accounting processes and internal control. In 2013, 25% of the complaints received, related to issues of bribery and corruption, respect for the law, human rights and ethical values were related to alleged fraud, none of which had any significant impact.

Mention should also be made of the fact that the committee did not receive any notification of incidents taking place in the Gas Natural Fenosa related to labour or child exploitation or in relation to the rights of the corresponding local communities and human rights. 36% of the notifications were related to the principle of respect for people, and they were all solved appropriately. No notification was related to discrimination.

Communications for the Code of Ethics

	2013	2012	2011
Queries	30	10	9
Notifications	49	37	31
Total	79	47	40
Correspondence received per 200 employees	0.97	0.53	0.45



Gas Natural Fenosa expects all its employees to adhere to a high level of commitment in compliance with its Code of Ethics. Failure to do so is analysed according to internal procedures, legal guidelines and existing agreements. During 2013, Gas Natural Fenosa handled various situations for alleged disciplinary complaints to the Code Commission, or typical of situations regulated by the Code of Ethics. In total, 38 misdemeanors, 57 serious offences and 37 very serious offences, of which 28 resulted in dismissals were handled.

Regarding the former point, it should be noted that of the total number of complaints received in 2013 by the Code of Ethics Committee, 6.1% resulted in dismissals and 12.2% in warnings to employees.

The Code of Ethics Committee also has a multi-year work plan with the ultimate goal of extending the code to the highest possible number of activities and people at the company. It includes actions in the short -and medium- term to improve integrity management at Gas Natural Fenosa.

In 2013, the annual work plan of the Code of Ethics Committee included, among others, the following actions:

- Starting a process of reviewing and updating the code and the rules of the Code of Ethics Committee.
- Review of the security of the processes related to query and notification procedures.
- Coordination and follow-up of the process for the declaration of compliance with Gas Natural Fenosa's Code of Ethics by every employee on an international scale.

- Definition of the “Declaration of Fulfilment” workflow.
- Training and information activities aimed at company employees.
- External informative actions.
- Activities for extending the code to suppliers in Spain and abroad.
- Monitoring of the implementation of the code in relations with suppliers.

The actions planned by the Code of Ethics Committee in 2014 include the following:

- Coordination of the process for the declaration of compliance with Gas Natural Fenosa's Code of Ethics by every employee through the automatic workflow.
- Collaboration on the definition of an anti-fraud and anti-corruption programme, which will include the company's gifts policy.
- Continuity of the actions drawn from the requirements suggested in the reform of the Penal Code.
- Actions for improving suppliers' access to contents related to the Code of Ethics and the query and notification procedure (amendment of clauses in contracts, promotion of ethical practices

in accordance with the Code of Ethics, access to the channel for consultation and notification).

- Updating of the code and the regulations of its commission.

In 2013, the committee held seven working meetings, and the local committees held 19.

The company set up local committees in Argentina, Brazil, Colombia, Italy, Mexico, Moldova, and Panama. With a structure similar to that of the Code of Ethics Committee, the mission is to reproduce the functions the committee carries out in Spain in each country to cover the company's entire area of action. Accordingly, the company guarantees the existence of safeguard procedures in the different countries in which it operates.

Code of Ethics chapter to which notifications refers (%)

	Queries	Notifications	Total
Respect for the law, human rights and ethical values	7	19	15
Respect for other persons	-	36	24
Professional development and equal opportunities	-	16	11
Cooperation and dedication	-	-	-
Health and safety at work	-	-	-
Corruption and bribery	-	20	14
Use and protection of assets	3	-	1
Corporate image and reputation	-	3	2
Loyalty to the company and conflicts of interest	87	3	30
Processing of information and knowledge	3	3	3
Customer relations	-	-	-
Relations with external collaborating companies and suppliers	-	-	-
Respect for the environment	-	-	-
Total	100	100	100

Management of complaints received

	Type of impact	2013
Total number of complaints regarding negative impacts presented via formal means	Environment	0
	Labour Practices	33
	Society	16
	Human Rights	0
No. of complaints received where an investigation was begun	Environment	0
	Labour Practices	33
	Society	16
	Human Rights	0
No. of complaints received that have been resolved	Environment	0
	Labour Practices	29
	Society	15
	Human Rights	0

Average time for resolving correspondence (days)

	2013	2012	2011
Queries	18	15	16
Notifications	44	48	58
Total	34	41	45

Crime Prevention Model

In 2011, the company introduced a Crime Prevention Model which is updated annually. This model incorporates the already established Gas Natural Fenosa internal control structure. Its purpose is to effectively prevent the occurrence of offences set out in Organic Law 5/2010 regarding the Amendment of the Penal Code which introduced into Spain criminal responsibility of legal entities, establishing extenuating circumstances in the case where effective internal control models exist. The model was designed and implemented by the Legal Services Department and is annually supervised by the Audit and Control Committee through the Internal Audit Area.

The model contains 21 crimes that have been identified, together with definitions of their probabilities of occurrence, mechanisms for their control and minimisation, and responsibilities with regard to their fulfilment. The model itself is one of the company's factors of differentiation in the area of integrity, enabling it to prevent crimes that could give rise to legal or other kinds of problems.

In 2013, the model was assessed by an independent third party, which issued a satisfactory certificate on its design and effectiveness.

In 2013, on an international level, the Prevention Model for crimes that could have a greater impact on the group (corruption, occupational safety and the environment) was defined in Argentina, Brazil, Colombia, Mexico and Panama.

Anti-fraud and anti-corruption plans and policies

Although fraud and corruption are covered in the crime prevention system, the company worked to amend its internal regulations and define specific protocols and mechanisms in this area.

The aim is to formalise an anti-corruption and anti-fraud policy to cover all the actions in this area and avoid conduct that may give rise to fraud or corruption and lead to situations that are damaging for Gas Natural Fenosa from a legal point of view or in relation to its reputation.

Gas Natural Fenosa's Anti-fraud and Anti-corruption Programme focuses on three key areas:

- Establishment of an anti-fraud and anti-corruption culture through training and awareness.
- Implementation of proactive measures to assess the risk of fraud, monitoring and controls.
- Development of measures and response plans in the event of situations that constitute fraud. These plans and measures include the investigation of the episodes, the definition of solutions and the establishment of disciplinary measures.

As part of the group's anti-corruption model, the third-party due diligence process has been updated in order to develop, in an efficient and consistent manner across the group, analyses and risk assessments regarding corruption and the reputation of third parties involved in business relationships.

Human Rights Policy

Since 2011, Gas Natural Fenosa has had a Human Rights Policy approved by the Management Committee, which was drawn up following a consultation period with third sector organisations specialised in this field. The development and approval of this policy is the company's response to growing local requirements, especially in areas in which the protection of human rights is particularly important.

The policy is particularly applicable in locations in which local legislation does not provide a sufficient level of protection for human rights. In these cases, Gas Natural Fenosa undertakes to guarantee a level of protection equivalent to the other areas in which it carries on its business.

The policy sets out ten commitments, which have been determined from the principal risks to human rights identified in the company and which embrace the UN Guiding Principles on Business and Human Rights.

Knowledge of and compliance with the policy are strengthened at the company through the communication and training plan, which includes an online course that is mandatory for all employees. The number of people who had completed the course on the Human Rights Policy at the Virtual University totalled 11,360 in 2013.

It is also important to note that, in 2013, 1,081 security officers provided an active service across the group, and 892 of them (82.5%) took part in the various refresher courses on private security. Regarding training and fulfilling the clause of the contract regarding the updating of know-how and procedures relative to the respect for human rights, in 2013 a total of 824 security guards (76.23%) took part in courses of this kind, and a total of 6,135 hours were devoted to this topic with a significant increase of an extra 2,947 hours in the learning load regarding this issue.

In 2013, within the framework of inspection of processes and standards carried out by the Internal Audit Division, verification of the level of implementation and enforcement of the policy commitments was carried out. Based on the findings and evidence obtained, a plan of action to progressively improve our performance in this area is being worked on.

Non-compliance and fines

Gas Natural Fenosa works actively towards carrying out its business activities in accordance with applicable laws. For that purpose, the company carries out preventive actions with executives and areas of greatest risk and implements the corrective actions necessary to prevent occurrences which could breach the regulations of each one of the countries in which the company operates.

In 2013, in Spain, the company had fines amounting to 700,001 euros imposed on it for a break in the gas distribution network in Barcelona, as well as for commissioning a processing centre in Santiago de Compostela without proper authorisation. Administrative-contentious appeals have been filed against the rulings before the High Court of Justice of Catalonia and the Administrative Court of Santiago de Compostela, respectively.

In the area of Latin America, in Brazil, the company was fined for a total amount of 1,296,641 euros due to a fatal accident by poisoning as well as for not honouring investment commitments. In Panama, the Gas Natural Fenosa subsidiary was fined for alleged violations of current guidelines with regard to electricity, amounting to 736,587 euros. At the year's end, the case was at the admission of evidence stage. Lastly, in Colombia, various fines were imposed on Electricaribe amounting to 274,951 euros for administrative breaches and personal compensations.

In 2013, the company registered no fines for monopolistic practices or for breach of regulations on marketing communications, including advertising, promotions and sponsorship.



Additional information

- 242 Index of GRI contents.
- 252 Glossary of indicators.
- 262 Independent review report.

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GRI contents for the comprehensive “in accordance” with G4 Guide option

General standard disclosures

General standard disclosures	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Strategy and analysis					
G4-1	pages. 4-5	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-2	pages. 78-82	not applicable	not applicable	not applicable	Yes. Pages 262-265
Organizational profile					
G4-3	page 4	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-4	pages 21-24	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-5	pages 268	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-6	pages 8-12	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-7	pages 8-13	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-8	pages 8-12 i 21-24	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-9	pages 13-20	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-10	pages 166 and 190-197	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-11	pages 19, 194-195	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-12	pages 118-121	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-13	pages 13-17	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-14	pages 78-82	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-15	pages 70, 147, 156 and 223	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-16	pages 54, 111, 118, 124, 150, 217 and 219	not applicable	not applicable	not applicable	Yes. Pages 262-265
Identified material aspects and boundaries					
G4-17	IAI 2013 Consolidated Annual Accounts, pages 204-220	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-18	pages 34, 37 and 45	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-19	page 36	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-20	pages 38-43	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-21	pages 38-43	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-22	page 44	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-23	pages 38-43	not applicable	not applicable	not applicable	Yes. Pages 262-265
Stakeholder engagement					
G4-24	pages 35 and 93	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-25	pages 94-97	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-26	pages 94-97	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-27	pages 94-97	not applicable	not applicable	not applicable	Yes. Pages 262-265

General standard disclosures	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Report profile					
G4-28	pages 44-45	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-29	year 2012	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-30	pages 45	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-31	pages 45	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-32	pages 44, 242-251 and 262-265	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-33	pages 44-45	not applicable	not applicable	not applicable	Yes. Pages 262-265
Governance					
G4-34	pages 69 and 72	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-35	page 73	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-36	page 73	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-37	page 75	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-38	page 72	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-39	page 72	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-40	IAI 2013 Consolidated Management Report, pages 296-297	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-41	IAI 2013 Consolidated Management Report, pages 318-321	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-42	pages 70-71 and 73	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-43	page 73	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-44	IAI 2013 Consolidated Management Report, pages 296-297	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-45	pages 73 and 76-78	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-46	pages 73 and 76	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-47	pages 73 and 78	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-48	page 71	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-49	pages 73 and 75	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-50	page 75	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-51	pages 73-75	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-52	pages 73-75	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-53	pages 73-75	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-54	pages 192-193	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-55	pages 192-193	not applicable	not applicable	not applicable	Yes. Pages 262-265
Ethics and integrity					
G4-56	page 234	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-57	page 235	not applicable	not applicable	not applicable	Yes. Pages 262-265
G4-58	page 235	not applicable	not applicable	not applicable	Yes. Pages 262-265

Specific standard disclosures

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Category: economic					
Material aspect: economic performance					
G4-DMA	pages 125-130				Yes. Pages 262-265
G4-EC1	page 13	b. To better assess local economic impacts, report EVG&D separately at country, regional, or market levels, where significant. Report.	The information is currently unavailable.	The information systems of the company do not allow access to this information.	Yes. Pages 262-265
G4-EC2	pages 147-148				Yes. Pages 262-265
G4-EC3	pages 182-183				Yes. Pages 262-265
G4-EC4	IAI 2013 Consolidated Annual Accounts, pages 159				Yes. Pages 262-265
Material aspect: procurement practices					
G4-DMA	pages 118-124				Yes. Pages 262-265
G4-EC9	pages 118 and 120				Yes. Pages 262-265
Category: environmental					
Material aspect: materials					
G4-DMA	pages 26-27, 131-136, 141-144				Yes. Pages 262-265
G4-EN1	page 143				Yes. Pages 262-265
G4-EN2			The Standard Disclosure is not applicable.	Owing to the nature of Gas Natural Fenosa's activities, recycled materials are not used.	Yes. Pages 262-265
Material aspect: energy					
G4-DMA	pages 26-27, 131-136, 141-144				Yes. Pages 262-265
G4-EN3	page 142				Yes. Pages 262-265
G4-EN4	page 143				Yes. Pages 262-265
G4-EN5	page 143				Yes. Pages 262-265
G4-EN6	pages 142-143 and 152				Yes. Pages 262-265
G4-EN7	page 152				Yes. Pages 262-265

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Category: environmental					
Material aspect: water					
G4-DMA	pages 26-27, 131-136 and 140-141				Yes. Pages 262-265
G4-EN8	page 140				Yes. Pages 262-265
G4-EN9	page 140				Yes. Pages 262-265
G4-EN10	page 140				Yes. Pages 262-265
Material aspect: biodiversity					
G4-DMA	pages 26-27, 131-136 and 154-159				Yes. Pages 262-265
G4-EN11	page 158				Yes. Pages 262-265
G4-EN12	pages 158-159				Yes. Pages 262-265
G4-EN13	pages 156-157				Yes. Pages 262-265
G4-EN14	page 158				Yes. Pages 262-265
Material aspect: emissions					
G4-DMA	pages 26-27, 131-136 137 and 144-54				Yes. Pages 262-265
G4-EN15	pages 152-153				Yes. Pages 262-265
G4-EN16	page 154				Yes. Pages 262-265
G4-EN17	page 154				Yes. Pages 262-265
G4-EN18	page 154				Yes. Pages 262-265
G4-EN19	pages 152-153				Yes. Pages 262-265
G4-EN20	page 137				Yes. Pages 262-265
G4-EN21	page 137				Yes. Pages 262-265
Material aspect: effluents and waste					
G4-DMA	pages 26-27, 131-136, 138-139 and 140-141				Yes. Pages 262-265
G4-EN22	page 141				Yes. Pages 262-265
G4-EN23	pages 138-139				Yes. Pages 262-265
G4-EN24	page 134				Yes. Pages 262-265
G4-EN25			The Standard Disclosure is not applicable.	Gas Natural Fenosa does not transport the hazardous waste generated by the activities of the company but manages it by using authorised agents, and in accordance with the regulations in force in each country.	Yes. Pages 262-265
G4-EN26	page 140				Yes. Pages 262-265
Material aspect: products and services					
G4-DMA	pages 26-27, 131-136 and 160-162				Yes. Pages 262-265
G4-EN27	page 160-162				Yes. Pages 262-265
G4-EN28	page 138-139				Yes. Pages 262-265
Material aspect: transport					
G4-DMA	pages 26-27, 131-136				Yes. Pages 262-265
G4-EN30	page 154				Yes. Pages 262-265

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Category: environmental					
Material aspect: supplier environmental assessment					
G4-DMA	pages 118-124				Yes. Pages 262-265
G4-EN32	page 120				Yes. Pages 262-265
G4-EN33	page 123				Yes. Pages 262-265
Category: social					
Sub-category: labor practices and decent work					
Material aspect: employment					
G4-DMA	pages 164-167, 175-184				Yes. Pages 262-265
G4-LA1	pages 178, 181 and 194-195				Yes. Pages 262-265
G4-LA2	pages 180-181				Yes. Pages 262-265
G4-LA3	pages 196-197				Yes. Pages 262-265
Material aspect: labor/management relations					
G4-DMA	page 185				Yes. Pages 262-265
G4-LA4	Gas Natural Fenosa, in all spheres, has permanent channels of communication with union representatives and social agents as an active part of its corporate policies, particularly in those cases in which there are organisational changes that entail substantial modification, and the company reports this as expeditiously as possible.				Yes. Pages 262-265
Material aspect: occupational health and safety					
G4-DMA	pages 198-211				Yes. Pages 262-265
G4-LA5	page 205				Yes. Pages 262-265
G4-LA6	pages 19, 208				Yes. Pages 262-265
G4-LA7	pages 210-211				Yes. Pages 262-265
G4-LA8	page 205				Yes. Pages 262-265
Material aspect: training and education					
G4-DMA	pages 167-174				Yes. Pages 262-265
G4-LA9	page 173-174				Yes. Pages 262-265
G4-LA10	pages 170-173				Yes. Pages 262-265
G4-LA11	pages 184 and 194-195				Yes. Pages 262-265
Material aspect: diversity and equal opportunity					
G4-DMA	pages 178-183				Yes. Pages 262-265
G4-LA12	pages 72, 179, 180 and 190-191				Yes. Pages 262-265
Material aspect: supplier assessment for labor practices					
G4-DMA	pages 118-124				Yes. Pages 262-265
G4-LA14	page 120				Yes. Pages 262-265
G4-LA15	page 123				Yes. Pages 262-265

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Category: social					
Sub-category: human rights					
Material aspect: freedom of association and collective bargaining					
G4-DMA	page 185				Yes. Pages 262-265
G4-HR4	pages 185 and 239				Yes. Pages 262-265
Material aspect: security practices					
G4-DMA	page 239				Yes. Pages 262-265
G4-HR7	page 239				Yes. Pages 262-265
Material aspect: assessment					
G4-DMA	page 239				Yes. Pages 262-265
G4-HR9	pages 224-227 and 237-238				Yes. Pages 262-265
Material aspect: supplier human rights assessment					
G4-DMA	pages 118-124				Yes. Pages 262-265
G4-HR10	pages 119-120				Yes. Pages 262-265
G4-HR11		<p>a. Indicate the number of suppliers whose impact on human rights has been assessed.</p> <p>b. Indicate how many suppliers have real significant negative impacts in the field of human rights.</p> <p>c. Indicate what real and potential significant negative impacts on human rights have come to light in the supply chain.</p> <p>d. Indicate the number of suppliers with real and potential negative impacts on human rights with which improvements have been agreed following the assessment.</p> <p>e. Indicate the number of suppliers with real and potential negative impacts on human rights with which the company has terminated its relationship as a result of the assessment, and explain.</p>	Information not available	The company is currently working on developing a methodology whereby these types of impacts can be assessed and measured.	Yes. Pages 262-265
Material aspect: human rights grievance mechanisms					
G4-DMA	pages 233-239				Yes. Pages 262-265
G4-HR12	pages 20 and 238				Yes. Pages 262-265
Sub-category: society					
Material aspect: local communities					
G4-DMA	pages 218-232				Yes. Pages 262-265
G4-SO1	pages 224-227				Yes. Pages 262-265
G4-SO2	pages 224-227				Yes. Pages 262-265

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Category: social					
Sub-category: society					
Material aspect: anti-corruption					
G4-DMA	pages 233-239				Yes. Pages 262-265
G4-SO3	page 83				Yes. Pages 262-265
G4-SO4	pages 235-238				Yes. Pages 262-265
G4-SO5	pages 120, 235 and 239				Yes. Pages 262-265
Material aspect: supplier assessment for impacts on society					
G4-DMA	pages 118-124				Yes. Pages 262-265
G4-SO9	page 120				Yes. Pages 262-265
G4-SO10		<p>a. Indicate the number of suppliers whose social impact on has been assessed.</p> <p>b. Indicate how many suppliers have real significant negative social impacts.</p> <p>c. Indicate what real and potential significant negative impacts to society have come to light in the supply chain.</p> <p>d. Indicate the number of suppliers with real and potential negative social impacts with which improvements have been agreed following the assessment.</p> <p>e. Indicate the number of suppliers with real and potential negative social impacts with which the company has terminated its relationship as a result of the assessment, and explain.</p>	Information not available.	The company is currently working on developing a methodology whereby these types of impacts can be assessed and measured.	Yes. Pages 262-265
Material aspect: grievance mechanisms for impacts on society					
G4-DMA	pages 233-239				Yes. Pages 262-265
G4-SO11	pages 135, 237-238				Yes. Pages 262-265
Sub-category: product responsibility					
Sub-category: product responsibility					
G4-DMA	pages 217 and 227				Yes. Pages 262-265
G4-PR1			The Standard Disclosure is not applicable.		Yes. Pages 262-265
G4-PR2	page 239				Yes. Pages 262-265

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Category: social					
Sub-category: product responsibility					
Material aspect: product and service labeling					
G4-DMA	pages 100-117				Yes. Pages 262-265
G4-PR3		The general terms and conditions of contracting for the services provided by Gas Natural Fenosa provide customers with the appropriate information about their rights and obligations and about the features of the services provided (gas and electricity). There are no records of breaches of agreements regarding the legal obligations required in each country in which the company operates in this area.			Yes. Pages 262-265
G4-PR4	page 239				Yes. Pages 262-265
G4-PR5	pages 115-117				Yes. Pages 262-265
G4 sector disclosures. Electric utilities					
EU1	page 15				Yes. Pages 262-265
EU2	page 15				Yes. Pages 262-265
EU3	pages 102 and 116-117				Yes. Pages 262-265
EU4	page 17				Yes. Pages 262-265
EU5	page 150				Yes. Pages 262-265
EU6 (G4-DMA)	page 25				Yes. Pages 262-265
EU7 (G4-DMA)	pages 55-58, 59-63 and 107-108				Yes. Pages 262-265
EU8 (G4-DMA)	pages 48-51 and 52-54				Yes. Pages 262-265
EU9 (G4-DMA)			The Standard Disclosure is not applicable.	The information requested by this indicator is outside the scope of the data reported in this area.	Yes. Pages 262-265
EU10	page 31				Yes. Pages 262-265
EU11	page 16				Yes. Pages 262-265
EU12	page 17				Yes. Pages 262-265
EU13	pages 154-163				Yes. Pages 262-265
EU14 (G4-DMA)	pages 167-173				Yes. Pages 262-265
EU15	pages 196-197				Yes. Pages 262-265
EU16 (G4-DMA)	pages 198-217				Yes. Pages 262-265
EU17	page 212				Yes. Pages 262-265
EU18	page 213				Yes. Pages 262-265

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Category: social					
G4 sector disclosures. Electric utilities					
EU19 (G4-DMA)		The company's decision-taking processes on new investments take into consideration the opinion of stakeholders affected by them in order to maximise the positive impact of the project.			Yes. Pages 262-265
EU20 (G4-DMA)		Gas Natural Fenosa envisages the social and environmental impacts or those that affect human rights, and which could occur as a consequence of its projects and investments, especially those concerning displacement of the population. In developing the preliminary studies and pre-feasibility of projects, Gas Natural Fenosa focuses special attention on the social impact of these and gives priority to those alternatives that do not affect nearby populations and which minimise the environmental impact of each project. In this regard, all individual travel was avoided in 2013 as a result of the company's infrastructures development projects.			Yes. Pages 262-265
EU21 (G4-DMA)	pages 214-217				Yes. Pages 262-265
EU22		All individual travel was avoided in 2013 as a result of the company's infrastructures development projects.			Yes. Pages 262-265
EU23 (G4-DMA)	pages 64-65 and 224				Yes. Pages 262-265
EU24 (G4-DMA)	pages 111 and 113				Yes. Pages 262-265
EU25	page 217				Yes. Pages 262-265
EU26	IRC 2012- page 192				Yes. Pages 262-265
EU27	pages 116-117				Yes. Pages 262-265
EU28	pages 106 and 116-117				Yes. Pages 262-265
EU29	pages 106 y 116-117				Yes. Pages 262-265
EU30	page 17				Yes. Pages 262-265

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
Category: social					
G4 sector disclosures. Oil and gas					
OG1				The Standard Disclosure is not applicable.	Yes. Pages 262-265
OG2	page 51				Yes. Pages 262-265
OG3	page 16				Yes. Pages 262-265
OG4	pages 156-157				Yes. Pages 262-265
OG5				The Standard Disclosure is not applicable.	Yes. Pages 262-265
OG6				The Standard Disclosure is not applicable.	Yes. Pages 262-265
OG7				The Standard Disclosure is not applicable.	Yes. Pages 262-265
OG8				The Standard Disclosure is not applicable.	Yes. Pages 262-265
OG9	pages 224-225				Yes. Pages 262-265
OG10		No record of incidents of this type.			Yes. Pages 262-265
OG11		No record of sites in this situation.			Yes. Pages 262-265
OG12		No record of resettlements in the operations performed by the company.			Yes. Pages 262-265
OG13				The Standard Disclosure is not applicable.	Yes. Pages 262-265
OG14				The Standard Disclosure is not applicable.	Yes. Pages 262-265

Glossary of indicators

Indicator	Description
General standard disclosures	
Analysis and strategy	
G4-1	Chairman's statement.
G4-2	Description of main impacts, risks and opportunities.
Organisation profile	
G4-3	Name of organisation.
G4-4	Primary brands, products and services in the organisation.
G4-5	Location of the organisation's headquarters.
G4-6	Location and name of countries where the organization operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.
G4-7	Nature of ownership and legal form.
G4-8	Markets served (including the geographical breakdown, the sector supplied and the types of customers/beneficiaries).
G4-9	Scale of the organisation: number of employees, number of operations, net sales, market cap and amount of products or services offered.
G4-10	Number of employees broken down by contract type and gender.
G4-11	Percentage of employees covered by collective bargaining agreements.
G4-12	Description of the organisation's supply chain.
G4-13	Significant changes which have taken place during the period covered by the report in the size, structure, shareholder ownership or the supply chain of the organisation.
G4-14	Information on how the organisation addresses - if applicable - the precautionary principle.
G4-15	List of charters, principles or other external economic, environmental and social initiatives which the organisation subscribes or which it has endorsed.
G4-16	List of associations and national or international advocacy organisations to which the organisation belongs.
Material aspects and boundaries	
G4-17	Entities included in the consolidated financial statements of the organisation and other equivalent documents.
G4-18	Process which has been used to determine the contents of the report and the boundaries of each aspect, and how the organisation has applied the reporting Principles for defining report content.
G4-19	List of the material Aspects identified during the process of defining report contents.
G4-20	Boundary of each material aspect within the organisation.
G4-21	Boundary of each material aspect outside the organisation.
G4-22	Consequences of restatements of information provided in previous reports and their causes.
G4-23	Significant change in the Scope and the Aspect Boundaries with regard to previous reports.

Indicator	Description
General standard disclosures	
Stakeholder engagement	
G4-24	List of stakeholders engaged by the organisation.
G4-25	Criteria for choosing the stakeholders engaged.
G4-26	Approaches taken for the engagement of stakeholders, including the frequency of their participation by types and the category of the stakeholders.
G4-27	Questions and key problems which have arisen due to the engagement of stakeholders and describe the assessment made by the organisation, inter alia, by means of the report.
Profile of report	
G4-28	Object period of the report.
G4-29	Date of latest report (if applicable).
G4-30	Reporting cycle.
G4-31	Contact point for resolving doubts which could arise in relation to the report's contents.
G4-32	"In accordance" option with the Guide chosen by the organisation, GRI Index of the chosen option and reference to the external assurance report.
G4-33	Policy and valid practices of the organisation with regard to the external assurance of the report.
Governance	
G4-34	Governance structure of organisation.
G4-35	Describe the process whereby the higher governance body delegates its authority to the senior management and certain employees in economic, environment and social questions.
G4-36	Executive positions or with responsibility in economic, environmental and social questions, and whether these persons report directly to the highest governance body.
G4-37	Consultation processes between stakeholders and the higher governance body for economic, environmental and social questions.
G4-38	Composition of the highest governance body and of its committees.
G4-39	Information on whether the person who chairs the highest governance body also has an executive position.
G4-40	Processes for appointing and selecting the highest governance body and its committees, and the criteria used for appointing and selecting the members of the former.
G4-41	process whereby the highest governance body prevents and manages possible conflicts of interest.
G4-42	Duties of the highest governance body and of the senior management in the development, approval and updating of the purpose, values and the mission statements, the strategies, policies and objectives relating to the economic, environmental and social impacts of the organisation.
G4-43	Measures which have been adopted to develop and improve collective knowledge of the highest governance body in relation to economic, environmental and social matters.
G4-44	Process for evaluation of the performance of the highest governance body in relation to governance of economic, environmental and social matters.
G4-45	Function of the highest governance body in identifying and management of economic, environmental and social impacts, risks, and opportunities.

Indicator	Description
General standard disclosures	
Governance	
G4-46	Duty of the highest governance body in analysing the efficiency of risk management processes of the organisation with regard to economic, environmental and social matters.
G4-47	Frequency with which the highest governance body analyses economic, environmental and social impacts, risks and opportunities.
G4-48	Committee or position of highest importance which reviews and approves the sustainability report of the organisation and which ensures that all the material Aspects are included.
G4-49	Process for conveying important concerns to the highest governance body.
G4-50	Nature and number of important concerns conveyed to the highest governance body; also describe the mechanisms which were used to address and assess them.
G4-51	Remuneration policies for the highest governance body and senior management.
G4-52	Process whereby the remuneration is decided.
G4-53	How stakeholders' views are sought and taken into account regarding matters of remuneration, including, if applicable, the results of the votes on policies and proposals relating to this question.
G4-54	Relationship between the total annual remuneration of the best paid person of the organisation in each country where significant operations are carried out with the average annual total remuneration of the entire workforce (without counting the best paid person) of the corresponding country.
G4-55	relationship between the percentage increase in the total annual remuneration of the best paid person of the organisation in each country where significant operations are carried out with the percentage increase of the average annual total remuneration of the entire workforce (without counting the best paid person) of the corresponding country.
Ethics and integrity	
G4-56	Values, principles, standards and rules of the organisation, such as codes of conduct or ethical codes.
G4-57	Internal and external mechanisms for assessing ethical and legal conduct, and for consulting matters relating to the organisation's integrity, such as helplines or advice lines.
G4-58	Internal and external mechanisms for reporting unethical or illegal conduct and of matters relating to the integrity of the organisation, such as escalation through line management, whistleblowing mechanisms or hotlines.
Specific standard disclosures	
Category: economic	
Material aspect: economic performance	
G4-DMA	Disclosures on management approach.
G4-EC1	Direct value generated and distributed.
G4-EC2	economic implications and other risks and opportunities for the organisation's activities arising from climate change.
G4-EC3	coverage of the organisation 's obligations arising from its benefit plan.
G4-EC4	financial aid granted by government authorities.

Indicator	Description
General standard disclosures	
Category: economic	
Material aspect: acquisition practices	
G4-DMA	Disclosures on management approach.
G4-EC9	percentage of expenditure in areas with significant operations corresponding to local suppliers.
Category: environment	
Material aspect: materials	
G4-DMA	Disclosures on management approach.
G4-EN1	Materials by weight or volume.
G4-EN2	Percentage of materials used that are recyclable.
Material aspect: energy	
G4-DMA	Disclosures on management approach.
G4-EN3	Internal energy consumption.
G4-EN4	External energy consumption.
G4-EN5	Energy intensity.
G4-EN6	Reduction in energy consumption.
G4-EN7	Reductions in energy requirements for products and services.
Material aspect: water	
G4-DMA	Disclosures on management approach.
G4-EN8	Total water collection by source.
G4-EN9	Water sources significantly affected by water collection.
G4-EN10	Percent and total volume of recycled and reused water.
Material aspect: biodiversity	
G4-DMA	Disclosures on management approach.
G4-EN11	Own operating, leased and adjacently managed facilities, containing or located in protected and unprotected areas of high biodiversity value.
G4-EN12	Description of the most significant impacts on biodiversity in protected areas or unprotected areas high in biodiversity, relating to the activities, products and services.
G4-EN13	Protected or restored habitats.
G4-EN14	Number of species included in the IUCN Red List and national conservation lists with habitats in areas affected by operations, according to how endangered the species is.

Indicator	Description
General standard disclosures	
Category: economic	
Material aspect: emission	
G4-DMA	Disclosures on management approach.
G4-EN15	Direct greenhouse gas emissions (scope 1).
G4-EN16	Indirect greenhouse gas emissions to generate energy (Scope 2).
G4-EN17	Other indirect greenhouse gas emissions (scope 3).
G4-EN18	Intensity of greenhouse gas emissions.
G4-EN19	Reducing greenhouse gas emissions.
G4-EN20	Emissions of ozone-depleting substances.
G4-EN21	No _x , sox and other significant air emissions.
Material aspect: effluents and waste	
G4-DMA	Disclosures on management approach.
G4-EN22	Total water discharge, according to quality and destination.
G4-EN23	Total weight of waste, according to type and disposal method.
G4-EN24	Total number and volume of significant spills.
G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under annexes i, ii, iii and viii of the Basel 2 agreement, and percentage of transported waste shipped internationally.
G4-EN26	Identification, size , protected status and biodiversity value of water bodies and related habitats significantly affected by discharges and runoff from the organisation.
Material aspect: products and services	
G4-DMA	Disclosures on management approach.
G4-EN27	Degree of mitigation of environmental impacts of products and services.
G4-EN28	Percentage of products sold and their packaging materials that are recovered at the end of its useful life by product category.
Material aspect: transport	
G4-DMA	Disclosures on management approach.
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's activities, as well as the transport of personnel.
Material aspect: environmental assessment of suppliers	
G4-DMA	Disclosures on management approach.
G4-EN32	Percentage of new suppliers that were examined according to environmental criteria.
G4-EN33	Significant, actual and potential, negative environmental impacts in the supply chain, and action taken.

Indicator	Description
General standard disclosures	
Category: social. Sub-category labour practices and decent work	
Material aspect: employment	
G4-DMA	Disclosures on management approach.
G4-LA1	Number and average rate of contracting and employee turnover, by age group, gender and region.
G4-LA2	Social benefits for full-time employees that are not offered to temporary or part-time employees, by major activity locations.
G4-LA3	Return-to-work and retention rates in after maternity or paternity leave, by gender.
Material aspect: relations between workers and management	
G4-DMA	Disclosures on management approach.
G4-LA4	minimum notice periods of operational changes and possible inclusion of these in collective agreements.
Material aspect: occupational health and safety	
G4-DMA	Disclosures on management approach.
G4-LA5	Percentage of workers that are represented in formal health and safety committees for management and employees, established to help monitor and advise on occupational health and safety.
G4-LA6	Type and rate of work-related injury, occupational diseases, lost days, absenteeism and fatalities, by region and gender.
G4-LA7	Workers whose profession has a high incidence or risk of disease.
G4-LA8	Health and safety issues covered in formal agreements with trade unions.
Material aspect: training and education	
G4-DMA	Disclosures on management approach.
G4-LA9	Average hours of training per year per employee, by gender and job category.
G4-LA10	Skills management and lifelong learning programmes that foster employability and help workers manage the end of their careers.
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and professional category.
Material aspect: diversity and equal opportunities	
G4-DMA	Disclosures on management approach.
G4-LA12	Composition of governance bodies and breakdown of employees by professional category and gender, age, minority group membership and other indicators of diversity.
Material aspect: assessment of suppliers' labour practices	
G4-DMA	Disclosures on management approach.
G4-LA14	Percentage of new suppliers that were examined according to criteria relating to labour practices.
G4-LA15	Significant, actual and potential, negative impacts on labour practices in the supply chain, and action taken.

Indicator	Description
General standard disclosures	
Category: social. Sub-category human rights	
Material aspect: freedom of association and collective bargaining	
G4-DMA	Disclosures on management approach.
G4-HR4	Identification of significant centres and suppliers in which the freedom of association and right to collective bargaining may be infringed or threatened, and measures taken to defend these rights.
Material aspect: safety measures	
G4-DMA	Disclosures on management approach.
G4-HR7	Porcentaje del personal de seguridad que ha recibido capacitación sobre las políticas o procedimientos de la organización en materia de derechos humanos relevantes para las operaciones percentage of security personnel who have been trained on the organisation's human rights policies and procedures relevant to operations.
Material aspect: evaluation	
G4-DMA	Disclosures on management approach.
G4-HR9	number and percentage of centres that have undergone tests or assessments on impacts on human rights.
Material aspect: human rights claim mechanisms	
G4-DMA	Disclosures on management approach.
G4-HR10	Percentage of new suppliers that were examined according to human rights criteria.
G4-HR11	Significant, actual and potential, negative impacts on human rights in the supply chain, and adopted measures.
Material aspect: human rights claim mechanisms	
G4-DMA	Disclosures on management approach.
G4-HR12	Number of human rights complaints that have been filed, addressed and resolved through formal grievance mechanisms.
Categoría: social. Sub-category society	
Material aspect: local communities	
G4-DMA	Disclosures on management approach.
G4-SO1	Percentage of centres that have implemented development impact assessment and participation of the local community programmes.
G4-SO2	Operating centres with significant, potential or actual, negative impacts on local communities.

Indicator	Description
General standard disclosures	
Material aspect: anti-corruption	
G4-DMA	Disclosures on management approach.
G4-SO3	Number and percentage of centres that have assessed the risks related to corruption and identified significant risks.
G4-SO4	Policies and procedures for communication and training on anti-corruption.
G4-SO5	Confirmed cases of corruption and actions taken.
Material aspect: evaluation of social impact of suppliers	
G4-DMA	Disclosures on management approach.
G4-SO9	Percentage of new suppliers that were examined based on criteria related to social impact.
G4-SO10	Significant, potential negative impacts for society in the supply chain and measures taken.
Material aspect: social impact claim mechanisms	
G4-DMA	Disclosures on management approach.
G4-SO11	Number of complaints about social impacts that have been filed, addressed and resolved through formal grievance mechanisms.
Category: social. Sub-category responsibility for products	
Material aspect: customer health and safety	
G4-DMA	Disclosures on management approach.
G4-PR1	percentage of product categories and services whose significant impact on health and safety services have been assessed to promote improvements.
G4-PR2	Number of incidents of non-compliance with regulations or voluntary codes concerning impacts of products and services on health and safety during their life cycle, by type of result of these incidents.
Material aspect: product and service labelling	
G4-DMA	Disclosures on management approach.
G4-PR3	Type of information required by organisational procedures relating to information and labeling of their products and services, and percentage of significant products and services subject to such requirements.
G4-PR4	Number of breaches of regulations and voluntary codes concerning product information and labeling of products and services, by type of result.
G4-PR5	Results of surveys measuring customer satisfaction.

Sector contents electric utilities

EU1	Installed capacity, broken down by primary energy source and by regulatory regime.
EU2	Net energy output, broken down by primary energy source and by regulatory regime.
EU3	Number of residential, industrial, institutional and commercial customer accounts.
EU4	Length of above and underground transmission and distribution lines by regulatory regime.
EU5	Allocation CO ₂ emissions allowances or equivalent, broken down by carbon trading framework.
EU6	Management approach to ensure short and long-term electricity availability and reliability.
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs.
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development.
EU9	Provisions for decommissioning of nuclear power sites.
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.
EU12	Transmission and distribution losses as a percentage of total energy.
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.
EU14	Programs and processes to ensure the availability of a skilled workforce.
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.
EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities.
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.
EU20	Approach to managing the impacts of displacement.
EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans.
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services.
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.
EU26	Percentage of population unserved in licensed distribution or service areas.
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.
EU28	Power outage frequency.
EU29	Average power outage duration.
EU30	Average plant availability factor by energy source and by regulatory regime.

Sector contents. Gas and oil

OG1	Volume and type of estimated proved reserves and production.
OG2	Total amount invested in renewable energy.
OG3	Total amount of renewable energy generated by source.
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored.
OG5	Volume of formation or water produced.
OG6	Volume of flared and vented hydrocarbon.
OG7	Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal.
OG8	Benzene, lead and sulfur content in fuels.
OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place.
OG10	Number and description of significant disputes with local communities and indigenous peoples.
OG11	Number of sites that have been decommissioned and sites that are in the process of being decommissioned.
OG12	Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process.
OG13	Number of process safety events, by business activity.
OG14	Volume of biofuels produced and purchased meeting sustainability criteria.

Independent review report



Free translation from the original in Spanish, in the event of a discrepancy, the Spanish language version prevails.

INDEPENDENT REVIEW REPORT ON THE 2013 CORPORATE RESPONSIBILITY REPORT

To the Management Committee of Gas Natural SDG, S.A.

Scope of the work

We have carried out a review of the following aspects of the 2013 Corporate Responsibility Report (hereon 2013 CRR) of Gas Natural SDG, S.A. and its Group of Companies (hereon Gas Natural Fenosa) for the year ended 31 December 2013:

- The adaptation of the contents of the 2013 CRR with the Guide for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI) version G4 (hereon GRI-G4 Guide), and validation of indicators included in the general and specific standard disclosures proposed in that guide and in the GRI Electric Utilities and Oil and Gas Sector Supplements (referenced to pages 242-251 of the 2013 CRR) and the "Key Corporate Responsibility Indicators" included on pages 18-20 of the 2013 CRR, in accordance with the reporting criteria of Gas Natural Fenosa.
- The adaptation of the contents of the 2013 CRR with the principles of inclusivity, materiality and responsiveness of the AA1000 AccountAbility Principles Standard 2008 issued by AccountAbility, Institute of Social and Ethical Accountability (hereon AA1000APS (2008)).
- The information provided concerning the actions carried out in 2013 for each corporate responsibility commitment, specified in pages 69, 86, 101, 126, 132, 166, 199, 220 and 234 of the 2013 CRR.

The preparation of the 2013 CRR and its content are the responsibility of the Management of Gas Natural Fenosa, who is also responsible for defining, adapting and maintaining the management and internal control systems from which information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

This review was performed with the following scopes:

- Reasonable assurance for the key indicators of "Commitment to results" and "Integrity" for 2013, included in "Key Corporate Responsibility Indicators" of the 2013 CRR.
- Limited assurance for:
 - GRI-G4 Guide indicators included in the general and specific standard disclosures for 2013 included in the "Contents and GRI indicators" of the 2013 CRR and other indicators included in "Key Corporate Responsibility Indicators".
 - Actions performed in 2013 for each corporate responsibility commitment.

Criteria and procedures applied to carry out the review

We carried out our review in accordance with Standard ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and

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Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). This standard lays down two levels of review, a lower or limited level of assurance ("Limited Assurance Engagement") and another more advanced, a reasonable level of assurance ("Reasonable Assurance Engagement"). In both cases, it is necessary to obtain sufficient evidence to support the information presented. In the case of reasonable assurance, the scope of the review processes is greater in order to reduce the risk of omission or error in the information presented to an acceptably low level.

We have also carried out our work in accordance with AA1000 Assurance Standard 2008 of AccountAbility under a moderate type 2 assurance engagement.

Our review work consisted of enquiries of management and various units of Gas Natural Fenosa that have participated in the preparation of the 2013 CRR and the application of certain procedures which are generally described below in order to obtain reasonable or limited assurance, as appropriate:

a) Work performed - reasonable assurance:

- Meetings with Gas Natural Fenosa personnel for the analysis of the processes of data compilation, validation and consolidation at corporate and country level.
- Analysis and documentation of processes through flow-diagrams, indicating key controls for subsequent validation.
- Assessment of IT and internal control systems in relation to the preparation of selected indicators.
- Testing, through sampling, of reported data and validation of key controls identified.
- Verification through substantive review testing of the consistency and reasonableness of the quantitative and qualitative information of the indicators and their adequate compliance.

b) Work performed - limited assurance:

- Meetings with Gas Natural Fenosa personnel to know the management approaches applied and obtain the necessary information for external review.
- Analysis of the processes to compile and validate the data presented in the 2013 CRR.
- Analysis of the adaptation of 2013 CRR content to GRI-G4 Guide and GRI Electric Utilities and Oil and Gas Sector Supplements and AA1000APS (2008) standards.
- Analysis of the documentation and actions carried out in relation to the application of the principles of inclusivity, materiality and responsiveness of AA1000APS (2008) standard with respect to the information included in the 2013 CRR on the basis of stakeholder requirements.
- Review of the information on management approaches applied to each group of indicators.
- Verification, through analytical review and substantive tests, on the basis of a sample selection, of the consistency and reasonableness of quantitative and qualitative information of the indicators on GRI-G4 Guide and key indicators of corporate responsibility for 2013, included in the 2013 CRR, and their appropriate compilation on the basis of the data provided by the information sources of Gas Natural Fenosa.
- Analysis of the information on actions performed in 2013 by Gas Natural Fenosa for each corporate responsibility commitment.



Independence

We have carried out our work in accordance with the independence rules laid down by the Code of Ethics of the International Federation of Accountants (IFAC). The work was carried out by a team of sustainability specialists with broad experience in the review of this type of reports.

Conclusion

- With respect to the reasonable assurance work, as a result of our review we conclude that the information reported on the key indicators of “Commitment to results” and “Integrity” for 2013, included in the section on “Key Corporate Responsibility Indicators” (pages 18-20) of the 2013 CRR, has been prepared appropriately and reliably in all significant respects, in accordance with the reporting criteria of Gas Natural Fenosa.
- Concerning the limited assurance work, as a result of our review, we have identified no significant departures or omissions with respect to:
 - the reasonableness and consistency of the information reported in the 2013 CRR relating to the indicators included in the general and specific standard disclosures of GRI-G4 Guide and other key indicators.
 - the preparation of the 2013 CRR report of Gas Natural Fenosa, in all significant respects, in accordance with the GRI-G4 Guide for the Preparation of Sustainability Reports and the GRI Electric Utilities and Oil and Gas Sector Supplements.
 - information on actions performed in 2013 for each of the corporate responsibility commitments specified on pages 69, 86, 101, 126, 132, 166, 199, 220 and 234 of the 2013 CRR.
- Similarly, we have not identified any significant departures or omissions in the preparation of the 2013 CRR in accordance with the principles of inclusivity, materiality and responsiveness laid down in AA1000APS (2008). Specifically:
 - with respect to the basic principle of inclusiveness, no significant departure or omission has been identified in the information presented by the management of Gas Natural Fenosa concerning attentiveness to processes of stakeholder engagement and participation.
 - with respect to the principle of materiality, no significant departure or omission has been identified in the information presented by the management of Gas Natural Fenosa. There is a balanced understanding of the sustainability aspects important to the organisation and its stakeholders.
 - with respect to the principle of responsiveness, no significant departure or omission has come to light in the information presented by the management of Gas Natural Fenosa. There is a process for developing replies attentive to significant topics and the expectations of stakeholders in relation to the establishment, management and follow-up of sustainability policies and objectives.



Recommendations

During the verification process, certain observations and recommendations have come to light that are submitted to the management of Gas Natural Fenosa in an internal document. Set out below is a summary of the main recommendations concerning improvements in the application of the principles of inclusivity, materiality and responsiveness, which do not alter the conclusion expressed in this report.

Inclusivity

The Gas Natural Fenosa 2013 CRR answers the relevant aspects considered in the materiality analysis performed by the company. It is recommended to incorporate the outputs from the environmental, climate change and reputational risk maps on the materiality analysis, as well as the information extracted from the current dialogue channels with stakeholders.

Materiality

Gas Natural Fenosa has performed a materiality analysis in order to determine the relevant aspects of the organization. A step forward on this analysis is recommended, checking the relevance of the identified aspects with internal and external stakeholders and its priority on the corporate responsibility report.

Responsiveness

Gas Natural Fenosa has a CR Committee integrated by different corporate areas and business units of the company. We encourage the Committee to go within the result obtained from the materiality analysis and align it with the commitments on corporate responsibility established with the stakeholders.

PricewaterhouseCoopers Auditores, S.L.

A handwritten signature in blue ink, appearing to read 'M. Castilla', with a horizontal line underneath.

Mariluz Castilla
Partner
28 March 2014





Asociación para la Autorregulación de la Comunicación Comercial

CERTIFICADO DE RESPONSABILIDAD SOCIAL CORPORATIVA

Autocontrol (Asociación para la Autorregulación de la Comunicación Comercial), es una asociación sin ánimo de lucro establecida en 1996 que se encarga de gestionar el sistema de autorregulación en España. Está formada por los principales anunciantes, agencias, medios y asociaciones sectoriales y su objetivo es contribuir a que la publicidad constituya un instrumento particularmente útil en el proceso económico, velando por el respeto a la ética publicitaria y a los derechos de los consumidores, con la exclusión de la defensa de intereses personales.

Autocontrol forma parte de EASA (European Advertising Standards Alliance) y es el único organismo privado en España incorporado a la red EJE (European Extra-judicial Network) de organismos extrajudiciales de resolución de controversias sobre órganos de resolución extrajudicial de litigios con los consumidores por cumplir los requisitos establecidos en la Recomendación 98/257/CE.

GAS NATURAL FENOSA

Calidad de Asociado

Es socio de pleno derecho de AUTOCONTROL y mantuvo su calidad de asociado durante el período comprendido entre el 1 de enero y el 31 de DICIEMBRE de 2013, como así consta en la relación de asociados que publicamos en nuestra memoria anual de 2013.

Cumplimiento de Códigos Deontológicos

Se compromete a cumplir en todas sus comunicaciones comerciales el Código de Conducta Publicitaria de Autocontrol, basado en el Código de Prácticas Publicitarias de la International Chamber of Commerce.

Actividad de control previo de la licitud y corrección deontológica de la publicidad

Puede, con anterioridad a su difusión, solicitar el asesoramiento del Gabinete Técnico de Autocontrol en aquellos casos en los que tenga dudas acerca de la licitud y corrección deontológica de sus comunicaciones comerciales, con el fin de garantizar las mismas.

Sometimiento al Jurado de la Publicidad

Se compromete, así mismo, a cumplir las resoluciones emitidas por el Jurado de la Publicidad como resultado de eventuales reclamaciones presentadas ante este órgano de resolución extrajudicial de controversias, ya sea por parte de consumidores u asociaciones de consumidores, empresas de la competencia u otros sectores, u organismos de la Administración.

Para que así conste, firmo el presente certificado, en Madrid, a 28 de FEBRERO de 2014

José Domingo Gómez Castallo
Director General

R. N. A. nº 147.584. C.I.F. G-81.234247

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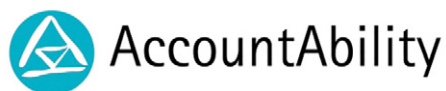
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