





# contents

## 2011 corporate responsibility report

04	Letter from the Chairman.	48	Corporate Responsibility Commitments.
06	Process for Drafting this Report.	49	Customer Orientation.
12	Gas Natural Fenosa.	79	Commitment to Results.
13	Organisation Profile.	86	The Environment.
20	Strategy.	124	Interest in People.
22	Contribution to Development.	150	Health and Safety.
30	Corporate Responsibility and Gas Natural Fenosa.	166	Commitment to Society.
31	Key CR Indicators.	176	Integrity.
34	Corporate Responsibility Policy Management	192	Additional Information.
38	Management of Corporate Responsibility .	193	Awards and Recognition.
44	Dialogue with Interest Groups .	194	Contents and GRI Indicators.
		216	Global Compact, MDGs and GRI.
		218	Application Level Check Statement.
		219	Independent Review Report .



## Letter from the Chairman



Dear shareholders,

Once again, Gas Natural Fenosa has this year taken on the challenge of being an active player in issues of sustainable development, given that we have to tackle the social and environmental challenges facing the company. We have therefore undertaken firm commitments in respecting and promoting human rights, and we continue to adhere to the principles of the UN Global Compact; in ethics and integrity; and in mitigating the effects our activities have on climate change.

Our company seeks to build long-term relationships with our customers based on trust, employing a friendly and accessible manner. Throughout the value chain, we work to improve quality and safety of our products and services, and we set up new methods to measure customer satisfaction, in order to progressively enhance the service they receive.

The company's achievements in issues of Corporate Responsibility have been recognised externally. The Dow Jones Sustainability Index (DJSI) has once again recognised Gas Natural Fenosa as one of the world leaders from among the utilities sector (water, gas and electricity). The company is featured on the selective DJSI Europe, and for the 10th year running has retained its presence on the FTSE4Good.

I would particularly like to mention the approval, by the Management Committee, of the Human Rights Policy, which has already seen over 9,000 employees

trained through our Corporate University. This policy allows us to actively engage in protecting and encouraging respect of these rights within the company's sphere of influence.

In the area of climate change, the value of overall CO<sub>2</sub> emissions are in line with the reduction targets set by the group. Our environmental commitment was reflected in the leadership ranking obtained in the Carbon Disclosure Project Iberia 125, which analyses behaviour in transparency and management of climate change of the largest companies in Spain and Portugal. In this same report in Europe, Gas Natural Fenosa was ranked the highest energy company.

In RD&I, I should like to mention Gas Natural Fenosa's endeavours to develop technologies to shape the energy future, based on energy efficiency and on development of smart grids. The company has also continued to drive activities concerning energy savings in lighting technologies, management of renewable energy in lower output, and home automation. Investments in these actions increased 50% year-on-year.

I would also like to thank the work of all persons that work for Gas Natural Fenosa. Day after day, their responsibility reflects the excellence of a great team. In this regard, I would like to mention the company's commitment to human and social development.

As in previous years, this report is divided into the seven commitments taken on by the company in its Corporate Responsibility Policy, and covers Gas Natural Fenosa's performance in the economic, environmental and social areas. The information is published following the recommendations and principles of the third version of the **Sustainability Reporting Guidelines** of the Global Reporting Initiative (GRI); it is verified by PwC and includes the supplementary indicators for electricity sector companies.

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. ■

**Salvador Gabarró Serra**  
Chairman of the Board  
of Directors

## ■ Process for Drafting this Report



### Scope and focus of report

The information included in this Corporate Responsibility Report refers to all activities conducted by Gas Natural Fenosa in 2011, as a worldwide gas and electricity operator. The report considers the production and distribution of electricity, the gas supply, production, liquefaction, transport, distribution, storage and regasification operations, the energy commercialisation operations, coal-mining operations and other activities in the sphere of telecommunications.

The report has been drawn up in accordance with the recommendations given in the latest version of the **Sustainability Reporting Guidelines** of the Global Reporting Initiative, GRI 3.1. It includes additional information required by the utilities supplement, which contains specific indicators for electricity sector companies and which must be followed by all those companies that wish to obtain an A+ rating, conferred by GRI on those reports that follow its recommendations. In addition, whilst awaiting definitive approval of the oil and gas supplement that contains specific indicators

for companies in this sector, this report also includes the majority of applicable indicators given in the aforementioned supplement. This report has also been drawn up in accordance with the AA1000APS standard (2008).

The figures for Gas Natural Fenosa in 2011 submitted in this Corporate Responsibility Report are consolidated and refer to the company overall for the entire year.

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 2009, 2010 and 2011. However, figures for 2009 - the year of the merger between Gas Natural and Unión Fenosa - may be given in two different ways.

Generally speaking, the report reflects the consolidated figures of Gas Natural Fenosa from 1 May 2009, the date on which Unión Fenosa was included in the accounting system and which gave rise to the current company. However, there are cases in which, because of the type of indicator, pro forma information is given. The pro forma

option provides figures for 2009 as if the integration of the companies had taken place on 1 January that year, and includes combined information for both companies. The format in which this information is presented is particularly significant in "The Environment" and "Health and Safety" chapters. In both chapters, the option for consolidating the information as from 1 May 2009 could give a distorted image of the company's performance by significantly increasing or reducing said indicators, where said variations did not occur as a result of management activities, but rather of the integration of both companies. As a result, despite the inclusion of the consolidated figure as from said date, the format that gives a fairer image of the company's performance in these chapters is the so-called pro forma format. An explanatory footnote is included for each table or chart that includes pro forma figures.

## Gas Natural Fenosa's activities (at 31 December 2011)

	Electricity		Gas							Energy commercial- isation	Telecom unications	Mining
	Generation	Distribution	Exploration (upstream)	Production	Liquefaction	Transport	Distribution	Storage	Regasification			
Angola			O	O	O							
Argentina							O					
Australia	O											
Belgium										O		
Brazil							O					
Colombia		O					O				O	
Costa Rica	O											
Egypt					O							
Spain	O	O	O			O	O	O	O	O	O	
France										O		
Guatemala											O	
Holland										O		
Italy							O		O	O		
Kenya	O											
Luxembourg										O		
Morocco			O			O						
Mexico	O						O					
Nicaragua		O										
Oman					O							
Panama	O	O									O	
Portugal	O									O		
Puerto Rico	O								O			
Dominican Republic	O											
Moldova		O										
South Africa												O

Note: besides these 25 countries, Gas Natural Fenosa has professional services, portfolio or holding companies in Ireland, Madagascar and Uganda. Gas Natural Fenosa's activity in Angola, Australia, Italy (regasification) and Portugal (generation) refers to specific projects concerning the aforementioned activities, and not that the company has an operating infrastructure or one under construction.

In human resources, figures on staff and personnel expenses are reported for the countries in which Gas Natural Fenosa operates. The exception to this rule includes Angola, Belgium, Luxembourg, Oman and Portugal, countries in which the company carries out its activities

but has no employees or, if there are any employees, they belong to Spanish companies. For the remaining indicators, information is provided on the countries in which Gas Natural Fenosa 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 managed workforce, but not centralised management. In each case, the criteria is clearly indicated in the chart or table.





### Application of the AA1000APS standard when drafting this report

The purpose of the AA1000APS 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. The principles that govern this standard are as follows:

**t Inclusiveness** . This is defined as stakeholders' participation in the development and achievement of a strategic and responsible response from the company in sustainable development. In relation to this principle, the information presented by Gas Natural Fenosa in each chapter of this report on actions regarding dialogue with its stakeholders is especially relevant.

**t Relevance** . This refers to the need for determining the importance of matters related to corporate responsibility and sustainability for the company and its stakeholders. One relevant issue is that which influences the decisions, actions and performance of an organisation or its stakeholders. The relevant issues for Gas Natural Fenosa are included in its Corporate Responsibility Policy, was approved in December 2010. This 2011 Corporate Responsibility Report is structured according to said matters.

**t Capacity for response** . This principle refers to the company's response to relevant issues related to corporate responsibility or sustainability. The capacity for response can be seen in the decision-taking processes, actions taken and performance, as well as in communications with stakeholders. Thus, this 2011 Corporate Responsibility Report includes key performance indicators of the company, as well as its core policies and management systems in the spheres taken into account.

### Principles for drafting this report

In accordance with the Global Reporting Initiative recommendations, the balanced and reasonable presentation of the organisation's performance requires application of certain principles to determine the content of public information on this issue.

**t Materiality** . Materiality is the threshold from which an aspect of sustainability is of sufficient importance to be included in the Corporate Responsibility Report. The importance of materiality is determined by the significant impacts of the organisation that could have a sizeable influence on stakeholders' assessments and decisions

In 2011, Gas Natural Fenosa conducted a materiality study with which it identified relevant items for an energy sector company in areas of corporate responsibility. Identification of topics was based on analysing the requirements of institutional investors, and considered the information taken from documentation from energy consultants, sustainability indices, as well as proposals submitted at General Meetings of Shareholders of energy sector companies. These items were sorted in accordance with the undertakings of the Corporate Responsibility Policy and were then used in a benchmarking to check the performance of Gas Natural Fenosa against major players in the sector and other leading companies in terms of performance in this field. This comparative analysis, which was also verified through interviews with members of the Corporate Reputation Committee, an online survey and monitoring of social networks and those relevant aspects within the framework of the Online Reputation

Plan, enabled us to detect the need to include more details about certain items in the report. This was either because of the importance that stakeholders give to these items, or due to the need to increase the company's transparency with regard to these items. All items were classified in accordance with their maturity, understood as the level of attention that sector companies give to certain items in their public reporting. They were also sorted by relevance, understood as the importance that consumer motivators give to the topics analysed.

The items detected were incorporated into the information collection systems in order to draw up this report, and have been added to the texts of the appropriate chapters. The new material information received as a consequence of the study carried out means that this report is even more comprehensive.

For Gas Natural Fenosa, the aspects included in the Global Reporting Initiative are materials; in particular, this extends to those that can be found in the utilities supplement of the aforementioned organisation and the RepTrak analysis, a methodology used by Gas Natural Fenosa to gauge its reputation.

The company believes that, in this way, all the issues that are of relevance in view of its characteristics and those of the sectors in which it operates have been included in this 2011 Corporate Responsibility Report.

#### t Participation of stakeholders

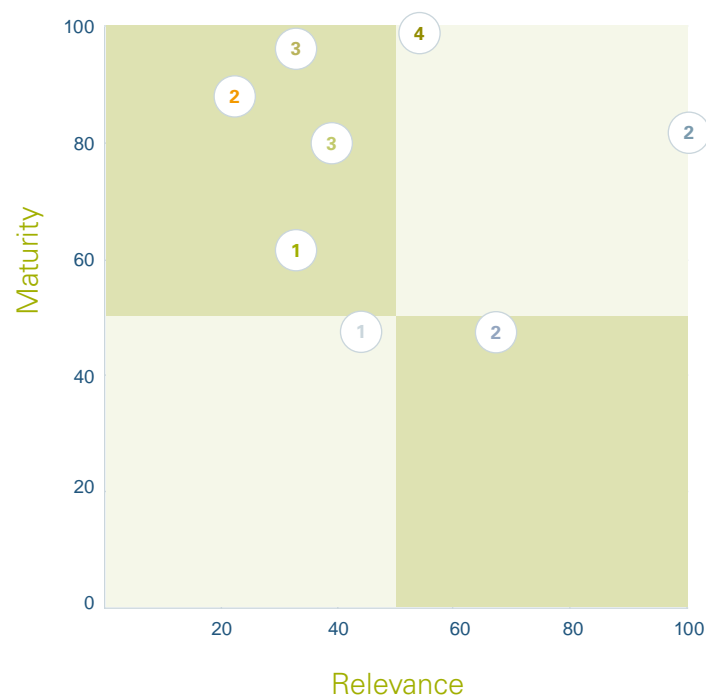
The establishment of an active dialogue with stakeholders is a fundamental principle of Gas Natural Fenosa's strategy. The company has defined its stakeholders, identified its expectations and set actions to establish a two-way dialogue. This process is explained in the sections on dialogue with stakeholders and corporate responsibility governance.

#### t Sustainability context

The report offers an analysis of the company's performance in the context of the economic, environmental and social requirements of its social and market environments. The sections on strategy and contribution to development focus specifically on this area.

#### t Exhaustiveness

The outline of contents was defined with the help of those in charge of the key management areas of the company. This ensures that the essential aspects and impacts of Gas Natural Fenosa's activity have been taken into consideration. Performance of the foregoing materiality study was extremely useful in delving further into this principle.







## Quality of the information given

As in previous years, Gas Natural Fenosa has followed the Global Reporting Initiative recommendations to ensure the quality of the information that is being disclosed in this report. The consideration of the principles given hereunder guarantees that the information offers the appropriate guarantees of quality.

- t Balance.** The report clearly shows the positive and negative aspects of the organisation's performance, which enables a reasonable valuation thereof.
- t Comparativeness.** The information given in this report makes it possible to analyse the evolution of the company performance over time. Accordingly, as far as possible and bearing in mind

the particularities that result from the integration procedure attained in 2009, the report includes information from previous years. Each indicator is reported in the most appropriate way in order to provide comparability.

- t 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.
- t 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.
- t 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
- t Reliability.** The figures given in this 2011 Corporate Responsibility Report have been checked by PwC. The drafting of the report has taken into account the three principles required by the AccountAbility AA1000 standard in relation to relevance and materiality, accuracy and whether or not the information given responds to the stakeholders' concerns and requirements.

## 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 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 AA1000APS.

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 2011 report, the independent expert applies the level of assurance specified in the Independent Review Report.

## Queries and additional information

In addition to this 2011 Corporate Responsibility Report, Gas Natural Fenosa has published the Annual Report, the Corporate Governance Report and the Audit and Control Committee Report, all pertaining to 2011. The company also has a website ([www.gasnaturalfenosa.com](http://www.gasnaturalfenosa.com)) where anyone interested can consult up-to-date information about the company. Furthermore, special mention must be made of the fact that Gas Natural Fenosa publishes corporate responsibility reports in Argentina, Colombia and Mexico. ■

Readers can send their doubts, queries or requests for information to:

[reputacioncorporativa@gasnaturalfenosa.com](mailto:reputacioncorporativa@gasnaturalfenosa.com)



# Gas Natural Fen

2011 corporate responsibility report

- 13 Organisation Profile.
- 20 Strategy of Gas Natural Fenosa.
- 22 Contribution to Development.



# Organisation Profile

Gas Natural Fenosa is an integrated gas and electricity utility company. It is the largest gas and electricity company in Spain and Latin America and leads the natural gas commercialisation market in the Iberian Peninsula. It is also the main liquefied natural gas supply in the Mediterranean and Atlantic Basins. It has a fleet of 11 methane tankers<sup>(\*)</sup>. At the present time, Gas Natural Fenosa operates in more than 25 countries and has around 20 million customers and 15.4 GW of installed power

Gas Natural Fenosa operates throughout the entire gas value chain, from drilling to distribution, incorporating production, liquefaction and transport. The company also has gas storage and regasification facilities. In the electricity sector, Gas Natural Fenosa is the third operator in Spain and an important player in Latin America where it sells energy produced at its thermal power stations and renewable energy facilities.

Gas Natural Fenosa's energy mix is rich and diversified, competitive and environmentally friendly. It possesses thermal power stations run on natural gas, coal and fuel oil, in addition to renewable energy facilities.

The company's century-long experience, tied to its competitive positioning, makes Gas Natural Fenosa a company that is ready to successfully tackle the challenges of a globalised market.

Added to these strengths is the company's most important asset, its employees, who represent a distinguishing factor and make the company's success possible. At the end of 2011, the company had 17,769 employees, 47% of them carrying out their activity outside Spain.

Gas Natural Fenosa's main shareholders at 31 December 2011 were as follows:

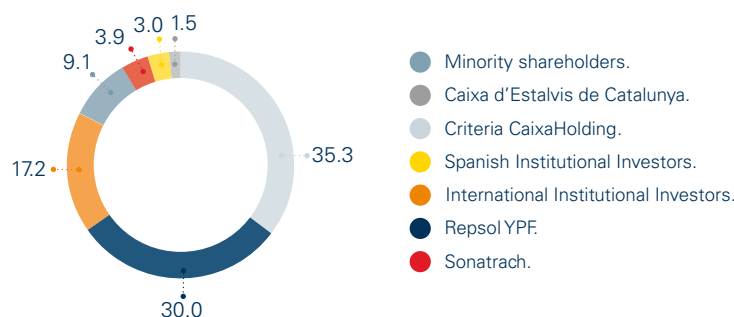
- t Criteria CaixaHolding: 35.3%.
- t Repsol YPF, S.A.: 30%.
- t International institutional investors: 17.2%.
- t Minority shareholders: 9.1%.
- t Sonatrach: 3.9%.
- t Spanish institutional investors: 3%.
- t Caixa d'Estalvis de Catalunya: 1.5%.

For detailed information on Gas Natural Fenosa's activities and the 2011 results, please see the Annual Report and the corporate website at

[www.gasnaturalfenosa.com](http://www.gasnaturalfenosa.com)



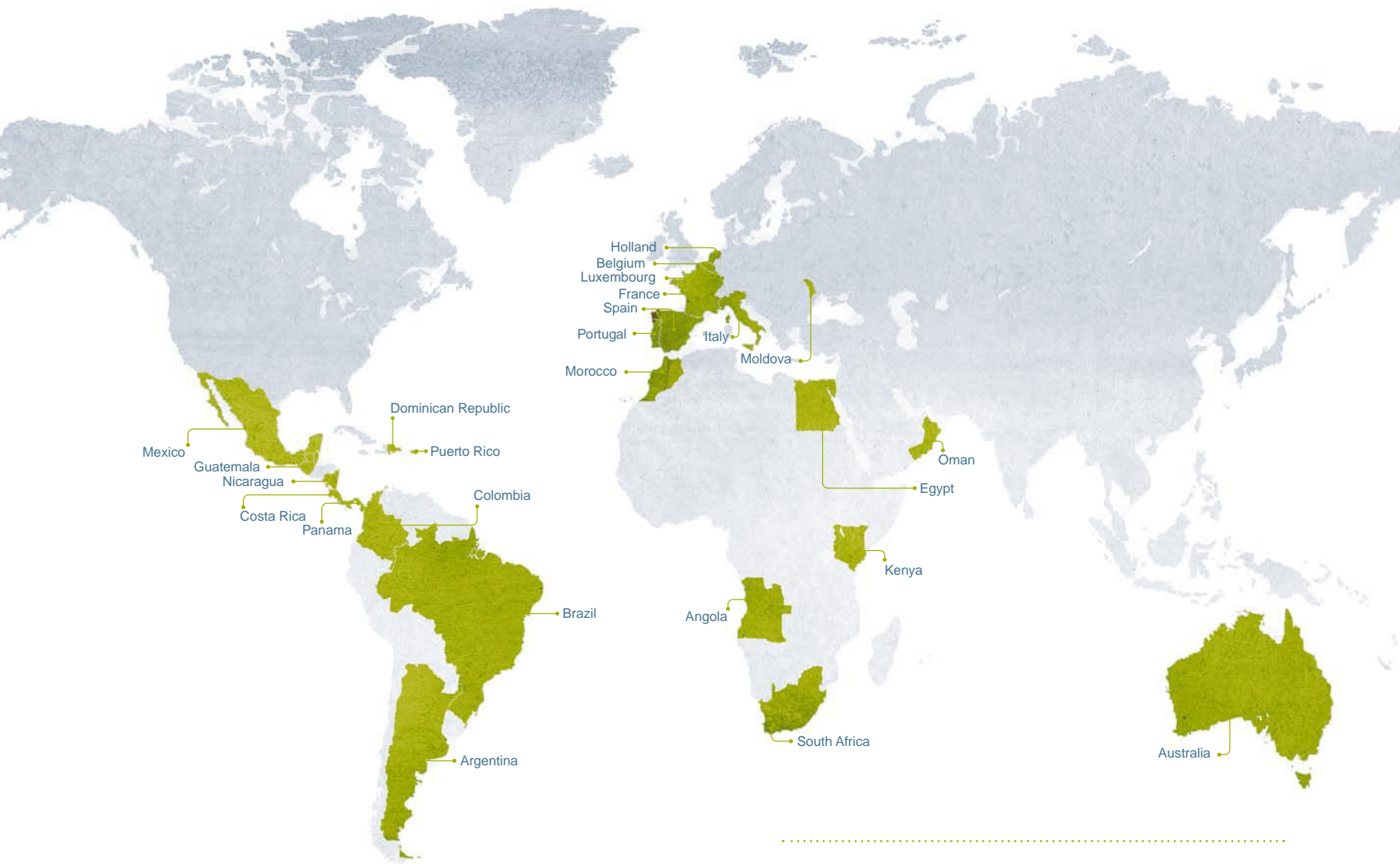
## Shareholders and investors <sup>(\*)</sup> (%)



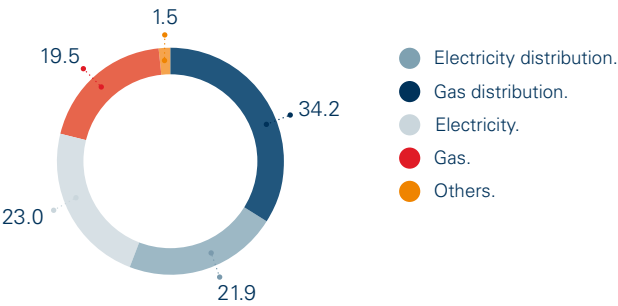
(\*) At 31 December 2011.

(\*) Seven of Gas Natural Fenosa and two in joint ownership with Repsol, managed by Repsol Gas Natural LNG-Stream; and two of Unión Fenosa.

Gas Natural Fenosa  
in the world



Contribution to Ebitda  
by activity (%)



## Gas Natural Fenosa: main figures

<b>Operations</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Gas distribution sales (GWh)	395,840	411,556	402,651
Gas transportation/Empl (GWh)	111,855	109,792	109,230
Gas distribution supply points (thousands)	11,372	11,361	11,534
Electricity distribution supply points (thousands)	8,133	9,436	8,663
Gas distribution network (km)	116,438	115,271	118,658
Electricity generated (GWh)	56,616	57,744	54,125
Contracts per customer. Spain	1.35	1.32	1.39 <sup>(1)</sup>

<b>Personnel</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Number of employees	17,769	18,778	19,803

<b>Financial</b> (millions of euros)	<b>2011</b>	<b>2010</b>	<b>2009</b>
Net turnover	21,076	19,630	14,879
Gross operating profit (Ebitda)	4,645	4,477	3,937
Operating profit	2,947	2,893	2,448
Total investments	1,406	1,543	15,696
Profit attributable to the company	1,325	1,201	1,195

<b>Stock information</b> (euros/share)	<b>2011</b>	<b>2010</b>	<b>2009</b>
Share prices as at 31 December	13.26	11.49	15.09
Profit	1.39 <sup>(2)</sup>	1.30	1.48 <sup>(2)</sup>

(1) Figure available for gas customers only.

(2) Considering the average number of shares for the year.





The 2011 Annual General Meeting of Shareholders saw the approval of shareholder remuneration for an amount equivalent to 0.80 euros per share



#### Installed capacity by energy source and regulation system

	Close 2011 (MW)	Close 2010 (MW)	Variation 11/10 (%)
Power installed in ordinary system. Spain	11,699	13,679	(14.47)
Hydroelectric	1,901	1,860	2.20
Nuclear	595	589	1.02
Coal-fired	2,048	2,048	0.00
Fuel oil/gas-fired	157	617	(74.55)
Combined-cycle	6,998	8,565	(18.30)
Power installed in special system. Spain	1,061	958	10.75
Renewables	1,061	958	10.75
<b>Total installed power. Spain</b>	<b>12,760</b>	<b>14,637</b>	<b>(12.82)</b>
Power installed in ordinary system. International	2,683	2,668	0.56
Hydroelectric	73	73	0.00
Fuel oil-fired	321	321	0.00
Combined-cycle	2,289	2,274	0.66
<b>Total power</b>	<b>15,443</b>	<b>17,305</b>	<b>(10.76)</b>

## Energy production by energy source and regulation system

	Close 2011 (GWh)	Close 2010 (GWh)	Variation 11/10 (%)
Production in ordinary system. Spain	35,701	35,809	(0.30)
Hydroelectric	2,892	4,752	(39.14)
Nuclear	4,378	4,325	1.23
Coal-fired	4,464	772	478.24
Fuel oil/gas-fired	0	32	(100.00)
Combined- cycle	23,967	25,928	(7.56)
Production in special system. Spain	2,380	2,529	(5.89)
Renewables	2,380	2,529	(5.89)
<b>Total production. Spain</b>	<b>38,081</b>	<b>38,338</b>	<b>(0.67)</b>
Production in ordinary system International	18,535	20,051	(7.56)
Hydroelectric	380	375	1.33
Fuel oil-fired	1,793	1,691	6.03
Combined-cycle	16,362	17,985	(9.02)
<b>Total production</b>	<b>56,616</b>	<b>58,389</b>	<b>(3.04)</b>

## Electricity produced using renewable sources broken down by country (MWh)

	2011	2010	2009
Costa Rica	262,331	258,541	280,478
Spain	2,379,506	2,528,796	–
Panama	118,256	116,027	74,654
<b>Total</b>	<b>2,762,104</b>	<b>2,905,374</b>	<b>357,141</b>

Note: this indicator is provided for the first time in 2011. Figures for Spain for 2009 have not been given, because the changes that occurred as a result of the merger between Gas Natural and Unión Fenosa make them difficult to obtain.

## Average efficiency by technology and regulation system

System	Technology	Efficiency <sup>(*)</sup> (%)
Ordinary. Spain	Coal-fired thermal	34.14
	Fuel oil-fired thermal	0.00
	Combined-cycle	53.83
International	Combined- cycle	53.66
	Fuel oil-fired	39.88

\* 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

Regime	Technology	Availability 2011 (%)	Availability 2010 (%)	Availability 2009 (%)
Ordinary. Spain	Hydroelectric	79.89	90.00	94.80
	Coal-fired thermal	88.04	95.14	84.60
	Fuel oil-fired thermal	88.58	60.57	76.10
	Nuclear	90.49	89.17	84.00
	Combined-cycle	94.42	93.14	94.00
Special. Spain	Wind	98.70	98.30	95.40
	Small hydro	98.00	90.40	99.00
	Cogeneration plants	92.50	98.00	97.10
International	Hydroelectric	96.92	93.41	95.50
	Diesel engines	85.40	89.70	85.70
	Combined-cycle	88.85	93.13	91.80

Gas Natural Fenosa’s electrical distribution facilities by country

Countries	Step-down transformers		
	Number	Capacity (MVA)	Length of power lines (km)
Colombia	78,624	5,694	52,042
Spain	38,733	13,314	109,880
Moldova	8,766	1,939	32,580
Nicaragua	48,550	1,912	15,417
Panama	41,936	2,834	22,543
<b>Total low and medium-voltage</b>	<b>216,609</b>	<b>25,693</b>	<b>232,462</b>
Colombia	211	4,260	1,659
Spain	837	27,459	8,724
Moldova	181	1,608	1,820
Panama	80	1,123	154
<b>Total high-voltage</b>	<b>1,309</b>	<b>34,450</b>	<b>12,357</b>
<b>Total</b>	<b>217,918</b>	<b>60,143</b>	<b>244,818</b>

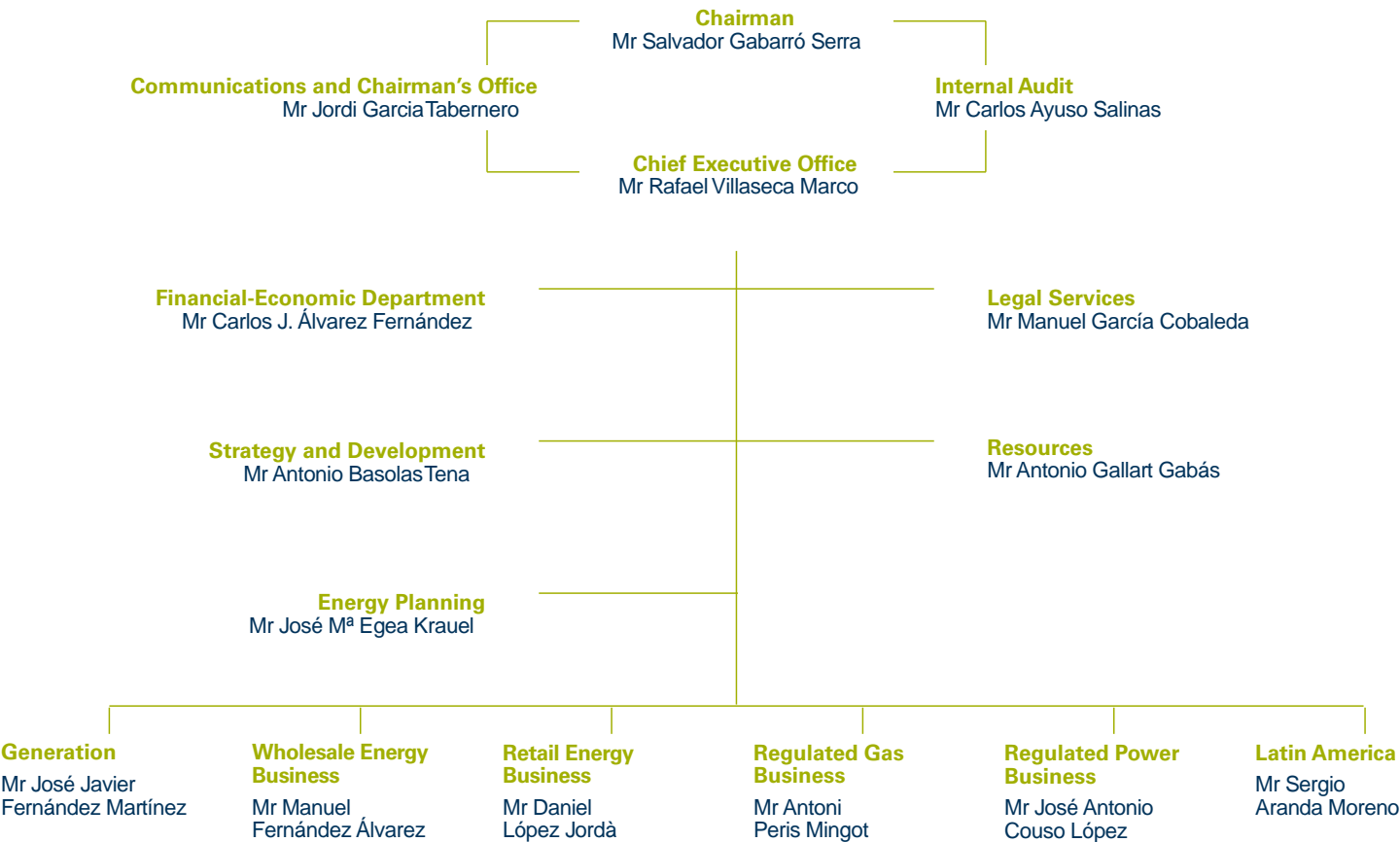


Electrical energy losses in transport and distribution (%)

	2011	2010	2009
Ordinary regime. Spain <sup>(*)</sup>	8.09	8.13	7.96
Colombia	18.25	18.35	19.33
Moldova	13.11	13.68	14.01
Nicaragua	20.63	21.81	22.15
Panama	10.23	9.77	9.73

(\*) Figures for previous years have been amended through use of a different criterion to calculate this indicator.

The Gas Natural Fenosa management structure



## Strategy of Gas Natural Fenosa



In 2010, Gas Natural Fenosa presented its 2010-2014 Strategic Plan. The key aspects of this plan are strengthening the balance sheet, optimisation and growth. An investment in excess of 9 billion euros will be made up until 2014, and this could reach as high as 13 billion if the international economic climate allows.

The 2010-2014 Strategic Plan defines targets in two different stages. The former, until 2012, focuses on strengthening the balance sheet, optimisation to achieve synergies and organic growth. The second stage, set to end in 2014, targets investments to make the most of growth opportunities in key businesses and markets, whilst retaining financial solidity. This dual structure enables the company to set specific and quantified targets for 2012, and qualitative and adaptable goals for 2014.

The plan lays down, as targets for 2012, reaching 22 million supply points around the globe, a percentage of dual-fuel in excess of 20% in Spain and 15.3 GW of installed power by 2012, following the disinvestments agreed with the National Competition Commission (CNC).

In economic terms, by the end of 2012 the plan envisages Ebitda in excess of 5 billion euros, which would entail annual accumulated growth of Ebitda greater than 5%, and an acceleration of growth until 2014, with a target of 5.7 - 6.1 billion at the end of the period.

In this regard, the forecast is to place the company's net debt at between 13.5 and 17.5 billion euros, representing less than three times annual Ebitda. The target is to reach a borrowing level of 50% and a medium-term credit rating of A. To optimise businesses, Gas Natural Fenosa is focusing its attention on ongoing improvement, while operational excellence is backed by the Synergies Plan, which has been allocated 750 million euros.

From 2012 onwards, the company will seek organic growth of its businesses, along with additional growth in key business lines and markets if the international economic climate develops as envisaged. Here, the growth potential Gas Natural Fenosa has in Latin America is relevant, as this is a region that accounts for around 30% of Ebitda and where the company has a solid presence and an extremely competitive position. This region is therefore one of the most important growth vectors for the company, particularly in Colombia, Brazil and Mexico.

The strategic lines of Gas Natural Fenosa for 2013-2014 are based on attracting between 2 and 3 million additional supply points, and reaching a total of 25 million supply points; achieving 1 GW of new installed power of conventional production in key markets and 1.2 GW of new capacity in renewable energies, exceeding 17 GW of installed power by 2014; and marketing an extra 4-5 bcm of gas (of which 3.5 bcm will be achieved in international markets).

To satisfy the targets proposed in the Strategic Plan, Gas Natural Fenosa has laid down specific goals for each of its business lines. In the distribution business, the company intends to have an additional 700,000 supply points in Spain by the end of 2014. Moreover, the plan envisages over 1.1 million customers in Brazil and Mexico, and 90,000 new supply points in Italy for that same year.

With regard to the gas business, the strategic bases of the plan focus on internationalisation of marketing gas and on the development of infrastructures, using the company's current position in the Mediterranean and Atlantic Basins to explore new opportunities in gaining access to infrastructures in European and Latin American markets.

The electricity business will focus its priorities on completing production projects that are already underway, fostering the retail marketing of electricity and power services, and on strengthening the wholesale commercialisation business. Of particular note in this sphere is the creation of Gas Natural Fenosa Renovables, a subsidiary company that pools together all of the company's renewable assets and which will act as an impetus for these generation technologies.

Reaching the demanding targets laid down in the Strategic Plan and satisfying external demands is supported by the company's strengths:

- t Gas Natural Fenosa is a best-in-class operator in downstream, distribution and sale of energy. The consolidation of Gas Natural Fenosa fosters the synergies of both companies, which already had lengthy experience.
- t The company's energy production pool is extremely diversified and efficient, which enables it to competitively manage the natural resources it uses.
- t The company's strong position in Latin America and the major development prospects there, which means that Gas Natural Fenosa will look for major growth in this area.
- t The Gas Natural Fenosa workforce.

The company will continue to have a competitive, diversified and environmentally friendly energy mix. The new Strategic Plan places greater emphasis on increasing installed power, particularly with regard to wind and hydroelectric technologies, in which Gas Natural Fenosa has extensive know-how, as a result of its in-depth experience, enabling it to hold a leading position in the Spanish market.

This will enable Gas Natural Fenosa to support through its strategy and own targets the undertakings acquired by the European Union for 2020, the so-called 20/20/20 goal, which seeks to reduce greenhouse gas emissions by 20%, save 20% in consumption of primary energy and ensure that 20% of final energy use comes from renewable sources.

## Gas Natural Fenosa Renovables

With the spirit of turning renewable energies into one of the company's growth vectors, Gas Natural Fenosa created the company Gas Natural Fenosa Renovables. This company pools together the renewable energy assets and the special regime assets within the company's national and international spheres.

Gas Natural Fenosa Renovables is the fifth largest national wind operator. It has an active presence in 14 autonomous regions and projects in operation in ten of these.

Installed power attributable to the group is 947 MW (wind energy), 69 MW (small hydro power) and 78 MW (cogeneration). In addition, the group has a portfolio of more than 2,000 MW in Spain and over 1,000 MW in international projects underway.

In 2011, the major milestones reached by the new subsidiary company were:

- t Acquisition of a package of 95.5 MW net, through purchase from ACS of its stake in five wind farms, thus increasing the presence of Gas Natural Fenosa in Andalusia, Catalonia and Galicia
- t Purchase of the Altos do Seixal wind farm in Galicia from Gamesa, with installed power of 30 MW.
- t Inclusion of all activities and facilities managed by Gas Natural Fenosa Renovables in the Integrated Management System (quality, the environment, health and safety).

Moreover, Gas Natural Fenosa Renovables achieved excellent results in the Spanish wind farm tenders, was awarded a total of 1,100 MW.

The strategy of Gas Natural Fenosa Renovables is supported on three sides: persons, processes and information systems. Each of these has targets and planning adapted to specific needs.

Over the next few years, Gas Natural Fenosa Renovables hopes to become an international benchmark operator to position itself as a relevant agent in the Mediterranean Arc and in Latin America, and to develop a stable platform in other attractive technologies.



# Contribution to Development

The challenge facing companies in the energy sector does not only consist of satisfying growing demand for energy in a developing world, but also doing so in a way that is ever cleaner, safer and more reliable. Supplying energy according to sustainability, efficiency and safety criteria is Gas Natural Fenosa’s main contribution in the quest for more sustainable development.

Gas Natural Fenosa is the leading seller of natural gas on the Iberian Peninsula and the top natural gas distributor in Latin America. It is important to bear in mind that owing to its chemical composition and properties, natural gas is the cleanest fossil fuel.

The company has an electricity generation mix that is both reliable and safe. It is also capable of giving an appropriate response to the demand for energy of the societies in which it operates. The company has thermal power stations that work with coal, gas or fuel oil, hydroelectric power plants, wind farms, solar farms and nuclear power stations, which makes it an essential player for the safety and reliability of the supply in the areas in which it operates.

Gas Natural Fenosa is the leading company in energy efficiency in Spain and a benchmark on the international stage. For Gas Natural Fenosa, efficiency is the main tool in guaranteeing the energy supply, increasing its competitiveness and improving environmental sustainability.

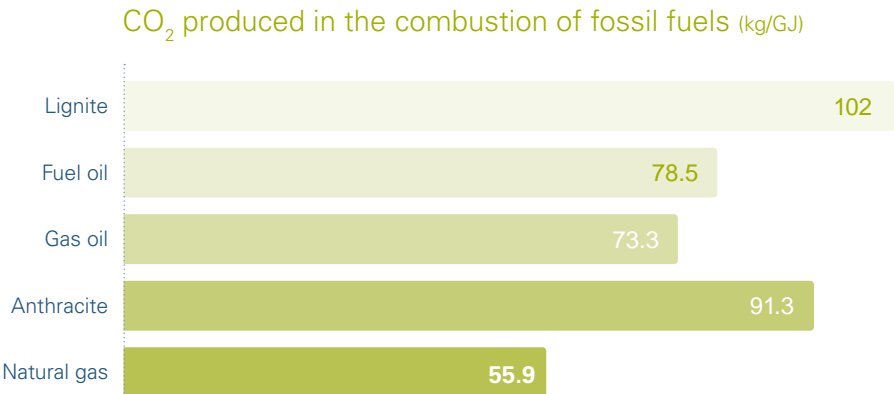
## A company that supplies clean energy

The environmental performance of energy companies is subject to increasing scrutiny by society. Gas Natural Fenosa has taken up this challenge actively, aware that its own electricity and gas transport, generation and distribution activities would be unimaginable without producing certain environmental impact. This is why the company is working on preventing impacts and reducing pollutants by improving the efficiency of processes through the installation of high-performance equipment and by using the best available technologies.

In a context that is marked by growing social sensitivity on sustainable development, both natural gas as well as energy from renewable sources will take on more importance in the energy mix. Energy from natural gas, the fossil fuel with the lowest carbon content, represents 71 % of the company’s electricity production.

Of the alternatives available in the area of energy efficiency and emissions reduction, natural gas is the best of the fossil fuels. For the same amount of energy produced, natural gas combustion produces between 40 and 45% less CO<sub>2</sub> than coal and between 20 and 30% less than oil. Furthermore, the NO<sub>x</sub> emissions caused by the natural gas combustion are very low. Only insignificant SO<sub>x</sub> and solid particles are emitted.

Its environmental properties and versatility as an energy source make natural gas one of the best options to combat climate change and other environmental problems, such as air quality or acidification of soils and waters.



Source: IPCC-Eurogas.

## An efficient energy with a growing number of uses

Natural gas offers better energy performance than other fossil fuels. The combined-cycle plants that operate with natural gas are approximately 20% more efficient than conventional power stations.

Natural gas offers another series of benefits from the efficiency standpoint, which leads to beneficial environmental effects. Thus, its specific emissions, viz., emissions per unit of energy produced, are lower than the remainder of fossil fuels.

Natural gas is also one of the primary energies with the highest growth potential owing to its increased use in every sector, the extension of the gas pipeline network, its use in processes for generating energy and its use as a fuel for transport.

## A company committed to efficiency and RD&I

Gas Natural Fenosa's RD&I activity is guided by its Technology Plan, within the framework of which the company carries out RD&I projects, distributed over several technological lines and associated programmes.

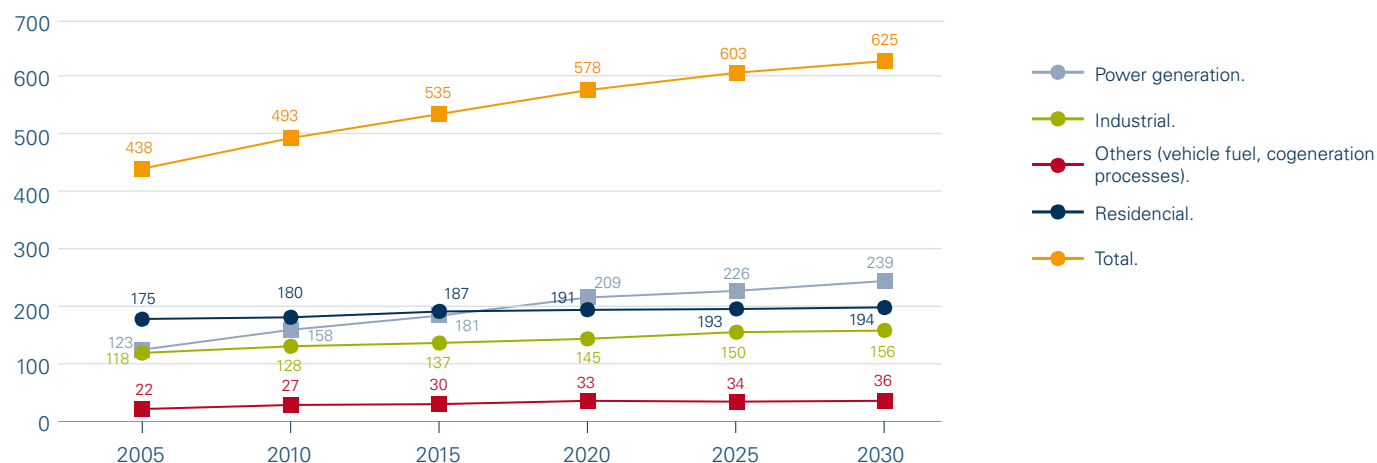
The general aim of RD&I projects is to improve technologies, techniques and processes currently used, as well as including new technologies, for the ultimate purpose of improving safety, sustainability, the environmental impact, productivity and the company's efficiency.

The RD&I projects of Gas Natural Fenosa can be grouped into the following categories: energy efficiency, renewable energies, sustainability, advanced generation technologies, and electricity transmission and distribution.

RD&I energy efficiency activities in 2011 were related to two main aspects:

- t Energy saving, using illumination technologies, management of renewable energy in lower output, and home automation through the use of highly efficient energy tools and solutions. In this regard, of particular note was the comprehensive reform of the Cuzco Complex (headquarters of the Ministry of Industry, Energy and Tourism), which incorporates most of the technologies mentioned above.
- t Energy services, activities akin to those of companies that provide these kinds of services, such as energy audits or energy advisory services, to which we should add the Certification of Energy Management Systems based on the UNE-EN ISO 50001 standard or use of the IPMVP (International Performance Measurement and Verification Protocol).

## Demand for natural gas in the EU by sector (Mtep)



Source: Eurogas. Natural Gas Demand and Supply. Long-Term Outlook to 2030.



With regard to renewable energies, which play an ever greater role in the energy production portfolio of Gas Natural Fenosa, in 2011 efforts focused on making these energies cheaper and extending, to the extent possible, their application through a more extensive portfolio of technologies. A special mention should be given to the development of new techniques of capturing solar power and storing solar energy in the form of sensible heat, as well as the development of new technologies involving biomass and new energy crops. Projects such as Tesconsol, OffWindTech, Neptune and Lighthouse Industrial Energy Efficiency have been particularly successful.

Also in the field of renewable energies, the participation of Gas Natural Fenosa in the European initiative KIC InnoEnergy was relevant. This is a community of innovation and knowledge sponsored by the EIT (European Institute of Innovation and Technology) to strengthen innovation and technology in Europe in the field of sustainable energy. Within the framework of this institution, Gas Natural Fenosa was behind the regional Spanish centre dedicated to renewable energies and industrial efficiency, spheres in which the company has projects already underway, particularly focused on the use of solar energy and offshore wind energy, as well as energy efficiency in industrial areas.

As far as electricity transmission and distribution are concerned, the major RD&I activities in 2011 centred on development of new technologies

for smart grids, believed to be a key element in achieving the targets to reduce CO<sub>2</sub> emissions, as well as improving energy efficiency and reducing energy dependency on foreign supply. Research into this sphere aims to ensure an efficient, sustainable, cheap and safe supply, which will involve integration of a growing number of renewable energy sources (wind, solar, thermosolar, etc.) and a more flexible consumption to enable greater efficiency in the energy system overall. Gas Natural Fenosa is currently targeting huge resources at research, innovation and demonstration, which will enable the different technologies, tools and elements that make up the smart grids to enter the market. The projects carried out (Energos, HiperDNO, RedNA), after several years of research and development, enabled local pilot schemes to be set up (Scala, Price) as a preliminary step prior to en masse implementation.

In advanced generation technologies, research efforts in 2011 focused on experimenting with a new pilot plant to capture CO<sub>2</sub> through carbonation-calcination cycles for combustion on a fluidised bed of biomass, located in La Robla (Spain). Also of relevance was the assimilation, through collaborative projects and technology transfer programmes, of the latest proven technologies in capture and storage of CO<sub>2</sub>, as well as other improvements in the electricity generation facilities.

The company's activity in 2011 with regard to sustainability and related innovative services targeted the following aspects:

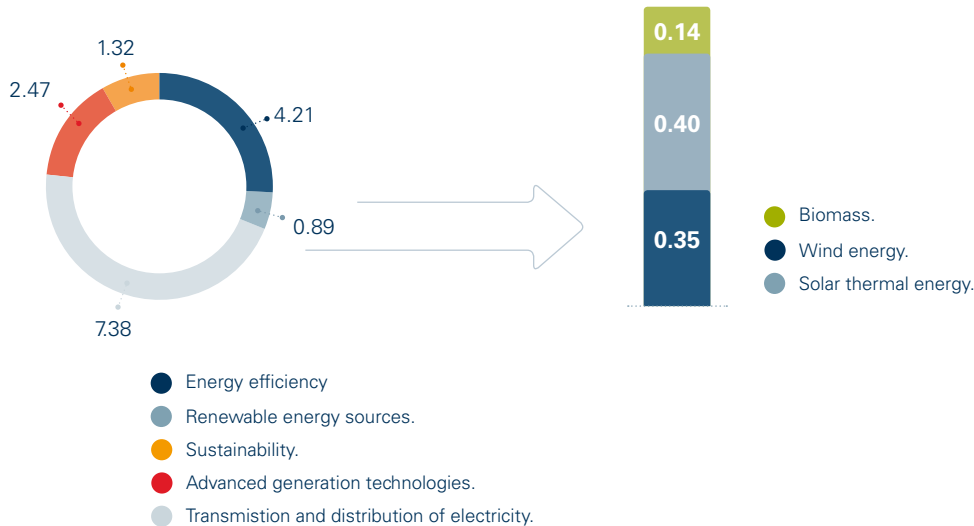
- t Gas distribution systems, a sphere in which projects are being carried out to find out details on the consumption of customers of the gas distribution networks, the inclusion of energy services through the meter and modelling the gas distribution networks to improve safety.
- t Using biomethane, a new energy vector given its synergies with natural gas and its renewable nature. A range of studies are underway to ensure the proper inclusion of this new fuel into the distribution systems (Biogas project).
- t Solutions of sustainable mobility, research work that commenced in previous years. Here, we can highlight

the development of advanced systems to recharge electric vehicles, the set up of standard service stations for those vehicles that run on natural gas, the development of a gas-electricity urban hybrid vehicle, as well as the development and demonstration of complete electrical mobility systems (Domocell and RIR-VE projects).

Gas Natural Fenosa targeted 16.27 million euros at these projects and activities, up 50% on the previous year.

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

Investmen in RD&I (%)





## A company committed to communities

Gas Natural Fenosa generates wealth and employment in the countries in which it carries out its activities, which can be seen through the payment of salaries, taxes, investments and the creation of value along the energy chain. The company also takes part in social projects in line with its business whose purpose is to contribute to the development of the societies in which it operates.

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 2011 as a result of the company's infrastructures development projects.

In fulfilment of the different legislations that are applicable, the company proposes measures for reducing any possible impacts. Where applicable, these measures include environmental compensation mechanisms such as royalties, charges and other types of agreements. In addition, the company's decision-taking processes take into consideration the opinion of stakeholders affected by them in order to maximise the positive impact of the project. Its stakeholders' participation is defined when the operations are analysed. Similarly, during the phases of implementation, launch and operation of the facilities, Gas Natural Fenosa maintains its dialogue with external players to ensure the resolution of any incident.

In compliance with the provisions laid down in the Human Rights Policy of Gas Natural Fenosa, approved in 2011, the company will gradually implement a social impact assessment methodology and assess relationships with communities in the investment and divestiture projects it carries out.

In this regard, the company is already analysing the impact of its activity on some other projects in which it takes part. One of the major projects is the Torito hydroelectric project in Costa Rica. The direct area of influence of the project encompasses 11 neighbouring communities and a total of 68,000 individuals are directly or indirectly affected by the project. Before building the power plant, the company is performing fieldwork to analyse what actions have to be carried out in the communities. There are three strategic vectors: jobs, mending roads and making contributions to social, educational and health infrastructures. Before commencing construction work, an action plan will be drawn up that considers the social compensation measures to be put in place in the communities during the plant construction and operation period.

### Population without an electricity service (%)

	2011	2010	2009
Colombia (Electricaribe)	6.10 <sup>(4)</sup>	6.10 <sup>(1)</sup>	9.79
Nicaragua	30.20 <sup>(2)</sup>	33.20 <sup>(2)</sup>	39.00
Panama	14.00 <sup>(4)</sup>	14.00 <sup>(3)</sup>	18.60

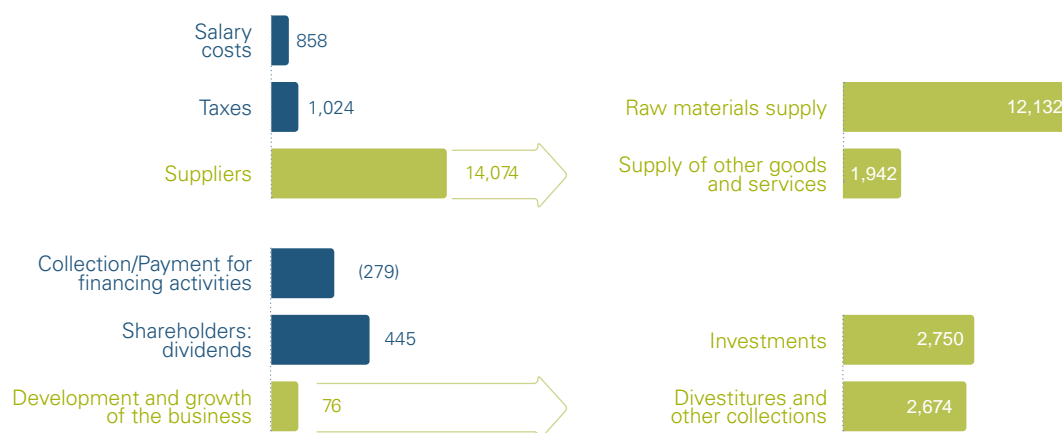
(1) Source: Energy Mining Planning Department of the Government of Colombia. Figures published at December 2010.

(2) Source: Ministry of Energy and Mines of Nicaragua.

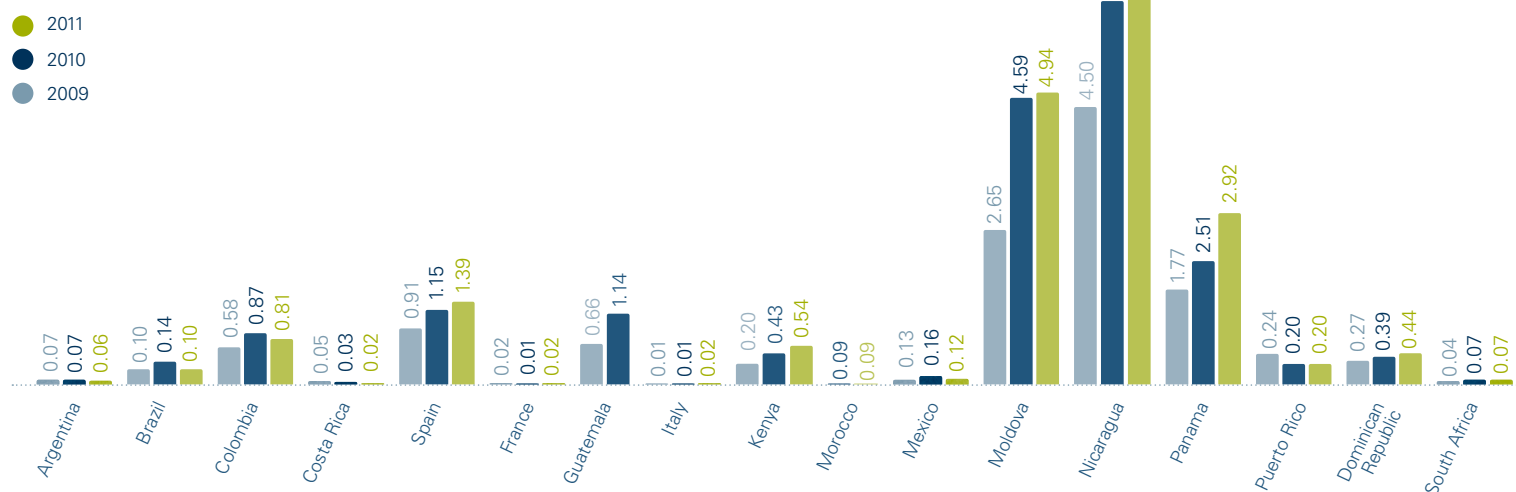
(3) Source: Office of the Comptroller General of the Republic of Panama.

(4) Information not available, 2010 value replicated.

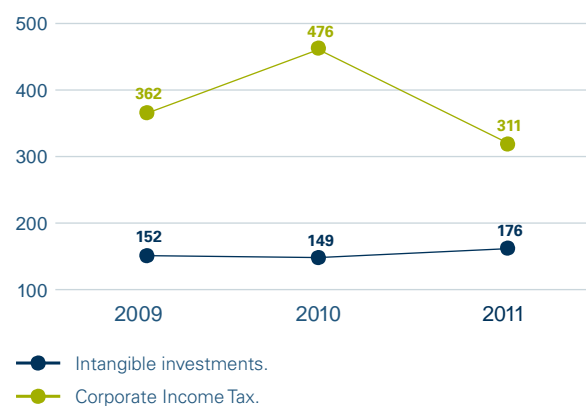
### Contribution to society (millions of euros)



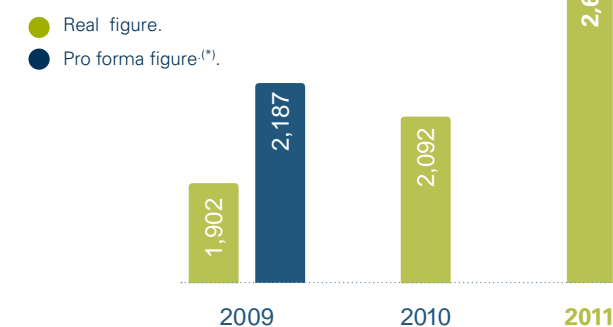
### Contribution to GDP by country (%)



### Contribution to society (millions of euros)



### Total purchase volume awarded



(\*) The pro forma figures include the statistics from Gas Natural and Unión Fenosa as if they had been merged since 1 January 2009. These figures are offered in order to allow them to be compared with those of subsequent years.



## Energy access programmes

Energy drives prosperity and there is no development in its absence.

Gas Natural Fenosa operates in countries where there is often a lack of suitable infrastructure to satisfy the energy needs of local inhabitants. In those countries, there are certain geographical areas in which the energy cover does not reach all the population. The company works actively to serve all the individuals, families and organisations located in areas for which it has been awarded a distribution or service licence.

To adapt its operations to specific needs of low-income individuals, Gas Natural Fenosa has several schemes to cater to the so-called underprivileged neighbourhoods. These neighbourhoods are characterised by specific socioeconomic conditions that make both the distribution of gas or electricity as well as management of the commercial cycle difficult, leading to problems in gaining access to energy and a high rate of payment default.

In Colombia, the company Energía Social, whose activity began in 2004, is responsible for the commercial management of those neighbourhoods without standardised electricity infrastructures. The infrastructure belongs to the neighbourhood, level of non-payment is high and the electricity supply customer is the neighbourhood itself. This means we have to offer new ways of measuring and consuming, given that individualised billing is not possible. In this context, Energía Social developed a specific community billing system for these customers and manages the Social Energy Fund (FOES), a neighbourhood 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 through the collectors, who are paid for receiving payment and for providing customer service. Energía Social also performs an essential catalyst role in standardising these neighbourhoods, by encouraging their inclusion in the Electricity Standardisation Programme (PRONE). In collaboration with the Colombian government, a total of 21,707 families benefited through PRONE in 2011. Investment totalled more than 20 million euros.

Once they have standardised facilities, the neighbourhoods are then considered special zones because, although they have better facilities, they continue to be affected by social circumstances that require a different kind of management. 23,202 families benefited in 2011 in these special zones. Gas Natural Fenosa's investment was almost 9 million euros, targeted at projects for electricity substations and electricity lines, to improve reliability and safety of the service.

Similarly, through the Rural Electrification Support Fund (FAER), made available by the Colombian government, projects were performed to extend the grid to zones that were not interconnected and to rural populations that did not have an electricity service. In 2011, beneficiaries of this programme totalled 1,215 families and the investment was in excess of 3.3 million euros.

In Nicaragua, a similar reality is taking place in the so-called informal settlements. The human groups that spontaneously form inside urban areas generate an uneven distribution of urban space and cause a shortfall of basic services. Together with the government, an inventory was drawn up to identify those zones considered settlements.

In 2011, together with the Ministry of Energy and Mines of Nicaragua in 2011 Gas Natural Fenosa worked on standardising five settlements, which affected a total of 3,800 customers that previously had illegal connections. In addition, rules were established for execution of the National Sustainable Electrification and Renewable Energies Plan (PNESER). This scheme, driven by the distributor together with the government, aims to increase the electricity service coverage in rural areas where there are

no electricity grids and in those illegally connected settlements.

The programme will be rolled out from 2012 and is expected to last four years. Almost one and a half million people will benefit from this.

In Argentina, in 2011 the company continued to develop the model used to extend the gas network to impoverished neighbourhoods. Together with the Pro-Vivienda Social Foundation (FPVS), the gas network continued to extend in the neighbourhood of Cuartel V, Stage II. In 2012 and 2013, more than 60 km of the gas network will be built, which will benefit over 4,000 families.

In addition, through its subsidiary Gas Natural Fenosa Engineering, the company has been providing technical assistance in the Euro-Solar programme -promoted by the European Commission- since 2007. This is a regional development project for the eight most underprivileged countries of Latin America (Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay and Peru), the aim of which is to encourage development through renewable energy of 600 isolated rural communities that do not have access to electricity.

Euro-Solar, which will benefit around 300,000 persons, involves the installation of a kit in each community. This kit is made up of a renewable energy production system (solar and wind) and auxiliary equipment to foster communications (satellite antenna to connect to the Internet, modem, telephone and fax), education (laptops for the classroom, printer and projector) and health (sanitary refrigerator and water purifier for the health centre). Euro-Solar is a comprehensive programme as it is not limited merely to the assembly and



commissioning of the equipment, but also involves training members of the communities to manage and maintain the equipment, as well as developing basic services in the fields of education, health, information technologies and encouraging productive activities.

The programme is scheduled to last 76 1/2 months (it ends in May 2012) and the overall budget is in excess of 36 million euros, co-funded by the European Commission (80%) and recipient countries (20%).

## Recognised sustainability

In 2011, Gas Natural Fenosa reached the target of certifying the company's integrated management system, implemented in accordance with the international standards UNE-EN ISO 14001, UNE-EN ISO 9001 and UNE-EN ISO 18001.

Following a process of integration and optimisation of the numerous management systems that existed at the company, in 2011 the Spanish Standardisation Association (Aenor) audited the system that ensures the company's sustainable performance.

Thus, management of the environment, quality assurance, health and safety has been certified in accordance with the planned objectives. This recognition places Gas Natural Fenosa as a worldwide leader in this aspect. ■



# corporate responsibility and Gas Natural Fenosa

2011 corporate responsibility report

- 31 Key Corporate Responsibility Indicators.
- 34 Corporate Responsibility Policy Management.
- 38 Management of Corporate Responsibility.
- 44 Dialogue with Interest Groups.

## Key Corporate Responsibility Indicators



Gas Natural Fenosa monitors its performance in corporate responsibility through its key management indicators

The following indicators have been defined by Gas Natural Fenosa to monitor its performance in the area of corporate responsibility.

Customer orientation	2011	2010	2009
Percentage of satisfied customers <sup>(1)</sup>			
Spain	75.8 <sup>(2)</sup>	83.00	85.60
Italy	78.2	73.80	78.50
Latin America	86.9	87.40	86.00
Suppliers with contracts currently in force	9,411	8,203	11,249
Total purchase volume awarded (millions of euros)	2,603	2,092	1,902
Commitment to results	2011	2010	2009
Net turnover (millions of euros)	21,076	19,630	14,879
Gross operating profit. Ebitda (millions of euros)	4,645	4,477	3,937
Total investments (millions of euros)	1,406	1,543	15,696
Net profit (millions of euros)	1,325	1,201	1,195
Dividend (millions of euros)	821 <sup>(3)</sup>	742 <sup>(3)</sup>	730
Evolution of Gas Natural Fenosa's classification on the DJSI	85	85	83
The environment	2011	2010	2009
Greenhouse gas emissions (GHG) (t CO <sub>2</sub> e)	23,177,112	19,371,616	20,988,306
Emissions of GHG/Electricity generation (t CO <sub>2</sub> e/GWh)	371	314	342
Methane emissions in transportation and distribution (t CO <sub>2</sub> e/km grid)	11.76	11.79	11.50
Emissions of SO <sub>2</sub> /electricity produced (g/kWh)	0.315	0.125	0.145
Emissions of NO <sub>x</sub> /electricity produced (g/kWh)	0.716	0.497	0.462
Emissions of particles/electricity produced (g/kWh)	0.027	0.020	0.022
Generation of hazardous waste (t)	7,333	7,297	7,348
Recycling of fly ash (%)	25	272 <sup>(4)</sup>	82
Interest in people	2011	2010	2009
Staff rate. No. of employees	17,769	18,778	19,803
Men/Women (%).	71/29	73/27	74/26
Women in management posts (%)	22.52	21.70	19.70
Personnel costs (millions of euros)	858	798	600
Training hours per employee	52.20	47.80	42.20
Annual investment in training (euros)	8,827,857	8,057,570	8,505,000

(1) Figures for 2009 and 2010 for gas customers only.

(2) Figure for residential customers.

(3) Equivalent total amount.

(4) More ashes have been recycled than generated by recycling ashes from the waste tip from the Anllares power station.

<b>Health and safety</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Accidents requiring medical leave	174	228	244
Days lost	4,853	5,147	5,932
Mortalities	1	2	1
Frequency rate	5.43	6.80	8.89
Severity rate	0.15	0.15	0.22
Incident rate	11.25	13.68	17.38
Absenteeism rate	2.94	3.30	2.56

<b>Commitment to society</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Evolution of the contribution from Gas Natural Fenosa (millions of euros)	13.80	13.70	15.40 <sup>(5)</sup>
Breakdown by type of action (%)			
Social	41.70	39.90	40.70
Environmental	13.30	14.80	23.80
Cultural	45.00	45.30	35.40
Others	–	–	0.10
No. of sponsorship and social action activities	439	388	325

<b>Integrity</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Correspondence received by the Code of Ethics Committee	40	45	25
No. of messages received per 200 employees	0.45	0.48	0.75 <sup>(6)</sup>
Geographical origin of correspondence (%)			
Argentina	–	2	8
Brazil	5	2	0
Colombia	12	13	4
Spain	45	42	56
Guatemala	–	7	–
Italy	–	2	4
Kenya	–	2	–
Mexico	25	16	28
Nicaragua	13	11	–
Panama	–	2	–
Average time for resolving correspondence (days)	45	40	48
Audit projects analysed on the basis of the risk of fraud	34	32	26
Communications received in the area of human rights	0	–	–

(5) In 2009, the criteria for calculating the “contribution to the company” figures changed. Said figure does not include the international provision from Unión Fenosa.

(6) Calculated using Gas Natural figures without Unión Fenosa.



# Corporate Responsibility Policy Management

Corporate responsibility is integrated into Gas Natural Fenosa corporate strategy. The company's policy in this issue firmly formalises and demonstrates its commitments made with stakeholders.



## 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

- t Build long-term relationships based on trust through a friendly and accessible manner.
- t Listen to their opinions so as to be able to meet their needs.
- t Work all along the value chain to continuously improve the quality and safety of our products and services..



## The 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

- t Contribute 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.
- t Contribute 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.
- t Integrate environmental criteria in business processes, in new projects, activities, products and services, and in selecting and assessing suppliers.
- t Minimise adverse effects on ecosystems and fostering the conservation of biodiversity.
- t Ensure prevention of pollution and ongoing improvement through optimisation of environmental management, minimisation of environmental risks and active participation of employees.



## 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

- t Work to obtain profitability levels that are in keeping with the resources used.
- t Encourage efficient resource management within the framework of ongoing process improvement.
- t 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.



### 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

- t Provide employees with professional development opportunities commensurate with their skills.
- t Foster a motivational working environment, where employees are treated with respect and their initiatives are considered in responsible fashion.
- t Encourage clear targets, efficient leadership, competitive compensations and acknowledge the targets met.
- t Provide 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 allot 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

- t Positive integration in the society of the countries where we carry out our activities, respecting the culture, rules and setting.
- t 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.
- t Promotion of education, training, cultural wealth and the inclusion of the more underprivileged collectives through social investment.



### Health and safety

We implement strategies for ongoing integration of risk prevention in our business culture, guaranteeing the best conditions for security and health protection throughout our value chain.

#### Our principles

- t Ensure that safety is everyone's responsibility.
- t Provide appropriate training and putting in place information, query and participation channels as key prevention elements.
- t Incorporate risk prevention criteria in the company's decisions and processes, new projects, products and services to ensure ongoing improvement.
- t Reject any conduct that may create an unsafe, intimidating or offensive working environment.



### Integrity

Foster 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.

#### Our principles

- t Reject corruption, fraud and bribery in our business dealings and establish measures to prevent and combat them, developing internal channels allowing communication of irregularities while respecting and preserving anonymity.
- t Respect the principles of the UN Global Compact, as well as the principles of the OECD for corporate governance.
- t Respect 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 our recognition of the rights of ethnic minorities, refusal to accept child exploitation, forced labour or any other practices that contravenes the rights of workers.

At Gas Natural Fenosa, an appropriate relationship with the environment constitutes a top-priority strategic issue that is essential for generating value in the long-term. This means that corporate responsibility is seen as a competitive advantage and a critical component to ensure the company's sustainability, permitting relationships of trust to be developed with its stakeholders.

The Corporate Responsibility Policy is based on this principle. This policy was approved by the Board of Directors in 2008 and updated in 2010, in alignment with the targets of the 2010-2014 Strategic Plan.

By the same token, the Corporate Responsibility Policy of Gas Natural Fenosa is the expression of a management system that encompasses the entire company and formalises the commitments and its position with stakeholders. It incorporates seven undertakings adopted by the company, effectively driven from senior management and which determine the structure of this Corporate Responsibility Report.

- t Customer orientation.
- t Commitment to results.
- t The environment.
- t Interest in people.
- t Health and safety.
- t Commitment to society.
- t Integrity.

Gas Natural Fenosa has the necessary mechanisms to perform effective monitoring of its Corporate Responsibility Policy. The company has laid down specific targets of improvement for each of the undertakings included in the policy and reports on the degree of compliance through a system of indicators published in the Corporate Responsibility Report.

Internal communication of the Corporate Responsibility Policy is basically carried out by the Corporate Reputation Committee and the Code of Ethics Committee. In 2011, Gas Natural Fenosa launched a communication campaign among employees to inform the entire workforce of the undertakings included in the policy.

Its external communication can be seen in the publication of reports, the presentation of information on a variety of media and the company's participation in forums and work groups. ■



For Gas Natural Fenosa, corporate responsibility is seen as a competitive advantage and a critical component to ensure the company’s sustainability, permitting relationships of trust to be developed with its stakeholders

Strategic management of corporate responsibility in Gas Natural Fenosa





# Management of Corporate Responsibility



## Proposed actions 2011

## Actions taken 2011

## Actions planned 2012

Drafting of the Corporate Responsibility Master Plan.

t

Performance of a materiality analysis.

Approval of the Corporate Responsibility Master Plan and definition of the set up and governance tools.

Definition of a methodology to measure reputation online.

t

Creation of online reputation measurement system.

Completion of Master Plan actions scheduled for 2012.

Implementation of uniform measurement and reporting indicators in subsidiaries with Corporate Responsibility Reports.

t

Updating the Corporate Responsibility Report to Version 3.1 of the GRI.

Updating the reporting system to a more integrated focus.

Level of compliance: t Hight t Medium t Low

### Governing bodies

Commitment to corporate responsibility plays an essential role in Gas Natural Fenosa's business strategy. In accordance with the provisions laid down in its regulations and the recommendations of the Unified Code of Good Governance, the Board of Directors is responsible for supervising actions carried out by the company in this area.

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 comprises representatives from some of the areas of the company that are most involved in matters of corporate reputation and responsibility. It is chaired by the Communications Department and Chairman's Office.

The main duties of the Corporate Reputation Committee concern the implementation of corporate responsibility procedures and policies, coordination of the compilation of reports in this area and supervision of the external review procedure of information published in these reports. The committee reports to the Management Committee, which, in turn, reports to the Board of Directors.



### Functions of the Corporate Reputation Committee

- t \*NQMFNFOU DPSQPSBUF SFTQPOTJCMJUZ BOE SFQVUBUJPO NBOBFNFOU UISPVHIPVU UIF PSHB actions which create value for stakeholders.
- t "OBMZTF UIF SJTLT BOE SFQVUBUJPOBM PQQPSUVOJUJFT JO FBFI CVTJOFTT EJWJTJPO BOE HFPI which is used to direct the company's management.
- t &OTVSF UIF DPOTUSVDUJPO PG B DPSQPSBUF DVMUVSF UIBU JT DPNNJUUFU UP QSPUFDUJOH SF responsibility.

## Code of Ethics Committee

The work of the Code of Ethics Committee is to propitiate knowledge, understanding and fulfilment of the company's Code of Ethics.

The committee comprises representatives from some of the units that are most directly involved in those issues considered in the Code of Ethics. It is chaired by the Internal Audit Department. The Code of Ethics Committee informs the Management Committee and the Audit and Control Committee of its activities.

Additionally, to ensure the Code of Ethics is in force throughout the company, Gas Natural Fenosa has local committees in different countries where it operates. The local committees have a functional composition that mirrors the Code of Ethics Committee.



### Functions of the Code of Ethics Committee

- t 1SPNPUF UIF EJTUSJCVUJPO BOE LOPXMFEHF PG UIF \$PEF PG &U
- t 1SPWJEF B DPNNVOJDBUJPO DIBOOFM UP BMM FNQMPZFFT XIP XJ  
breaches of the code.
- t 'BDJMJUBUF UIF TPMVUJPO PG EJTQVUFT DPODFSOJOH UIF BQQM

### Composition of local committees(\*) Argentina, Brazil, Colombia, Italy, Mexico, Moldova, Nicaragua, Panama

Chairman	Human Resources
Board member	Internal Audit
Board member	Communications
Board member and Secretary	Legal Services

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

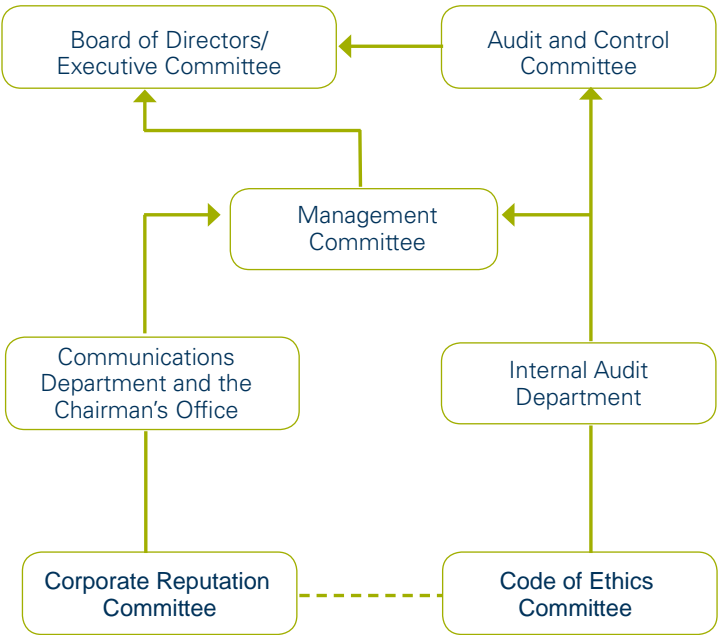
Members of the Corporate Reputation Committee

- t Communications Department and Chairman's Office (Committee Chair).
- t Administration and Fiscal.
- t Corporate Governance Matters.
- t Internal Audit.
- t Quality, Health and Safety, Environment and General Services.
- t Purchasing.
- t Corporate Strategy.
- t Strategy and Development Latin America.
- t Strategy and Development Wholesale.
- t Commercial Management Latin America.
- t Human Resources Crosscutting Projects and Governance.
- t Tertiary Market and Energy Solutions.
- t Operations Mexico.
- t Investor Relations.
- t Institutional relations and Chairman's Office.
- t Risks.
- t Customer Service.
- t Wholesale Commercialisation Legal Service.

Members of the Code of Ethics Committee

- t Internal Audit (Chair of the Committee).
- t Leadership Institute (Office of the Secretary).
- t Finance and Capital Markets.
- t Institutional Relations and Chairman's Office.
- t Labour Relations.
- t Customer Service.

Corporate responsibility governing structure of Gas Natural Fenosa





## RepTrak

Developed by the Reputation Institute, the RepTrak model is a tool used by Gas Natural Fenosa to systematically and rigorously assess its reputation.

RepTrak measures the emotional reputation (RepTrak Pulse) according to the attachment, admiration, trust and impressions generated by the company in society. By the same token, it carries out a rational analysis (RepTrak Index) of the company's reputation, by appraising 27 attributes pooled into seven areas: supply, work, governance, leadership, innovation, citizenship and finance.

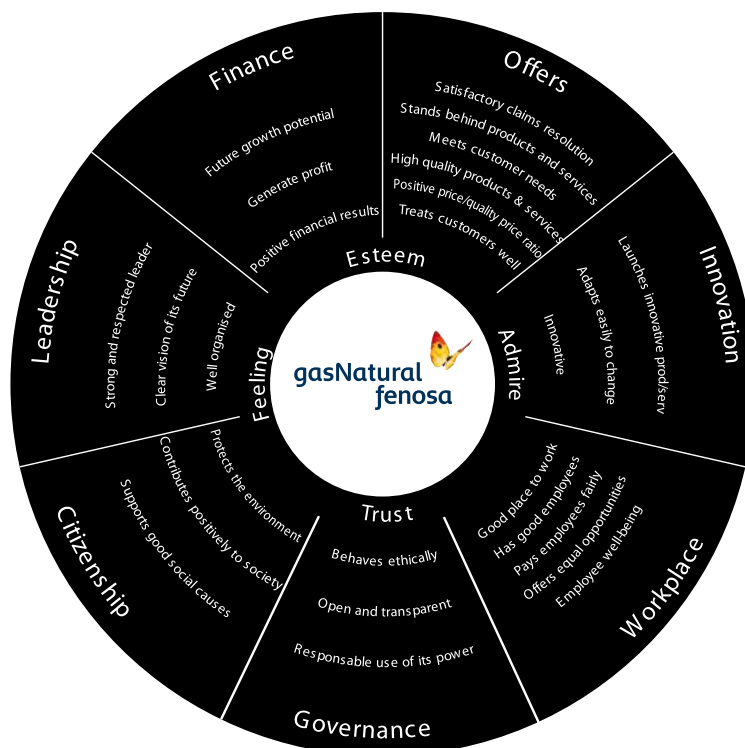
This model enables ongoing assessment, which, in turn, makes it possible to develop specific initiatives to make progress in key aspects of reputation.

The company started using the RepTrak tool in 2007. Its results are presented to the Corporate Reputation Committee.

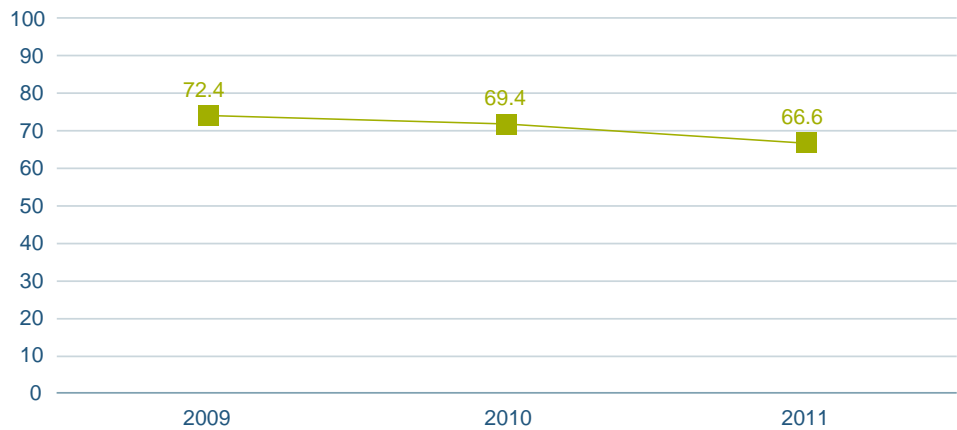
To gain greater knowledge on the company's reputation in those countries where it performs its activity, in 2011 the use of the RepTrak was extended to Colombia and Panama. This has already been set up in Mexico since 2010.

Gas Natural Fenosa continues to be the best rated energy company, although results obtained reveal a downward trend, in line with overall results obtained by other sector companies.

## RepTrak Methodology

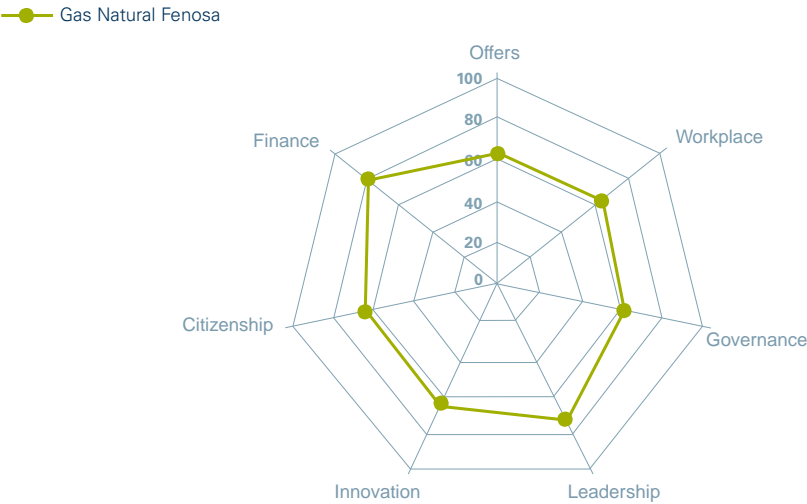


RepTrak Pulse: the perception of Gas Natural Fenosa in society



Note: Due to the updating of the standardisation parameters of the scores, a coefficient of -1.9 has been applied to data prior to 2011 to allow them to be compared with 2011 data.

RepTrak Pulse: the reputation of Gas Natural Fenosa by dimensions<sup>(\*)</sup>



(\*) Accumulated results 2011.

## Dialogue with Interest Groups



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 has a presence.

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

**t 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.

**t Informative actions** . One-way actions.

The company transmits information to its stakeholders.

The main dialogue actions developed by Gas Natural Fenosa in 2011 were as follows:

## Consultancy actions

### Customers

Surveys with the company's customers and customers of our competitors to assess their satisfaction and to identify needs and expectations in all segments (residential, SMEs, major customers), products (gas, electricity and dual) and processes (telephone helpdesk, complaints, etc.).

At Reggio Calabria (Italy), studies to find out the main reasons for deciding not to install natural gas in homes and to find out possible motives to encourage potential customers to install it.

Gas maintenance and maintenance service for installations customer service surveys to identify the aspects of the service that most affect customer satisfaction.

Surveys for customers and non-customers to measure the image of the leading energy companies and adapt the brand messages and product range to the preferences of current and potential customers.

Tests prior to the launch of new products with current customers, to check market acceptance possibilities.

Active dialogue with organisations that represent customers to resolve second-tier inquiries, as well as other collaborative actions.

### Shareholders and investors

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.

### Employees

Management of the Corporate University in-box for resolution of any doubts and for sending information.

Sending the perception survey on training and processes of the Corporate University to 167 executives from 12 countries.

Satisfaction assessment survey with training undertaken by more than 27,000 students.

Preparation of over 2,000 job training application assessments in 11 countries.

Presentation of the training effectiveness report to corporate business managers and business partners.

Monthly meetings of the Internal Committee of Accident Prevention (CIPA) of Ceg and Gas Natural SPS, in Brazil.



## Suppliers

Start of the Supplier Development Project, to increase productivity, service quality and to encourage their growth as a company.

Set up of the Supplier Quality Model in the generation business in Spain, on the conditions and regulations that the contracted products and services must comply with.

Centralised coordination of QA of suppliers that provide globally purchased products.

In Brazil, having conducted the labour audits, sending a report to the contractors audited with the opportunities for improvement and development in the social and labour sphere.

In Brazil, contact with holders of the framework contract for integral channelling for dissemination of the Human Rights Policy of Gas Natural Fenosa.

## Society

Reception and analysis of 1,048 proposals for collaboration and services for organisations and institutions to learn more about their projects.

## Informative actions

### Customers

Training and awareness events in the use of energy and how to improve service quality, as well as information on the possibility of including new efficient technologies to enhance competitiveness and thus reduce emissions.

The launch of the new wholesaler website, with information on new contents and the advantages of the customers' private area.

Signing of agreements with other companies, to encourage efficient behaviour among their customers. The campaigns have allowed almost 5 million customers to access discounts on efficient products like low-consumption lights, LEDs or detergents for cold washing.

Distribution of 15,000 household energy efficiency guides.

Dissemination of the Energy Efficiency Index, together with consumer associations.

Information to customers -provided on the bill- about changes and new items of the web page, and tips on how to save electricity.

### Shareholders and investors

Retransmission over the Internet of quarterly presentations of results.

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.

Dealing with requests for information from small shareholders, online, by phone, by mail or in person.

## Employees

Publication of the 2011 Corporate University Plan on Intranets, individual notification by email to all employees and distribution of the hard-copy plan at training centres of Gas Natural Fenosa.

Launch of the Human Rights Course and announcements: management of inquiries and incidents.

Publication of corporate and practical information on the "Naturalnet" Intranet, in the Corporate University area.

Set up of the communication channel with the Másfamilia Foundation.

In Brazil and Nicaragua, the Risk Prevention Week.

## Suppliers

In Argentina, for the purpose of disseminating the Human Rights policy of Gas Natural Fenosa, informative seminars were given to collaborators of gas centres, to provide information on the policy's principles to suppliers and SMEs with which the company operates.

Seminars in Argentina to offer free of charge training in issues concerning innovation, internal communication, teamwork, etc.

## Society

Taking part at events to disseminate issues concerning energy efficiency: courses on municipal training, sessions on efficient lighting and presence at exhibitions specialising in energy, the environment, alternative fuels and energy services and vehicles.

Signing of agreements with technological institutes and non-profit organisations to cooperate in user training, information and awareness campaigns in the fields of saving and energy efficiency.

Gas Natural Fenosa sponsors different scientific and environmental conservation organisations to support their initiatives in the defence of nature. In 2011, these included the contribution at the European Ecology Congress held in Avila (Spain).

The Gas Natural Foundation analyses the environmental advantages and industrial uses of CO<sub>2</sub> at the "CO<sub>2</sub> as a Resource: Capture, Storage and Reuse of Carbon Dioxide" seminar.

Gas Natural Fenosa encourages energy efficiency and saving at the EU Covenant of Mayors event. The session addressed strategies to improve energy efficiency, reduce the costs of greenhouse gas emissions to reach the EU 20-20-20 targets.



# corporate responsibility commitments

2011 corporate responsibility report

49	Customer Orientation.
79	Commitment to Results.
86	The Environment.
124	Interest in People.
150	Health and Safety.
166	Commitment to Society.
176	Integrity.



## Customer Orientation



The social function of Gas Natural Fenosa is to contribute to the development and welfare of all countries where the company operates, through supply of energy that is sustainable, efficient, safe and environmentally friendly.

The customer is the company's **raison d'être**. For this reason, guarantee of a proper supply and customer satisfaction represents the company's key focus in its business strategy.

Gas Natural Fenosa has the appropriate procedures, tools and channels that enable it to provide an excellent service and offer a swift and efficient response. In this regard, there are three key action lines: to build relationships of trust, to listen to customers' opinions and to improve the quality and safety of products and services by means of a continuous innovation process.



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:

t #VJMEJOH MPOH UFSN SFMBUJPOTIJQT CBTFE PO USVTU FNQMPZJOH B GSJFOEM
t -JTUFOJOH UP UIFJS PQJOJPOT UP NFFU UIFJS OFFET
t 8PSLJOH BMM BMPOH UIF WBMVF DIBJO UP DPOUJOVPVTMZ JNQSPWF UIF RVBMJUJ

Main indicators

	2011	2010	2009
Percentage of satisfied customers(*)			
Spain	75.8 <sup>(1)</sup>	83.00	85.60
Italy	78.2	73.80	78.50
Latin America	86.9	87.40	86.00
Suppliers with contracts currently in force	9,411	8,203	11,249
Total purchase volume awarded (millions of euros)	2,603	2,092	1,902

(\*) Figures for 2009 and 2010 for gas customers only.  
(1) Figure for residential customers.



## Relevant actions

Proposed actions 2011		Action taken 2011	Actions planned 2012
Incorporation of the SMEs and large customers segments. Extension of the model to all Latin American countries.	t	Improvement of the measuring model (change from a semantic scale to a numeric scale and increasing the number of competitors with which we compare ourselves).  The launch of the Our Energy Award to Ongoing Improvement and	Comprehensive certification of the integrated management system for quality, the environment and health and safety.
Increase of the portfolio of both preventive and corrective maintenance services.	t	Dissemination to customers on the environmental sustainability initiatives of Gas Natural Fenosa through publication of the book <b>Hacia una sociedad baja en carbono</b> (Towards a Low-Carbon Society).	Adaptation of the customer service channels to achieve an Accessibility Management System certified at national and European level.
Development of remote customer care: set up of mobile applications for customers, development of formulas to contract products and services online and actions to intensify the use of the Virtual Office and e-billing.  Development of a website with a carbon footprint calculator for customers.	t	Development of a virtual office app for iPhone/iPad, Android and Blackberry devices.  Development of the 'mobi' website for mobile telephone browsing, for the purpose of facilitating communication and information to customers.	Unification of the Virtual Office and the Direct Office, facilitating single access to customers, regardless of whether they are gas or electricity customers.
Development of the Suppliers Development Model of Gas Natural Fenosa.  Commencement of setting up supplier development in Mexico and Brazil.	t	Development of an online Total Supplier Management Solution (TSMS) assessment system to measure legal, QA, environmental and corporate responsibility aspects, targeted at small suppliers.	Set up in Spain of the online assessment system (TSMS), targeted at small suppliers.

Level of compliance: tHigh tMedium tLow

In 2011, Gas Natural Fenosa implemented improvements in the method of measuring customer satisfaction, in order to obtain more detailed information to focus processes on improving customer satisfaction



### Customer satisfaction through service quality

Customer satisfaction through service quality is one of the basic management pillars of Gas Natural Fenosa. To this end, the company performs ongoing monitoring of perceived quality and the most critical aspects of the service to improve customers' experience. This process of ongoing improvement is viewed positively by customers, who once again this year have ensured that Gas Natural Fenosa is the leader in customer satisfaction in the residential sector.

In 2011, Gas Natural Fenosa implemented improvements in the method of measuring customer satisfaction, in order to obtain more detailed information to focus processes on improving customer satisfaction. The model comprises two complementary viewpoints. Firstly, a general overview of the company's customers, which represents the global satisfaction index; secondly, a process view, where we interview customers that use a specific service and who have a recent memory of their experience.

Other improvements implemented in the measuring model include moving from a semantic scale to a numeric scale, increasing the number of competitors for comparison purposes, and reviewing the most critical aspects of the service, incorporating intangible aspects such as image, recommendation or loyalty. Satisfaction figures included in this report are given in both scales, semantic and numeric. These improvements have enabled us to unify the measuring model for all products in all countries, as well as including all of the company's customer segments: residential, SMEs and major customers.

The overall satisfaction index (customers that state that they are satisfied or very satisfied) of Gas Natural Fenosa reached 75.8% in 2011 in Spain in the residential segment, and 64.5% in the SMEs segment. The company is the leader in both sectors. Elsewhere, 66% of customers from the wholesale segment, from the gas and electricity businesses, are either satisfied or very satisfied.

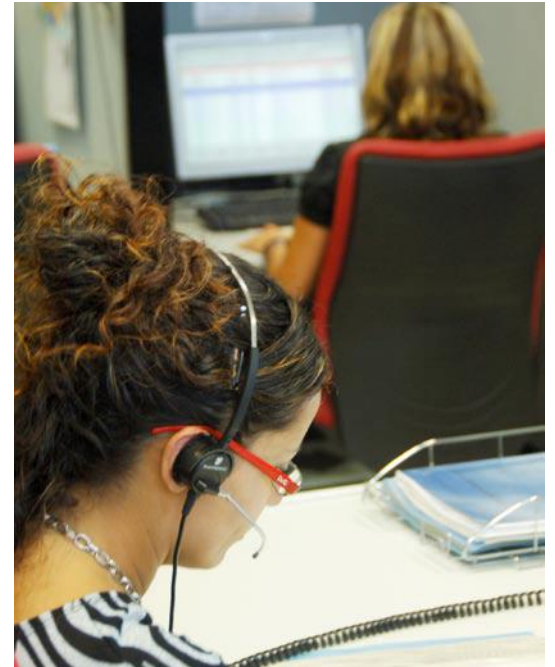
To improve customer satisfaction results, in 2011 Gas Natural Fenosa set up a range of initiatives in the sphere of providing customer service to major customers. These included training on the Virtual Office, launch of the 24-hour Incident Report Platform, and the new wholesaler website. Gas Natural Fenosa was awarded the Customer Service Award 2012 in a contest organised by the agency Sotto Tempo Advertising, in the category of Energy Suppliers.

Broken into countries, in Italy the company launched improvement initiatives to reduce customer refund times and delays in sending bills. In Moldova, Gas Natural Fenosa launched the new corporate website which will

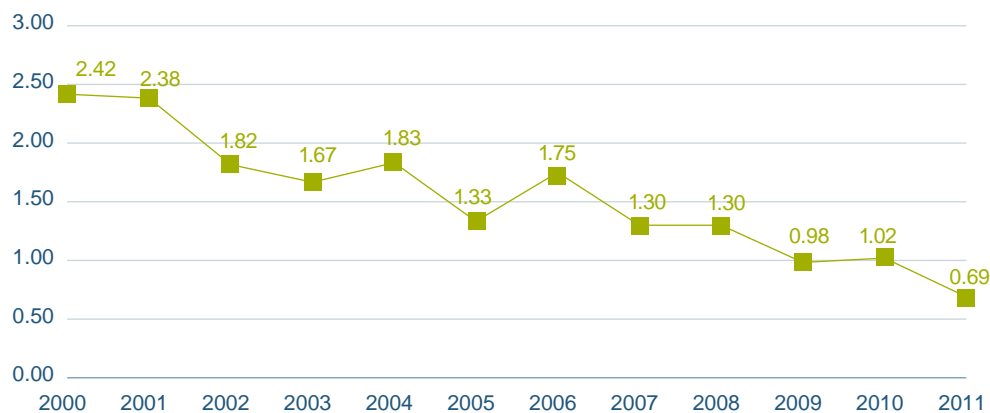
improve customer service. Elsewhere, in Colombia, of particular note were the improvements made to management, administration and resolution of written requests, complaints and claims, including electricity customers in the customer satisfaction measurement model. We also set up the “Passion for the Service” project, which significantly reduced claims. In Brazil, Customer Service with Excellence Project was particularly successful, and aims to bring closer ties between the company and its customers. We should point out that, for the second year running, the subsidiary company in Brazil won two awards. The first of these was in the Outsourced Call Centre category, and the second, in the 11th Associação Brasileira de Telesserviços Award, in the Customer Service category.

In terms of the quality of electrical service, Gas Natural Fenosa’s ICEIT (Installed Capacity Equivalent Interrupt Time) in Spain improved, bringing it down from 1.02 hours in 2010 to 0.69 in 2011.

In Spain, the 2011 figure gives an electrical supply reliability of 99.992%.

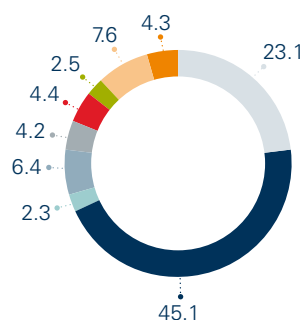


#### Installed Capacity Equivalent Interrupt Time (ICEIT) (hours)(\*)



(\*) Electrical business figures for Spain.

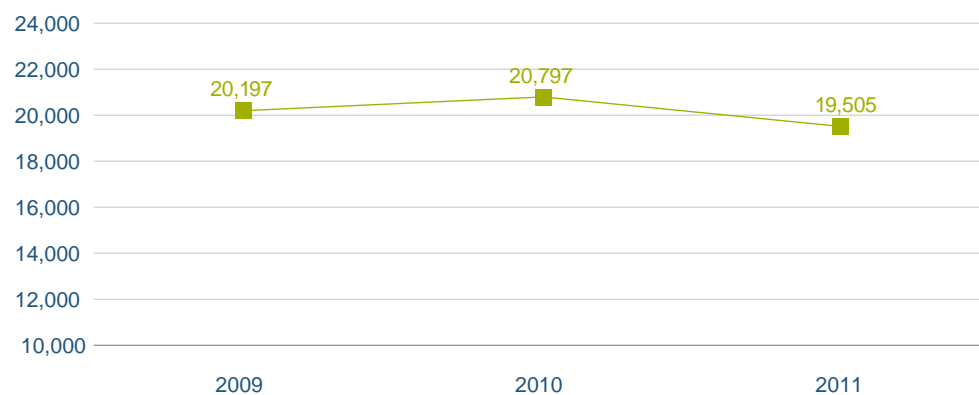
### Supply points (gas and electricity) by country (%)



Note: figures at 31 December 2011.

- Argentina.
- Brazil.
- Colombia.
- Spain.
- Italy.
- Mexico.
- Moldova
- Nicaragua.
- Panama.

### Gas and electricity supply points (thousands)



### Gas and electricity customers (thousands)<sup>(\*)</sup>

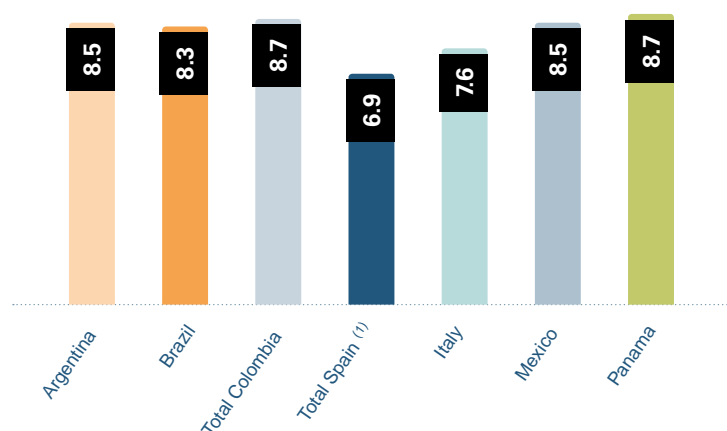
	2011	2010	2009 <sup>(1)</sup>
<b>Gas customers</b>			
Last resort tariff	2,146	2,461	2,716
Liberalised market (consumption >50,000 kWh/year to 500 MWh/year in high pressure and up to 1,000 MWh/year in low pressure)	32	31	27
Liberalised market (rest consumption)	2,187	1,872	1,720
<b>Total</b>	<b>4,365</b>	<b>4,364</b>	<b>4,463</b>
<b>Electricity customers</b>			
Last resort tariff	3,074	3,256	3,353
Liberalised market (power <10kW)	723	410	323
Liberalised market (power >10kW and sales to 0.75 GWh) (SMEs and others)	274	221	145
<b>Total</b>	<b>4,071</b>	<b>3,887</b>	<b>3,821</b>

(\*) Data from Spain.

(1) Figures for 2009 have been updated, as those provided in previous years were calculated on the basis of estimates.

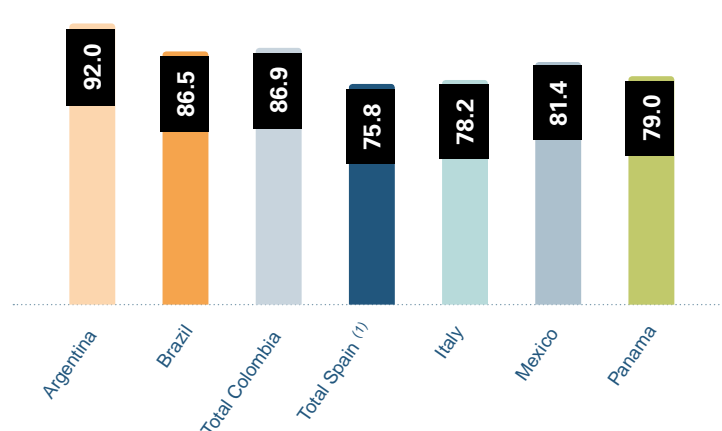


### Overall satisfaction with service quality. Numeric scale



Note: figures for 2011. In Moldova and Nicaragua the customer satisfaction measuring processes have not yet been carried out. In 2011, Gas Natural Fenosa began to measure customer satisfaction in accordance with a new methodology that includes additional factors to gauge customer satisfaction more accurately. The measuring scale goes from semantic to numeric, from 0 to 10.  
(1) Figure for residential customers.

### Overall satisfaction with service quality. Semantic scale (%)



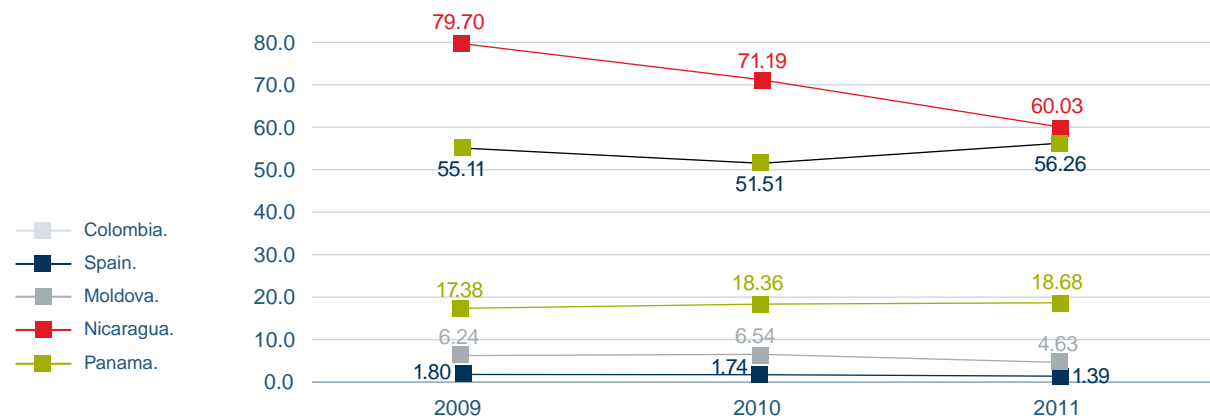
Note: figures for 2011. In Moldova and Nicaragua the customer satisfaction measuring processes have not yet been carried out.  
(1) Figure for residential customers.

### Installed Capacity Equivalent Interrupt Time (ICEIT) and Interruptions per Installed Transformer MVA (NIEPI) by country(\*)

	2011				2010				2009			
	Colombia (Electrica- ribe)	Moldova (Red Unión Fenosa)	Nicaragua (Disnorte/ Dissur)	Panama (Edemet/ Edechi)	Colombia (Electrica- ribe)	Moldova (Red Unión Fenosa)	Nicaragua (Disnorte/ Dissur)	Panama (Edemet/ Edechi)	Colombia (Electrica- ribe)	Moldova (Red Unión Fenosa)	Nicaragua (Disnorte/ Dissur)	Panamá (Edemet/ Edechi)
ICEIT (hours)	71.00	8.12	89.94	22.83	91.31	8.71	108.27	21.49	93.22	7.07	124.23	18.65
NIEPI (No. of interruptions)	59.98	6.66	36.55	13.11	50.03	5.83	36.12	12.8	53.3	4.76	46.41	10.88

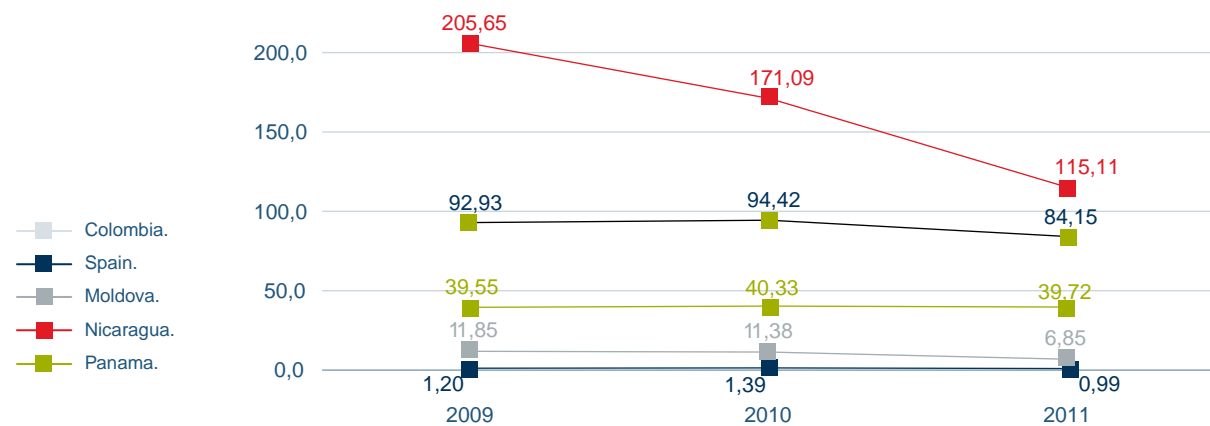
(\*) Figures relative to the electricity business.

Frequency of electrical power cuts. (No. of interruptions by customer)(\*)



(\*) Defined as the average number of interruptions which a customer would 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.

Average duration of electrical power cuts. (hours)(\*)



(\*) The average duration of electricity power cuts is calculated as the aggregate of the customers' product affected multiplied by the time of interruption (only interruptions in excess of three minutes are considered by legislation) expressed in hours and divided by the overall number of customers. Customers have been assimilated to supply points.

## Residential sector disconnections for non-payment

## Number of customers “disconnected” due to non-payment classified by the total duration between disconnection for non-payment and payment of debt

	Gas business				Electrical business		
	Argentina	Brazil	Colombia	Mexico	Colombia	Nicaragua	Panama
Fewer than 48 hours	15,278	15,154	240,139	79,901	303,384	78,796	36,371
Between 48 hours and one week	2,219	3,869	62,163	31,969	7,032	20,059	8,388
Between one week and one month	2,124	4,192	25,625	26,649	43,411	22,906	5,871
Between one month and one year	1,293	9,028	8	63,233	13,709	24,184	16,703
Over one year	0	0	0	14,832	16,440	0	9,744

## Number of customers “disconnected” due to non-payment classified by the total duration between debt payment and reconnection

	Gas business				Electrical business		
	Argentina	Brazil	Colombia	Mexico	Colombia	Nicaragua	Panama
Fewer than 24 hours	532	0	270,293	136,694	303,480	114,876	71,483
Between 24 hours and one week	20,338	32,243	57,518	73,995	8,628	30,861	5,585
Over one week	44	0	124	5,895	71,868	208	9



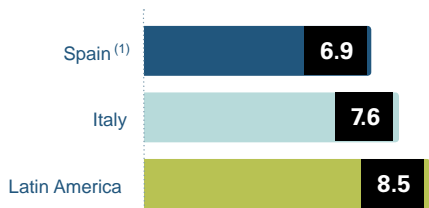
Driving the ongoing improvement of processes

In 2011, Gas Natural Fenosa continued to drive the ongoing improvement of processes to increase their efficiency, with a constant focus on offering the best service to the end customer. The company's ongoing improvements model is supported by three pillars: methodology, communication and individuals.

The methodology, based on Lean Six Sigma, was reinforced in 2011 through specific training. This was instrumented through a basic online course of improvement and specific training on tools related to the methodology.

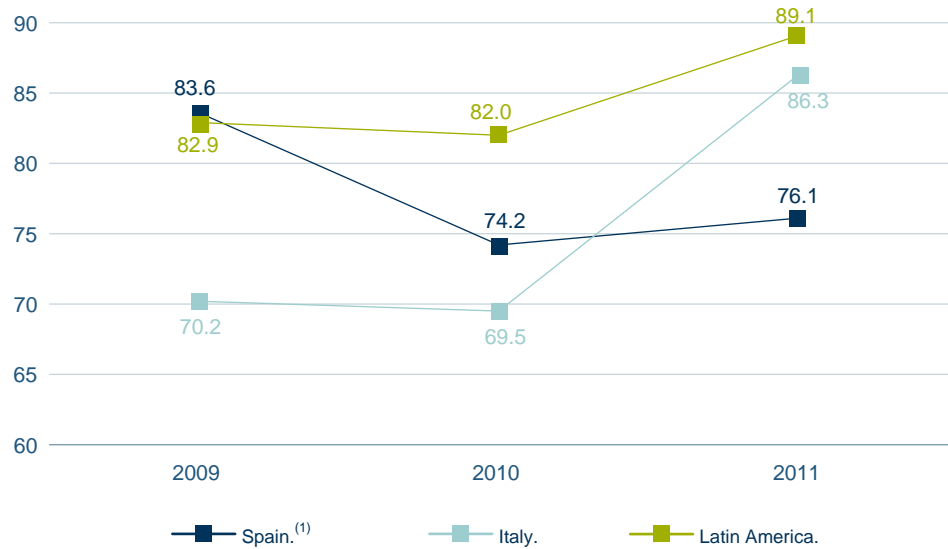
With regard to communication, an Intranet area was set up targeted at ongoing improvement, to encourage the dissemination of knowledge and good practices. Similarly, the company announced the Our Energy Awards, in

Corporate image. Numeric scale



Note: Figures for 2011. In 2011, Gas Natural Fenosa began to measure customer satisfaction in accordance with a new methodology that includes additional factors to gauge customer satisfaction more accurately. The measuring scale goes from semantic to numeric, from 0 to 10.  
(1) Figure for residential customers.

Corporate image. Semantic scale (%)



Note: percentage of satisfied or very satisfied customers. Due to the change of methodology in measuring customer satisfaction, the figures in the semantic scale for 2011 are not fully comparable with those of previous years. Satisfied and very satisfied customer are taken to be those that gave a score of between 6 and 10, in accordance with the new customer satisfaction measuring model.  
(1) Figure for residential customers.

the Ongoing Improvement and Innovation categories, to foster the creation of ideas that contribute improvements and more extended results.

As far as staff are concerned, the company recognised the effort of those that successfully took part in the improvement projects by awarding prizes in Colombia, Mexico, Argentina and Brazil. In this regard, 49 new projects commenced in 2011 with the common aim of improving efficiency and efficacy of the company's different business processes.

Each country developed specific projects adapted to its conditions and needs for improvement. Numerous improvement projects took place in Spain within the sphere of gas and electricity distribution, as well as other corporate areas such as purchasing and customer service. Key initiatives performed in Italy included those to reduce management times of new supply points and to increase efficiency in valve maintenance and network surveillance. In Brazil, the company introduced improvements that optimise the connection of new customers and set up plans to improve service efficiency of suppliers. In Colombia, customer service improved along with the effectiveness of the reconnection services. In Argentina, the payment strategy was redesigned to make this process more effective. In Mexico, projects were conducted to improve the recovery of meters, development of suppliers, reduction of Gas Natural Servicios claims and the Lean project for assignment, certification and payments to suppliers.

## Comercial Mayorista Ibérica: commercial DNA

**Comercializadora Mayorista Ibérica (Iberian wholesale supply company) intends to consolidate its commercial leadership through an innovative culture and criteria for ongoing improvement that means customers can trust the relationship and the service, by means of definition of the so-called commercial DNA.**

**This project began in 2010, with a pre-analysis stage to identify areas for improvement and information to be contained by the commercial DNA from a conceptual standpoint (culture, values and styles) and operative point of view (commercial model). The pre-analysis result was used to define what steps to take to prepare the commercial DNA, the pillars of which are commercial leadership, developed by individuals and their good practices, and efficiency.**

**In order to set up the commercial DNA, based on a strategy with targets and specific tasks for each customer segment, equipment**

**and unit, efforts have focused on ensuring proper management of change, through a specific communication and training plan targeted at the entire workforce, around 300 individuals, including management and middle managers.**

**The project was developed with a far-reaching and participatory focus, and employed a communication and training strategy, the general aims of which are to present and share the commercial DNA, inwardly digest the sales drivers from the point of view of efficiency, optimise relations with the sales team and develop skills in management of teams and day-to-day management.**

**To check progress in achieving the targets, the company has a monitoring plan to assess compliance with the undertakings and the degree to which commercial DNA has been put in place.**

### Advantages

**t & TUBCMJTIJOH DPSQPSBUF JEFORJBZFNFSU MBEFSTIJQ  
wholesale commercial personnel.**

**t % Få OJOH UIF BUBUM VITEPE  
practices and knowledge of the  
organisation.**

**t % Få OJOH UIF QSPåMF PG UIF  
personnel and their capacity to  
maintain market leadership.**

**t \* NQMFNFUJJOH B NPEFM UIBU  
and able to connect with customers'  
expectations.**

### Project key points

**t 1BSUJDJQBUJWF BQQSPBDI  
t 1FPQMF BOE HPPE QSBDUJD  
model.**

**t 4QEDJåD DPNNVOJDBUJPO B  
TBMFT  
for the entire personnel.**

**t 5IF PSHBOJTBUJPO T DPNNJU  
project goals**



### Progress in quality management

The core aim of Gas Natural Fenosa in quality assurance is the set up of an integrated management system to cover quality, the environment and health and safety, in all processes, businesses and countries in which the company operates. The company has therefore designed a Master Plan to achieve this aim during 2011-2012.

In 2011, advances in quality focused on planning. This was achieved by integrating management criteria and setting up common tools such as the Regulations Browser, which enables access to the company's internal documentation (procedures, regulations, etc.) and external documentation (UNE, ISO standards, etc.); the Norma tool, which provides access to all mandatory legal requirements in

the spheres of quality, industrial safety, the environment, prevention of risks and civil protection; and SPA-Enablon, which facilitates the integrated management of targets.

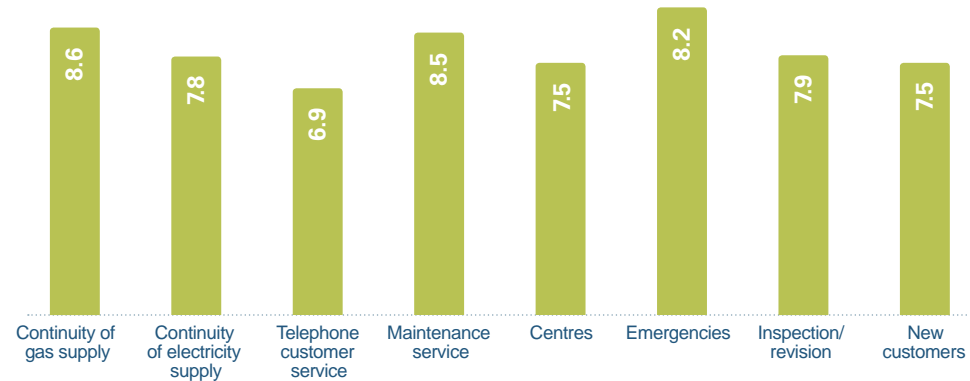
With regard to renewal of certifications, in 2011 all quality and environmental systems of the company certified in previous years in accordance with the UNE-EN ISO 9001 and UNE-EN ISO 14001 standards, were renewed after the pertinent audits.

Companies like Gas Natural SUR (Spain) and the combined-cycle power plant in Durango (Mexico) were also included in the integrated management system. Italy achieved certification of the system comprising the distribution processes, and UNE-EN ISO 17025 certification was maintained for the respective laboratories in Brazil, Panama and Argentina.

By the same token, in Spain, Gas Natural Fenosa renewed the Madrid Excelente brand, by exceeding the requirements of excellence in management to obtain this.

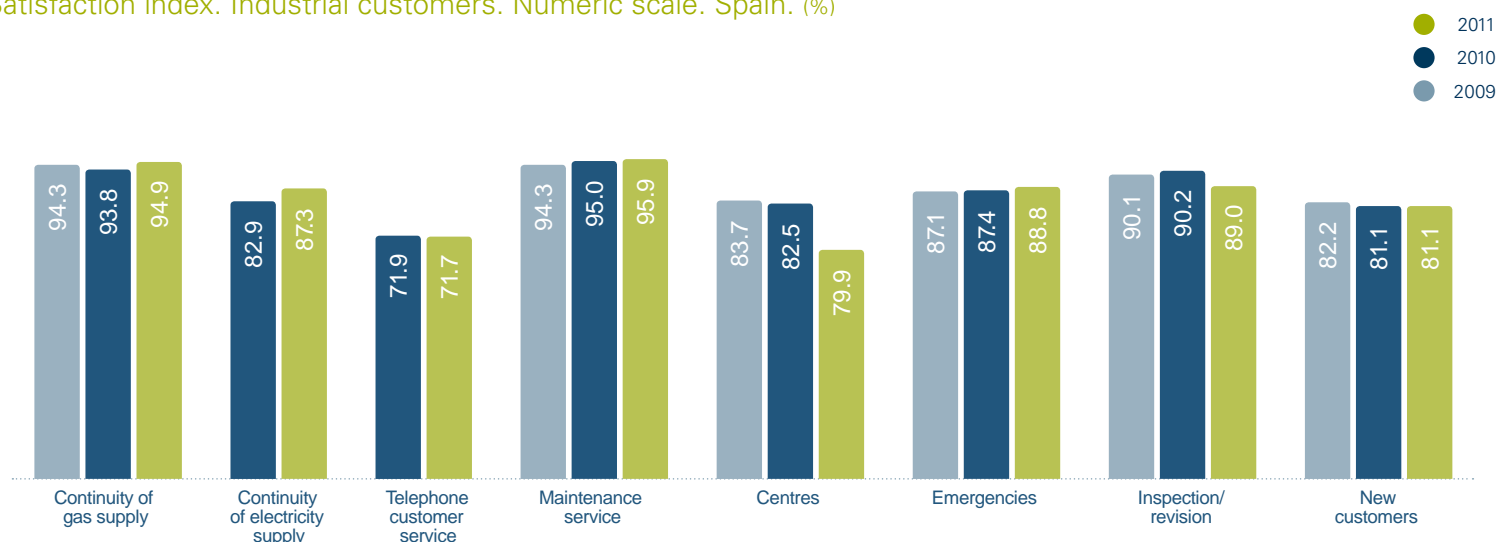
We should point out that Gas Natural Fenosa belongs to the Spanish Association for Quality (AEC), where it actively takes part both on the Energy Industries Committee (CIE) as well as the Six Sigma Committee and the Cerper Certification Committee, with which it organised the Cerper Forum for the fourth year running. Representatives of the company also form part of the Governing Board of Aenor, of the Governing Committee of Club Excelencia en la Gestión and the Executive Committee of Fundibeq: Latin American Quality Foundation.

### Satisfaction rate with main processes. Numeric scale. Spain



Note: figures for 2011 are for residential customers. Information corresponding to maintenance, emergencies, inspection/review and new customers refer to the gas processes. Gas Natural Fenosa began to measure customer satisfaction in accordance with a new methodology that includes additional factors to gauge customer satisfaction more accurately. The measuring scale goes from semantic to numeric, from 0 to 10.

## Satisfaction index. Industrial customers. Numeric scale. Spain. (%)



Note: percentage of satisfied or very satisfied residential customers. Information corresponding to maintenance, emergencies, inspection/review and new customers refer to the gas processes.. Due to the change of methodology in measuring customer satisfaction, the figures in the semantic scale for 2011 are not fully comparable with those of previous years. In 2011, satisfied and very satisfied customer are taken to be those that gave a score of between 6 and 10, in accordance with the new customer satisfaction measuring model.

## Satisfaction rate with main processes. International (%)

Results 2011	Argentina	Brazil	Colombia	Italy	Mexico	Panama
Continuity of gas supply	8.82	8.71	9.05	8.90	8.91	–
Continuity of electricity supply	–	–	8.34	–	–	8.72 <sup>(3)</sup>
Billing and payment	8.55	8.53	8.57	7.12	8.48	–
Telephone Customer Service	8.31	7.65	7.92	7.89	7.96	–
Centres	8.16	8.57	8.15	8.21	7.05	–
Emergencies	8.59	8.37	8.81 <sup>(1)</sup>	– <sup>(2)</sup>	8.64	–

Note: figures for 2011. In 2011, Gas Natural Fenosa began to measure customer satisfaction in accordance with a new methodology that includes additional factors to gauge customer satisfaction more accurately. The measuring scale goes from semantic to numeric, from 0 to 10.

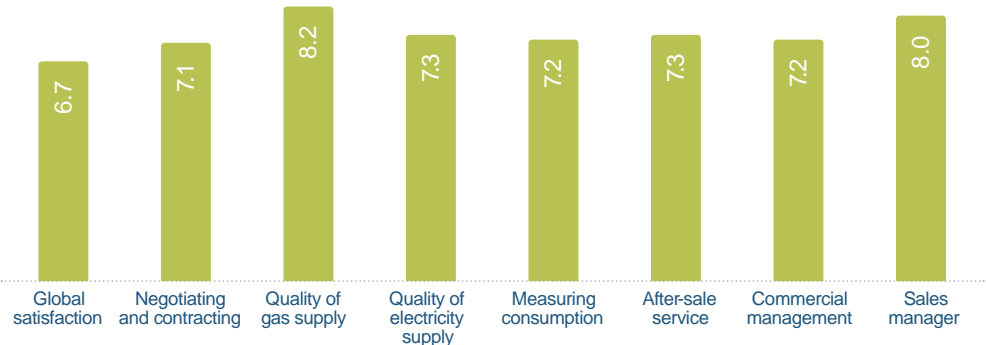
(1) This data refers solely to gas, where this process applies.

(2) No customer satisfaction figures for the emergency service are available for Italy, as this is measured every year and, at the date of publishing this report no data have been measured in accordance with the new methodology.

(3) In Panama, only the electricity supply continuity has been measured. No figures available for the remaining processes.

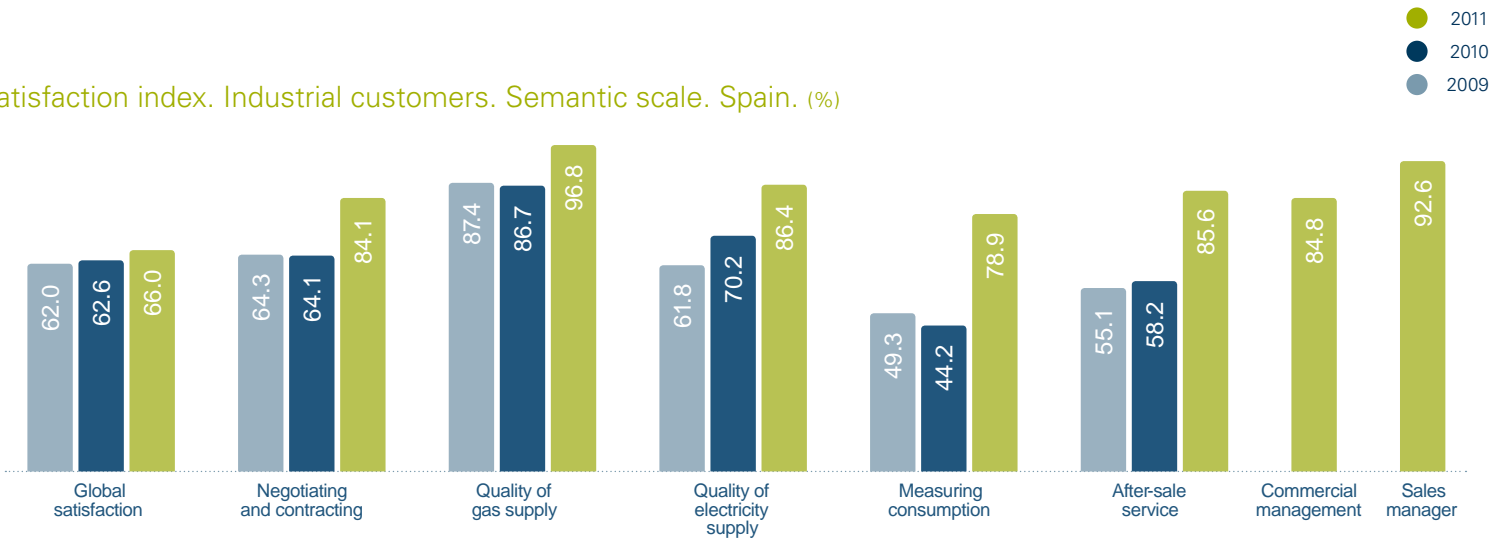


Satisfaction index. Industrial customers. Numeric scale. Spain.



Note: figures for 2011. In 2011, Gas Natural Fenosa began to measure customer satisfaction in accordance with a new methodology that includes additional factors to gauge customer satisfaction more accurately. The measuring scale goes from semantic to numeric, from 0 to 10.

Satisfaction index. Industrial customers. Semantic scale. Spain. (%)



Note: percentage of satisfied or very satisfied customers. Due to the change of methodology in measuring customer satisfaction, the figures in the semantic scale for 2011 are not fully comparable with those of previous years. In 2011, satisfied and very satisfied customer are taken to be those that gave a score of between 6 and 10, in accordance with the new customer satisfaction measuring model.

## Implication of the value chain in the commitment to quality

It is of particular importance to Gas Natural Fenosa to have a methodology for development of suppliers that enables the different units to identify areas for improvement and to draw up plans for supplier development in key areas. This methodology enables inefficiencies to be identified with regard to the relationship Gas Natural Fenosa has with the supplier, which are resolved by putting in place strategies and plans to develop key products and activities, whether local or global, to achieve certain levels of improvement with regard to quality, cost efficiency and productivity.

The global methodology is defined specifically for each country and activity, and leads to supplier development projects with a high level of specificity. The new methodology developed was initially applied in Mexico and Brazil, with a pilot project to capture supply points.

The Purchasing Department is implementing a project to find out about the quality of service offered by the main service suppliers in the most critical business areas. This project will be used as a tool to measure satisfaction of the business units in each of the different aspects that frame the customer-supplier relationship, to detect any inefficiencies that can be resolved through joint improvement plans that lead to comprehensive efficiency throughout the value chain.

Another point to note is the study that commenced in Brazil in 2011 to set up a new methodology to manage contractors, which is expected to come into force in 2012.

## A range of products and services adapted to customers' requirements

The lengthy experience of Gas Natural Fenosa in the electricity and gas sectors means that the company is able to offer its customers a wide range of offers, products and services, available in the combination the best satisfies their needs. In this regard, the company presented different campaigns in Spain in 2011, including a number of gas and electricity offers both for current as well as potential customers. The campaigns place a special emphasis on the Dual Energy Plan with ServiGas, which offers customers gas and electricity at the same time.

The gas rates currently offered by Gas Natural Fenosa are as follows:

- t Mini Gas, for new natural gas customers with very low-consumption.
- t Basic Gas, for consumers without heating.
- t Optimum Gas, for customers with heating.
- t Family Gas, for homes with high consumption.
- t Business Gas, for small businesses.
- t Plus Gas, for large-scale residential, small businesses and industry.
- t Supra Gas, for businesses and industries with high consumption.





Elsewhere, the electricity rates are as follows:

- t Optimum Electricity, for new household electricity customers for up to 10 kW of installed power.
- t Smart Business Plan, for large-scale residential and small businesses.
- t Business Saving Plan, for businesses with average consumption.
- t Customised Business Plan, for businesses with high consumption and average industries.

In 2011, the company focused on promoting the Online Saving Plan, which offers billing discounts to those customers to choose to receive corporate communications in electronic format, thus rewarding their commitment to a sustainable environment, as this reduces the consumption of paper and minimises the environmental impact, as well as being more convenient for customers.

Similarly, in 2011, Gas Natural Fenosa presented new products and services in the sphere of corrective maintenance, strengthening those already existed. Chief among these were Servigas Expres, Servigas Complet, ServiElectric Expres and ServiElectric Complet. At the end of 2011, the company had over 1,682,000 service contracts that provided value-added to the basic supply of energy, a figure that reflects the importance these kinds of products and services are gaining.

As part of the promotion and development of natural gas, the company provided comprehensive energy management

to 1,854 corporate customers and the tertiary market, to ensure that we continue to provide the highest levels of quality in these kinds of services for our most relevant customers.

Also in the sphere of energy management projects, we should highlight the commissioning of the pioneering Cuzco project, thanks to which the buildings belonging to Ministry of Finance and the Ministry of Industry, Energy and Tourism, located in the Cuzco complex in Madrid, will benefit from both a reduction in financial costs as well as emissions into the atmosphere.

As far as vehicles that run on natural gas are concerned, in 2011 the company TMB (Transports Metropolitans de Barcelona) added 80 buses to its current fleet of vehicles that use this fuel. It also signed an agreement to progressively increase the fleet up to 500 units by 2015, which will represent 50% of the company's overall fleet. In addition, in 2011 the compressed natural gas station of Sanchinarro (Madrid) opened, which will provide fuel to 400 buses and 700 intensive-use light vehicles.

The wholesale arm of the business is defining a range of proposals that cater to specific needs and value for each customer segment (major customers, large volume, multi-supply customers and the Public Administration), adapting to their needs and expectations, with a customised commercial management approach and a range of value-added products and services for each of them.



## Gas Natural Fenosa, actively involved in the installation of a Smart Grid for its customers

Smart grids will radically change relations that electricity companies have with their customers. Electricity companies will have real-time knowledge of the consumption of all their customers, and will thus be able to adapt production and demand more accurately. Aware of this, Gas Natural Fenosa is making large investments to experiment with new technologies that will be compulsory in forthcoming years.

In 2011, Gas Natural Fenosa invested 50 million euros in smart grids and new investments are planned over the next few years. The majority of these investments are targeted at replacing traditional meters with smart meters, as well as implementing pilot projects in certain areas to research the performance of this equipment and associated infrastructures, so that we are ready when it comes to full implementation of these technologies.

Smart meters make it possible for distributors to speed up operations requested by customers as well as improve the quality of service, as they will provide quicker information on incidents, providing the customer with a more personalised treatment.

Smart grids will include information and communication technologies that will respond to customers' needs and improve the efficiency of the electricity system. With this aim, they will integrate all actions of grid-connected users, both producers and consumers, making the electricity supply more efficient, safer and sustainable.

Among the smart grid research projects that Gas Natural Fenosa has in progress is the Energos project, which forms part of the Cenit Programme of the Ministry of Science and Innovation. Moreover, to share experiences and best practices, the Gas Natural Fenosa Foundation organised an event featuring participation from numerous experts in different spheres to analyse the impact of smart grids in Spain.



## General gas customer indicators

	Argentina	Brazil	Colombia	Spain	Italy	Mexico	Total	Variation 10-11 (%)
Gas activity sales (GWh)	76,172	49,809	17,345	201,250	3,577	47,704	<b>395,857</b>	(3.90)
Network renewal (km)	5.17	42.59	6.65	4.90	0	49.08	<b>108.39</b>	33.8
Distribution network (km)	23,313	6,137	19,460	45,146	6,736	16,919	<b>117,711</b>	2.1
Increase with regard to 31/12/2010 (km)	308	131	450	215	888	448	<b>2,440</b>	(30.9)
Regulatory inspections	0	0	429,396	359,165	0	0	<b>788,561</b>	(50.0)
Network overhauled (km)	13,330	4,953	6,215	24,142	3,240	15,654	<b>67,534</b>	3.0
Renewal of connections (units)	10,922	1,027	0	2,210	0	6,097	<b>20,256</b>	(8.6)

## Gas customer indicators. Spain

	2011	2010	2009
New municipalities supplied	36	33	32
No. of preventive maintenance inspections	1,166,361	1,108,462	1,322,538

Length of electricity transportation and distribution lines  
(aerial and underground) by regulatory regime (km)

	Medium and low-voltage	High voltage
Aerial	81,797	8,057
Underground	28,083	667
<b>Total</b>	<b>109,880</b>	<b>8,724</b>

Smart grids will include information and communication technologies that will respond to customers' needs and improve the efficiency of the electricity system. This is why Gas Natural Fenosa is targeting substantial financial and material efforts in the development of smart grids

## Effective communication with customers

The company's ability to detect and anticipate customers' needs, stems fundamentally from the set-up of effective communication channels that enable relations of trust to be established. These communication channels focus on serving customers, finding out their requirements, listening to them and dealing with their claims.

There was two-way communication with customers in every country in which the company operates. This enabled the company to gain first-hand information on their needs and concerns and also meant that Gas Natural Fenosa could provide customers with messages it believes are important, such as information on legislative changes, safety, energy efficiency or sales agreements reached with suppliers. Of key importance in the promotion of energy efficiency were the websites [hogareficiente.com](http://hogareficiente.com) and [empresaeficiente.com](http://empresaeficiente.com), which received a total of 347,370 hits in 2011.

The wholesale branch of the business also performed important communications work with its customers, informing them about legislative changes, providing them with information on energy efficiency or encouraging the use of electronic media, speeding up procedures and providing a faster and more effective service.

It is worth noting that Gas Natural Fenosa implements initiatives to address language, cultural, low literacy and disability related barriers in accessing energy, using it safely, as well as customer support services. Prominent in this sphere were the "Click to Call" services, using a button available on the website whereby Gas Natural Fenosa responds with a phone call to the telephone number provided by the customer, as well as

the printed forms button, which enables customers with hearing difficulties to fill in forms. In Latin America, certain countries offered customers the possibility of receiving invoices in Braille, and in Colombia some customer service centres improved accessibility by providing access ramps.

### Encouraging customer communication online

As part of its commitment to ongoing improvement, in 2011 Gas Natural Fenosa included an online survey on its website to encourage communication with the public at large and, more specifically, with its customers.

To do this, the company set up a space where people can give their opinion on the services provided by Gas Natural Fenosa, find out their preferences and also allow users to rate the corporate website.

The questionnaire includes questions on reasons why the customer uses the website and rating contents and ease of browsing. The survey also contains a series of questions on personal information and consumer behaviour, to define the profile of those that use the website.

In 2011, the company received a total of 630 complete interviews, which represents a response rate of 39.7% with regard to the number of website visits. Of these, 169 of those surveyed gave their contact details to be sent information as well to be able to receive commercial communications.

The results show that the main reasons for visiting the website are for things like how to read the meter, check invoices, etc., or to make claims.



## Self-regulation in communication practices

Gas Natural Fenosa is a member of Autocontrol, a non-profit association that manages the Spanish advertising self-regulation system. The resolution of conflicts is carried out through a system, recognised by the European Commission, which respects and complies with the principles laid down in recommendation 98/257/EC.

Gas Natural Fenosa also adheres to the Advertising Self-Regulation Code for Environmental Arguments, which was drawn up by the Ministry of Agriculture, Food and Environment and the Association for the Self-Regulation of Commercial Communication (Autocontrol). The purpose of this code is to establish

a set of rules for the development, execution and dissemination of advertising messages including environmental arguments or references. The companies which have subscribed to this code undertake to use advertising messages including environmental arguments responsibly and truthfully.

## Number of calls received in the customer service centre

	2011	2010	2009	
			Consolidation since 01/05/2009	Pro forma figures <sup>(*)</sup>
Argentina	1,746,532	1,657,234	1,684,506	1,684,506
Brazil	672,266	774,656	725,898	725,898
Colombia	3,489,749	6,171,796	5,334,920	6,674,813
Spain	13,461,402	13,422,401	13,344,473	15,257,763
Italy	330,323	398,949	426,916	426,916
Mexico	1,662,198	1,718,963	1,405,935	1,364,957
Moldova	1,238,272	1,882,680	–	1,961,803
Nicaragua	3,399,658	3,100,838	1,957,624	3,258,197
Panama	905,772	853,166	464,090	720,681
<b>Total</b>	<b>26,906,172</b>	<b>29,980,683</b>	<b>25,344,362</b>	<b>32,075,534</b>

(\*) The pro forma figures include the statistics from Gas Natural and Unión Fenosa as if they had been merged since 1 January 2009. These figures are offered in order to allow them to be compared with those of subsequent years.



### Customer service ratios. Spain

	2011	2010	2009
Customer requests solved immediately (%) <sup>(1)</sup>	93.43	96.60	96.10
Level of customer satisfaction with the Telephone Customer Service (%) <sup>(2)</sup>	71.70	71.90	76.10
Average time for solving requests (days) <sup>(1)(3)</sup>	11.85	7.50	11.40
Calls answered within 15 seconds (%) <sup>(4)</sup>	79.18	80.02	83.90

(1) Until 2010, inclusive, the % of customer requests resolved immediately and the average resolution time refers only to what was formerly Gas Natural Group. 2011 figures refer to the integrated data of Gas Natural and Unión Fenosa.

(2) The level of customer satisfaction with the Telephone Customer Service refers to the gas and electricity platforms (except 2009).

(3) This data refers to those requests that were not resolved immediately. Information prior to 2011 refers to the Gas Natural Group before the merger. The figure for 2011 also includes the electricity market which, because of its characteristics, is very different to the gas figure, and has a direct impact on results (supply interruptions, monthly reading, social allowance, etc.).

(4) In 2010, the % of calls dealt with within 15 seconds is the sum of all calls concerning gas and electricity, although electricity calls until September/October 2010 were registered with regard to those answered within 20 seconds. In 2010, the target laid down for Gas Natural Fenosa in 2009 to deal with 80% of calls within 15 seconds is consolidated. Figures for 2011 are equivalent data for gas and electricity.

### Gas Natural Fenosa website indicators (in thousands). Spain

	2011	2010	2009
No. of customers registered at the end of the year	784	740	706
No. of online transactions at the Virtual Office	3,729	3,451	6,150 <sup>(*)</sup>
No. of customers registered with the online billing service	93	94	41

(\*) The ratio is not comparable with subsequent years as the calculation systems have changed and the criteria were changed in 2010, as well as the fact that some transactions have been removed. Online transactions are currently only considered to be meter reading, filling in forms online and online formalities registered at the Virtual Office with regard to bills and modification of data.

## Actions to improve customer dealings broken down by countrys

### Spain

t \$PNNVOJDBUJPO PG MFHJTMBUJWF PS SFHVMBUPSZ DIBOHFT PO UIF CJMM CBTFE PO UBSJGG P  
t \$PNNVOJDBUJPO UP DVTUPNFST XJUI JOGPSNBUJPO PO FOFSHZ FG&DJFODZ TBWJOH BOE CFUUF  
t 4JHOJOH PG BHSFFNFOUT XJUI PUIFS DPNQBOJFT UISPVI XIJDI DVTUPNFST PG (BT /BUVSBM 'F  
t 4JHOJOH PG BHSFFNFOUT XJUI DPNQBOJFT BOE UFDIOPMPHJDBM JOTUJUVUFT UP DPPQFSBUF JO  
fields of energy saving and efficiency.  
t 0SHBOJTBUJPO PG USBJOJOH EBZT BOE DPOGFSFODFT UBSHFUFE BU DVTUPNFST UP PGGFS UIF

### Argentina

t \*NQMFNFUUBUJPO PG B #SBJMMF CJMM GPS CMJOE DVTUPNFST  
t 0QFOJOH PG B OFX \*OUFHSDM 4FSWJDFT \$FOUSF UP HFU DMPTFS UP DVTUPNFST JO BSFBT GBS  
t "HSFFNFOUT XJUI CBOLT UP QSPWJEF DVTUPNFST XJUI QSGFSGFOUJBM &OBODF DPOEJUJ POT

### Brazil

t 6TF PG UIF CJMM BT B DPNNVOJDBUJPO DIBOOFMT XJUI UIF DVTUPNFS JODMVEJOH UJQT PO TB  
t \*OUSPEVDUJPO PG XFCTJUF PQUJPOT UIBU GBDJMJUBUF BOE JNQSPWF CJMMJOH JOGPSNBUJPO  
t \*EFOUJ&DBUJPO PG DVTUPNFST XJUI IFBWZ DPOTVNQUJPO UP DPOUBDU UIFN JO PSEFS UP SFE  
t 5IF PSHBOJTBUJPO PG UIF \$VTUPNFS \$PNNJUUFF UP MJTUFO UP DVTUPNFST BOE HFU UIFJS PQJ

### Colombia

t \$FSUJ&DBUJPO QSPHSBNNFT JO UIF BSFB PG \$VTUPNFS 4FSWJDFT (VBSBOUFF  
t %FWFMPQNFOU PG UIF &OF&ZJOUFSBDUJWF FEVDUJPOBM UPPM GPS DVTUPNFST VTFE CZ  
t 5JQT PO CJMMT PO UIF FG&DJFOU BOE TBGF VTF PG FOFSHZ  
t "EBQUFE BDDFTT GPS EJTBCMFE QFPQMF BU TFSWJDFT DFOUSFT  
t 1SPNPUJPOH WVB 0G&DF BOE TFU VQ PG B OFX D\$FSNFS DFTBMJOF DIBOOFM DBMMFE

## Italy

t 4FU VQ PG UIF \*OGPQMVT BQQMJDBUJPO B DPNQVUFS UPPM UIBU QSPWJEFT USBJOJOH BOE JOG service.

t \*ODSFBTFE PQFOJOH IPVST GPS UIF UFMFQIPOF IFMQEFTL

t 3FWJFX PG UIF DPOUSBDU XJUI UIF UFMFQIPOF DVTUPNFS TFSWJDF TVQQMJFS UP PCUBJO JNQS

t \*ODSFBTF PG TFMG SFBEJOH DIBOOFMT TNT BOE XFC BOE QBZNFOU DIBOOFM -PUUPNBUJDB

t \*OGPSNBUJPO PO CJMMT BCPVU MFHJTMBUJWF PS SFHVMBUPSZ DIBOHFT BT XFMM BT PUIFS DPN communication of the gas reading.

## Mexico

t &ODPVSBHJOH UIF VTF PG POMJOF TFSWJDFT QBSUJDVMBSMZ UIF FMFDUSPOJD CJMM

t \*NQMFNFOUBUJPO PG BO JOGPSNBUJWF DBNQBHO EFWFMPQFE UISPVHI DVTUPNFS TFSWJDF D savings.

t \*NQMFNFOUBUJPO PG B QBSUJBM QBZNFOU QSPHSBNNF PO CJMMT FOBCMJOH DVTUPNFST UP TO communication channels, Twitter and Facebook.

## Moldova

t -BVODI PG B OFX DPNQBOZ XFCTJUF XIJDI XJMM FOBCMF JU UP TFSWF DVTUPNFST POMJOF

## Nicaragua

t &ODPVSBHJOH QBZNFOU PG CJMMT POMJOF

t 4BGFUZ DBNQBHO UP QSFWFOU BDDJEFOU UISPVHI JNQSPQFS NBOJQVMBUJPO PG EJTUSJCVUJ

t \*OTFSUJPOT PO CJMMT PG SFDPNNFOEBUJPOT UP TBWF FOFSHZ BOE TBGFUZ UJQT

t 4JHOJOH PG BO BHSFFNFOU UP DBSSZ PVU FEVDBUJPOBM XPSLTIPQT PO TBGFUZ TVTUBJOBCJM

t 1FSGPSNBODF PG UIF w4BWF &ONBMQUBODBNQZUIFO3JUI OFJHICPVSIPPET EVSJOH XIJDI MPX DP handed out.

## Panama

t 4FOEJOH UIF CJMM CZ F NBJM

t 4FU VQ PG B OFX DVTUPNFS TFSWJDF NPEFM

t \$PNNFODFNFOU PG UIF QSFQBZNFOU QSPKFUDU

t 4FU VQ PG B GSFF PG DIBSHF IPVS DVTUPNFS TFSWJDF MJOF

t \$POUJOVJOH XJUI UIF FOFSHZ FG&DJFODZ BOE57BGFUZ QSPHSBNNF BU TDIPPMT BOE PO

It is vital to establish commercial relationships which are lasting, stable and trustworthy with suppliers in order to guarantee quality in the service offered to its customers. Gas Natural Fenosa therefore promotes a policy for contracting suppliers which encourages long-term relations

### Long-term relations of trust with suppliers

It is vital to establish commercial relationships which are lasting, stable and trustworthy with suppliers in order to guarantee quality in the service offered by Gas Natural Fenosa to its customers. Consequently, it promotes a policy for contracting suppliers which wish to work with the company on a long-term basis, providing the requirements established are satisfied.

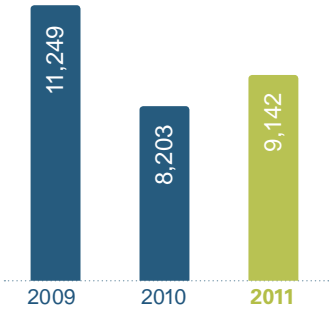
In 2011, in Argentina and Colombia, the company concluded tenders for the award of construction and maintenance works for electricity and gas, signing valid contracts for a service period of five years.

Multi-year agreements were also awarded in Argentina for a period of four years, and bids were made with clauses that lay down service periods of three years. In addition, a three-year contract was signed in Colombia for the call centre, extendable

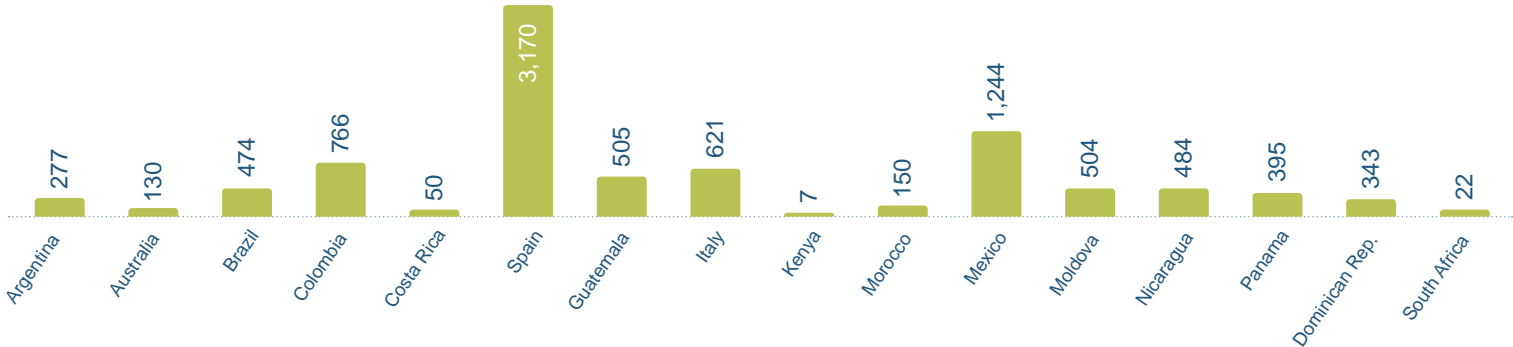
for a further two. Moreover, in Brazil, other tenders were awarded and contracts signed for five and for four years.

In 2012, we expect to be awarded the framework contract for Moldova's electricity grids and services, under this same policy.

### Suppliers with contracts currently in force



### Suppliers with contracts currently in force, by country



Note: Gas Natural Fenosa does not have a centralised purchasing unit in Egypt, France, Ireland and Madagascar. No information available on Puerto Rico.



### Mercantile contracts (current at the end of the year)



### Training on the value chain

Gas Natural Fenosa believes that training suppliers is key in improving their performance, in order to increase the quality of products and services rendered to the company's end customer and help reduce costs.

Through the Energy Training Centre of the Gas Natural Foundation, the scope of activities of which now extends to Spain, Portugal and Colombia, the company designs training courses for employees of suppliers, contractors and collaborating companies. In 2011, there were 11 training programmes, which involved 186 courses and 46,926 training hours, with participation by 2,568 persons.

In addition, in Brazil a total of 4,736 training hours were given to 237 specialists working for contracting companies, over a series of four courses: works manager, grid design, basic design and safety aspects.

### Establishment of objective selection mechanisms

The relationship that Gas Natural Fenosa has with its suppliers is governed by a series of principles that ensure objectivity in selecting suppliers. These commitments are:

- t Effectiveness.
- t Efficiency.
- t Flexibility.
- t Equal opportunities.
- t Transparency.

These principles are the basis of the Awarding and Contracting General Standards of Gas Natural Fenosa. Together with this, the General Standards for the Quality of Suppliers has the fundamental purpose of choosing the most appropriate suppliers in each situation, with the ulterior aim of maximising the quality of service offered to the end customer.

Before being contracted, a supplier must satisfy the following three obligatory requirements imposed by Gas Natural Fenosa:

- t Observance of the quality and environmental standards established by the company.
- t Compliance with the regulations in force governing prevention of occupational risks.
- t Preparation of an occupational health and safety plan in all the work and services envisaged in the laws in force.



In accordance with the commitments that have been established, Gas Natural Fenosa encourages the contracting of local suppliers in order to contribute to the development of the local communities and countries in which it operates. In this regard, Gas Natural Fenosa does not have a specific policy for contracting local suppliers, yet makes every endeavour to ensure local purchase.

Gas Natural Fenosa takes part on the RePro Platform, a system of publication, classification and official approval in terms of suppliers with the biggest turnover, those that are critical and business suppliers. The objective pursued is to ensure that the selection process is carried out under the established levels of demand, ensuring that the suppliers selected satisfy all criteria.

In Spain, Gas Natural Fenosa is developing its own online assessment system called Total Supplier Management Solution (TSMS), which will allow the inclusion of suppliers not registered on RePro. This assessment system includes legal, quality, environmental and corporate responsibility aspects, such as signing the UN Global Compact or policies concerning sustainability, *inter alia*. This will facilitate permanent control of the evolution of a great many key aspects of a broad spectrum of suppliers. It is scheduled to be introduced in Spain during the first quarter of 2012. It will be gradually rolled out to other countries in which the company operates.



2011  
**Corporate  
Responsibility**  
Report