

07

GAZ DE FRANCE AND THE UNITED NATIONS GLOBAL COMPACT

2007 COMMUNICATION
ON PROGRESS





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COMMUNICATION ON PROGRESS

- > The **Gaz de France** group's approach to sustainable development is built on transparency and progress. In 2003, it committed to supporting and putting into action **the UN Global Compact's** ten universal principles regarding **human rights, labour standards, the environment** and the **fight against corruption**.
- > Each year since 2004, this **Communication on Progress** report illustrates adherence to each of the **UN Global Compact's** principles by presenting the policies and main actions that help implement them.

ÉDITORIAL



Jean-François Cirelli
*Chief Executive Officer
of Gaz de France*

“ Enriched by shared values and consolidated social and environmental commitments, Gaz de France is more than ever at the centre of the major challenges of sustainable development, which are climate issues, social issues, and industrial issues. ”



Françoise Guichard
*Director of Sustainable
Development*

Every country must work for development that respects Humankind and the planet. All the more so then for a large company like Gaz de France.

It is with this conviction that our Group committed to sustainable development and has been a member since 2003 of the UN Global Compact's charter. Gaz de France is currently experiencing the most significant change in its history. Our sphere of influence is widening along with our growth. Every change, every setup in a new country is a new challenge, and the UN Global Compact is a valuable benchmark for responding to issues linked to human rights, labour, the environment and the fight against corruption.

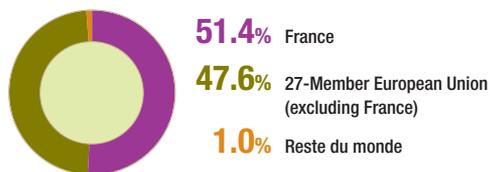
Our commitment was made even stronger in 2007 with the support of our stakeholders. This communication of progress report, the fourth edition, is proof of it. An indispensable addition to our sustainable development report, it shows the actions implemented by the Group for each of the Global Compact's principles.

A MAJOR EUROPEAN PLAYER IN THE ENERGY INDUSTRY

The Gaz de France group is a major European player in the energy industry, producing, purchasing, transporting, distributing and selling natural gas, electricity and associated services – directly or through its subsidiaries – to its residential, business, key account and community customers.

A EUROPEAN GROUP OPEN TO THE WORLD

DISTRIBUTION BY GEOGRAPHIC REGION



- > 47,560 employees, 33% of which are outside France
- > 27,427 million euros of turnover (Down 0.8% from 2006), 41% of it from outside France
- > 2,472 million euros of consolidated net income The Group's share (up 7.6% from 2006)
- > 3,300 million euros of investments.

INFRASTRUCTURE DIVISION

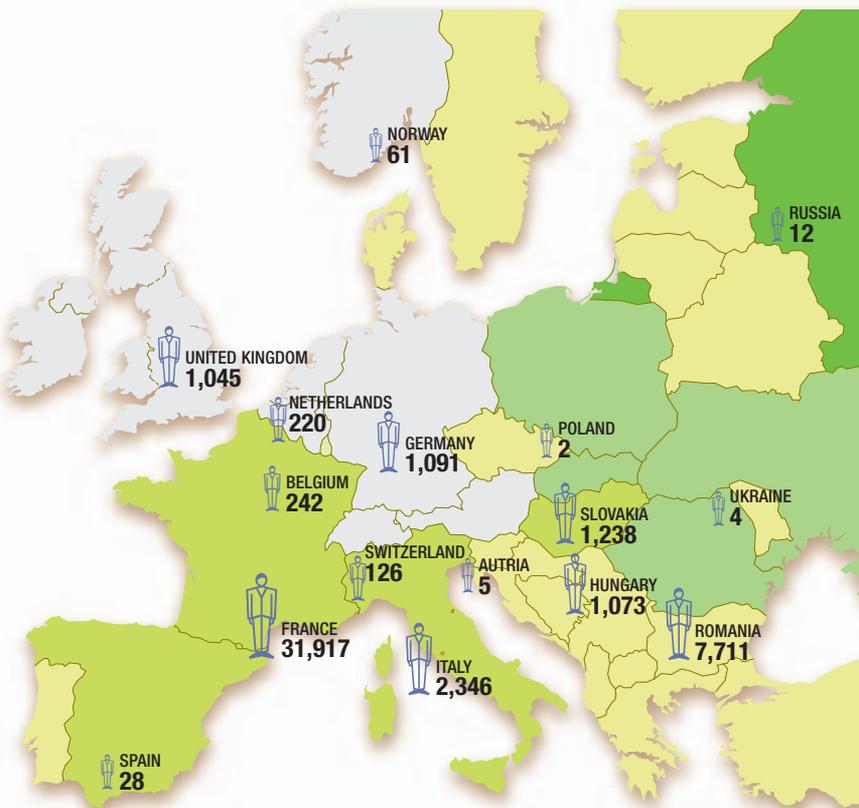
Transport, storage, LNG reception and regasification terminals, distribution

- > The Group's 14 billion cubic metres of total natural gas storage capacity in Europe, or about 20% of total European capacity
- > 31,717 kilometres of pipeline in France The longest transport network in Europe
- > 186,000 kilometres of pipeline in France The longest distribution network in Europe.

ENERGY AND SERVICES SUPPLY DIVISION

Exploration/production, purchasing and sales of energy, services

- > 1,500 MBep is the Group's short-term target of proven and probable reserves
- > 42.4 Mbep of hydrocarbons produced
- > 31% of GNL in the Group's long-term supplies Europe's leading importer of LNG
- > 14.7 million customers, 3.7 million of which are outside France
- > 730 TWh of natural gas sold in Europe.



MAJOR EUROPEAN PLAYER IN THE ENERGY INDUSTRY



Exploration

The Gaz de France group explores natural gas deposits in the North Sea (Norway, United Kingdom).

Challenges: improve its resources by reducing the impact on the environment and promoting local economic benefits.



Production

The Group produces natural gas, and now electricity from wind turbines and natural gas combined-cycle thermal power plants.

Challenges: meet the growing power demand by producing more from renewable energy sources.



Purchasing

Norway, Algeria, Russia, the Netherlands, Egypt, the United Kingdom, Libya, Nigeria and Germany are the Group's preferred suppliers of natural gas. Gaz de France also purchases electricity in Europe.

Challenges: diversify supplies, and guarantee the ability to supply power at a competitive price in the long term.



Regasification

Natural gas is transferred in a liquid state (600 times more compact) by methane tanker from distant producing regions. In 2007, liquefied natural gas (LNG) represented 31% of the Group's long-term supplies.

Challenges: securely link consumer locations to natural gas resources that are increasingly farther away.

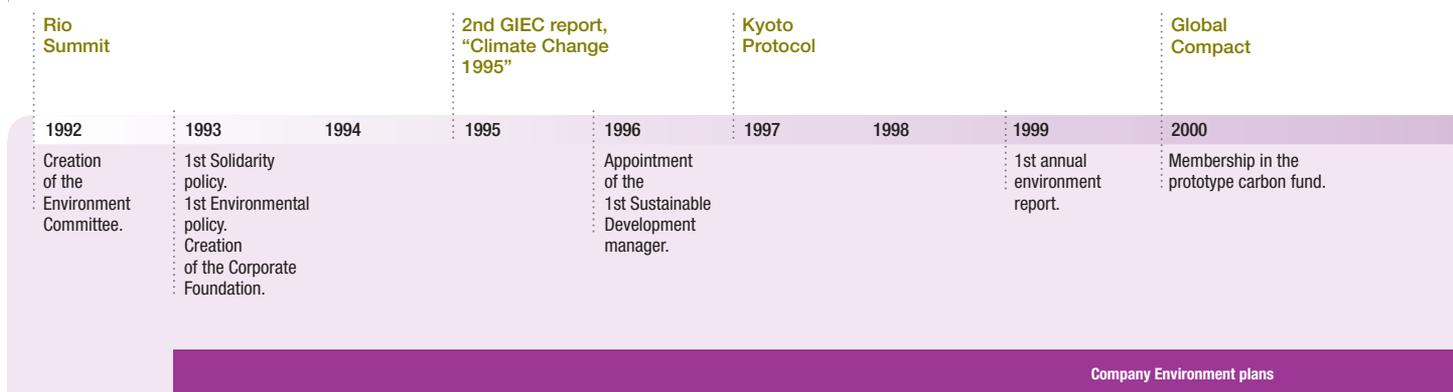


Transport

GRTgaz, a Gaz de France wholly-owned subsidiary, manages the natural gas transport network in France and transports all shippers' gas through 31,717 kilometres of gas pipelines in France.

Challenges: develop the network by guaranteeing the safety and integration of major facilities into the surrounding landscape.

GAZ DE FRANCE'S SUSTAINABLE DEVELOPMENT COMMITMENT SINCE 1992



CHALLENGES AT EVERY STAGE OF THE ENERGY CYCLE



Storage

The Group is number 2 in natural gas storage in Europe with a capacity of 14 billion cubic metres. In 2007, 22 third-party suppliers used its 12 underground sites in France.

Challenges: grow storage capacity in Europe while protecting the environment and maintaining residents' confidence.



Distribution

GrDF, a Gaz de France wholly-owned subsidiary created on 31st of December 2007, transports natural gas from all suppliers chosen by customers through a network of 186,000 kilometres of pipeline, Europe's longest.

Challenges: ensure transparent and non-discriminatory access to all suppliers, and increase the network's density while guaranteeing everyone's safety.



Sales

The Group sells its energy to 11 million residential, business, key account and community customers in France and 3.7 million outside France.

Challenges: encourage the customer's freedom of choice, ensure price transparency and promote environmentally friendly products while providing responses for customers without any resources.



Services

The Group is enhancing the way it supplies energy with a range of services that optimise consumption: services associated with its energy products (natural gas and/or electricity) for residential customers, and with facilities maintenance for businesses and communities.

Challenges: promote energy efficiency and protect resources.

Wind: at the end of 2007, the Group was the leading wind farm operator in France with 118 MWe of power installed.

LNG : the Group is the leading importer of LNG in Europe and the 3rd in the world. It has a fleet of 12 methane tankers.

GRTgaz transported gas on behalf of 37 shippers in 2007.

6,300 concession contracts link GrDF and local communities for natural gas service.

2001	2002	2003	2004	2005	2006	2007
3rd GIEC report "2001 Climate Change Assessment"	Johannesburg Earth Summit	NRE Act France adopts a national strategy for sustainable development	Ratification of the Kyoto Protocol	Entry into force of the European directive on CO ₂ quotas	Stern Report	Grenelle Environment Forum 4rd GIEC report Al Gore and the GIEC Nobel Peace Prize
1st annual sustainable development report. External verification of environmental and social indicators.		Creation of the Sustainable Development Department and the Sustainable Development and Ethics Committee. Joined the World Compact and the WBCSD. Joined AERES. Partnership with WWF-France.	Signing of the 3rd three-year agreement with ADEME. Publication of the 1st Communication on Progress. Responses to the Global Compact's Principles.	Signing of the Public Service Contract. Implementation of codes of good conduct for GRTgaz and Gaz de France's distributor. Signing of the Charter of Corporate Diversity.	Joined EITI. Integration into the ASPI Eurozone. Signing of the Corporate Charter for Equal Opportunity Partnership with Emmaüs.	Launching of the ethical approach. Joined EDH. Incorporated into the Ethibel Excellence register and the Climate Disclosure Leadership Index.
Launching of sustainable development & PADD process.					Sustainable development process	

SUSTAINABLE DEVELOPMENT, RESPONSIBLE ENERGY SPECIALIST

The Gaz de France group's sustainable development process is part of a nearly 15-year commitment and has expanded at the same time as the challenges of sustainable development have been changing.

SOLID FUNDAMENTALS

Dialogue with stakeholders is the base of Gaz de France's sustainable development approach. The durability of these relationships is based on transparency and respect. The code of ethics makes it possible to specify this framework in a way consistent with international standards and agreements such as the Universal Declaration of Human Rights, International Labour Organization standards and the United Nations Convention against Corruption.

In order to work out the strategy of sustainable development, the Group identifies, analyses, and prioritises the challenges with which it is faced. By matching issues with stakeholders' expectations, the Group defines the methods of relations and the responses and actions to implement. The sustainable development policy, which structures this strategy, aims to act as leverage for development and to control risks. It structures the Group's current and future action around four guidelines:

- Respond to the major energy challenges of today and tomorrow by controlling energy and promoting innovation;
- Fully exercise the Group's social and environmental accountability vis-à-vis all of its stakeholders;
- Develop responsible human resource and management practices for the entire Group;
- Take an active part in regions' development.

RISKS AND OPPORTUNITIES

The government's policy and international actions in the fight against greenhouse gas emissions bring risks for the company but also opportunities.

Controlling risks is guaranteed by the entity management contract, which has non-financial performance objectives.

In 2007, setting up contracts with entities included all fields of Corporate Social Responsibility (CSR).

Progress reports allow the Executive Committee to follow the progress of implementation of the sustainable development policy within the Group and coverage of strategic and operational risks, and those linked to the Group's environment.

FROM STRATEGY TO MANAGEMENT

The sustainable development policy provides the general framework for actions. Priorities are defined every year. They are adapted to the Group's changes, to civil society's new sensibilities, to stakeholders' renewed expectations, or to changes in the Group's non-financial rating. The priorities validation cycle is short. Thus, the entire Group can adapt its associated policies and action plans in a responsive manner.

The Sustainable Development Department proposes the Group's policies regarding sustainable development and ethics, encourages implementation by the operational branches and staff management, and organises reporting

and outside portorage. Today, the Group has a Balanced Scorecard, which sets a limited number of sustainable development indicators. The results are presented every quarter to the President or an Executive Vice President.

“Sustainable development” performance is monitored under the same conditions as financial performance.

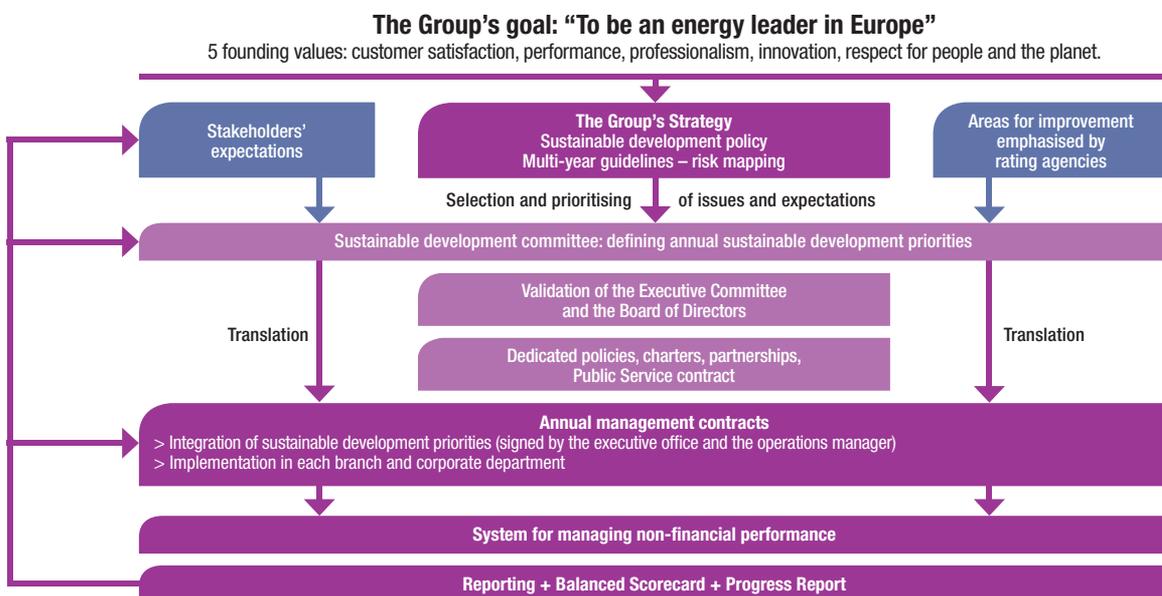
OUR SUSTAINABLE DEVELOPMENT LEADERS: A CONSTRUCTIVE DIALOGUE

Gaz de France maintains a regular dialogue with its stakeholders thanks to the stakeholders’ forum, the science council and partnerships with NGOs or representatives of civil society.

Through expanded cooperation, Gaz de France is trying to do a better job of identifying ways to track progress in order to adapt its policies and action plans continuously.

Cooperation was established between Gaz de France and a sample group of outside stakeholders (NGOs, corporate, socially responsible investors) with Comité 21 as mediator.

PRIORITIES IMPLEMENTED IN THE DEPARTMENTS



SUSTAINABLE DEVELOPMENT, RESPONSIBLE ENERGY SPECIALIST

Based on one meeting every 18 months, this approach aims to improve matching the Group's strategy with civil society's expectations.

Gaz de France has been leading a multi-lateral dialogue since 1986 through its Research Department's science council, composed of high-level members competent in areas as diverse as social sciences, urban planning or the environment. The role of this council has changed over time, from evaluator to strategic guideline advisor, thanks to regular communication with the operating entities.

Gaz de France set up structuring partnerships with associations, NGOs and representatives of civil society to better exercise its priorities (Emmaüs, Samu Social [emergency services for the indigent], WWF France, ADEME...).

PROGRESS THROUGH EVALUATION

Vigeo, recognising the Gaz de France group's performance regarding sustainable development, on 18th of September 2006 included Gaz de France stock in the ASPI Eurozone® index, which

is made up of the best 120 companies listed on the DJ Stoxx 600 in terms of corporate and environmental responsibility.

Gaz de France is also the best rated French company in the Climate Leadership Index (CLI), which includes the FT 500's best performing companies in incorporating climate change issues into their business strategies and their reporting.

Gaz de France also joined the Ethibel Excellence register for the first time in October 2007. The Ethibel forum emphasises the following main strengths in its report on the Group: a human rights approach superior to that of most of its competitors, a relevant way of treating human resource issues and progress in the areas of governance and the environment.

Self-assessment procedures were set up in 2005. After several exercises for quality, the environment or health safety, Gaz de France expanded its self-assessments in 2007 to human rights.

GAZ DE FRANCE IS PARTICIPATING IN THE DEBATE

The Group is relying on its expertise in energy, its knowledge about customers and the expectations of stakeholders to argue and defend its points of view, consistent with its sustainable development commitments.

In 2007, Gaz de France was very intensely mobilised around the Grenelle Environment Forum. The first phase confirmed the Group's sustainable development guidelines. It showed a wide consensus on the need to make economic growth compatible with better protection of the environment, incorporated the European component into its discussions, emphasised the urgency for concentrating efforts on construction and transport, and recognising the results achieved by the industry.

PRESENTATION OF THE UNITED NATIONS GLOBAL COMPACT'S PRINCIPLES AND OF GAZ DE FRANCE'S POLICIES AND ACTIONS



PRINCIPLE 1

“ BUSINESSSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONAL LAW RELATING TO HUMAN RIGHTS WITHIN THEIR SPHERE OF INFLUENCE ”

Gaz de France is committed to offering its employees satisfactory working conditions and to ensure their safety, particularly in its manufacturing business activities. In its development internationally, Gaz de France also intends to pledge its full attention to respecting basic rights and supporting local communities.

GAZ DE FRANCE'S POLICY

Guarantee health and safety

Its wide range of businesses exposes the Group to a wide range of industrial risks. For this reason, safety goals were set for each business in management contracts, and quarterly reporting makes it possible to monitor progress. Every year, each entity analyses the maturity of safety management with regard to the Group's assessment grid.

Gaz de France puts forward four priorities concerning work health and safety:

- Involve staff and raise their awareness in a continuous manner;
- Become part of an approach of continuous improvement in order to gain increasing control over risks;
- Encourage staff in service provider companies to make progress;
- Lead by example in implementing regulations.

Be socially responsible

Solidarity is part of Gaz de France's history and corporate culture. The solidarity policy is based on three premises:

- Adherence to legal constraints: - Legislation (Fonds Solidarité Logement -- FSL [Housing Solidarity Fund], not disconnecting power for customers who have been receiving FSL for less than a year, special solidarity rate...), public service contract commitments;

- Choosing to be a committed player for sustainable development: a socially responsible company that assumes its responsibilities and is interdependent with its customers;
- Principles laid out in the document "Gaz de France Group's Ethics": "Facilitate access to energy for customers without any resources".

The fight against marginalisation is an integral part of a modern public service. It creates value and adds a socially responsible and civic component to the Group's goals.

Respect and enforce human rights

Gaz de France wishes to focus particularly on protecting and respecting human rights, especially in countries where gas is prospected and extracted.

This commitment, strengthened this year by recasting the Group's code of ethics, translated into Gaz de France's voluntary membership in initiatives such as EITI (Extractive Industries Transparency Initiative) in 2006 or EDH (Entreprises pour les Droits de l'Homme [Businesses for Human Rights]) in 2007.

PRINCIPE 1

HIGH-PRIORITY ACTIONS

Guarantee health and safety

Each entity is responsible for improving the working conditions of its employees and service providers. At major facility worksites in France, an approach specifically for service provider safety is in place in connection with the Professional Organisation of Prevention in Construction and Public Works; it has made it possible to cut accidents by a third in 4 years.

More broadly, in France, as part of the public service contract, the Group made the commitment to participate in the overall objective of making 1,800,000 facilities safe over the period 2004 to 2007 (exclusive of new facilities).

An objective that is generally outdated since the number of facilities that have been made safe at the end of 2007 is 2,037,000. The International Branch developed its safety policy in 2007, using the Group's policies regarding industrial safety, health safety and intangible heritage safety.

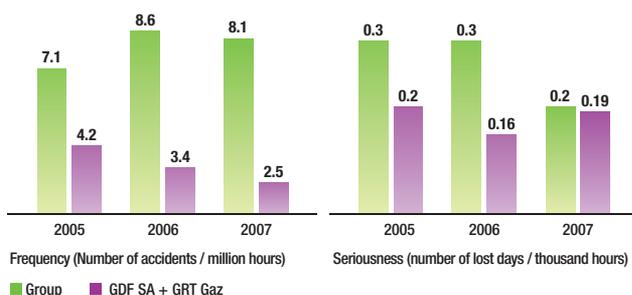
In order to be socially responsible

Gaz de France supports the Codegaz action, a humanitarian association composed of the Group's employees and retirees. Internationally, Codegaz works to help disaster victims: it leads more than 25 humanitarian projects and acts of solidarity in 25 developing countries, in the areas of water, nutrition, health, childhood, education and energy. Gaz de France also supports Distrigaz Sud, which helps customers without any resources, providing technical assistance to communities in managing their social programmes using software that lets them make decisions, depending on customer's incomes, about authorisation for help and its value to people in difficulty, as provided for in an ordinance from the Romanian Ministry of Labour, Social Solidarity and Family.

For human rights

The Exploration and Production Department (DEP) set up a document titled "Guidelines for Responsibility towards Society". This document formalises the DEP's approach by requiring that issues of responsibility towards society be taken into account in its business activity. Beyond the Group's practices, all of these approaches also aim to improve the practices of sub-contractors and suppliers. Sustainable development's benchmark consideration emphasises, among other things, the ban that Gaz de France sets for itself against directly or indirectly using child labour and any form of forced or compulsory labour.

PROGRESSION OF FREQUENCY AND SERIOUSNESS OF WORKPLACE ACCIDENTS



The seriousness and frequency of accidents are down from 2007, after rising in 2006 after a change of scope resulting from incorporating the SAVELYS subsidiary. The Group's objective is to tend towards zero workplace accidents.

PRINCIPLE 2

“ ENSURE THAT THEIR OWN COMPANIES ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES ”

Even if Gaz de France operates mainly in European countries that broadly respect basic human rights, the Group remains very vigilant, in particular within the context of its exploration and production business.

GAZ DE FRANCE'S POLICY

In 2007, during a period of changes never experienced before, Gaz de France hoped to reassert its values: those that are the basis of its identity and define its ethics.

The code of ethics that was implemented is meant to give every employee reference points for success of the Group's

goal, to achieve our development objectives and respect our commitment as a responsible company.

The Group's values are: customer satisfaction, performance, professionalism, innovation, respect for people and the planet.

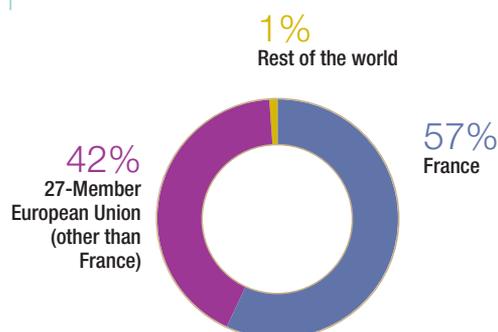
HIGH-PRIORITY ACTIONS

The group's ethical approach

Presented to the corporate authorities, the approach is being progressively deployed in all the Gaz de France group's entities. A network of Ethics representatives has been set up. At the same time, several entities started research, appropriation and application work of the ethical approach as applied to their business. An electronic address was created that year. It allows employees who have not found an answer to their ethical questions within their work team or from their manager to bring it to the ethics representative in order to obtain advice.

As for training, the training currently available is being progressively added to in order to include topics relating to ethics. An awareness session for managers, dealing with the themes of preventing corruption and respecting human rights, was organised in December 2007. Moreover, Gaz de France participates in focus groups (particularly the Business and Corporate Ethics Group for Human Rights), inter-company groups or voluntary initiatives intended to enrich its ethical approach through the exchange of good practices.

GEOGRAPHIC DISTRIBUTION OF PURCHASES OTHER THAN ENERGY



The geographic distribution of purchases other than energy is consistent with the geographic distribution of turnover: 61% is earned in France and 27% in the rest of the 15-member European Union.

PRINCIPLE 3

“ BUSINESSES SHOULD RESPECT FREEDOM OF ASSOCIATION AND RECOGNISE THE RIGHT OF COLLECTIVE BARGAINING ”

Gaz de France made social dialogue a tool for cohesion and success within the Group by endowing it with a genuine status. Notably, that translated into the signing of an agreement that gives a predominant role to collective bargaining in managing the Group. Moreover, Gaz de France also encourages its employees to express their opinions and promotes their participation in the company's most important decisions through their representation in governing bodies.

GAZ DE FRANCE'S POLICY

The Group's success is based in large part on the quality of the dialogue with its employees. Thus, on 6th of September 2006, Gaz de France and union organisations reaffirmed their intention to strengthen this dialogue by signing the agreement that defines the corporate agenda for the period 2006-2007.

Similarly, to encourage best management practices, Gaz de France follows a benchmark common to the entire Group, called PROMAP (Progress in Management Practices).



HIGH-PRIORITY ACTIONS

2007 was marked by implementation of the reform of organisations representing staff (“institutions représentatives du personnel”, or IRP) of electricity and gas industries (IEG), of which Gaz de France is a member. Implementation of this reform follows several negotiations open to Gaz de France with trade union organisations. As part of the national reform of

special pension schemes, coordination was started at the professional branch level of the IEGs between employer groups and the five trade union associations. At the beginning of 2008, work continued in the branch to define the other pension scheme adjustments, in particular: supplemental pension scheme, additional insurance reserves, recognition of businesses'

specific characteristics, family and spousal benefits. Moreover, at Cofathec Services, the wage policy initiated several years ago was confirmed by the signing of a new agreement on salaries for 2007. This agreement combines general and individual pay rise measures and increases the percentage of benefits in executives' and non-executives' overall compensation.

PRINCIPLE 4 & 5

“ ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR ”

“ THE EFFECTIVE ABOLITION OF CHILD LABOUR ”

Through its supply procurement and purchases, Gaz de France has major leverage for enforcing the International Labour Organisation's principles, notably to fight against forced labour and child labour. By formalising the code of professional ethics of purchasing and sustainable development charters, the Group ensures adherence by its subsidiaries and suppliers to principles 4 and 5.

GAZ DE FRANCE'S POLICY

Ethics and energy procurement

For energy purchases, the Global Gas and LNG Branch, responsible for ensuring natural gas supplies, monitors adherence to the Group's commitments regarding the fight against corruption, political financing, gifts and other benefits, through the use of intermediaries.

Relations with suppliers

For other purchases, in addition to the CSR commitment certificate systematically requested of every supplier for every instance of consulting since the beginning of 2007, a benchmark consideration of sustainable development in the purchasing process was created in 2005 and updated in 2007.

This benchmark emphasises, among others, the ban that Gaz de France sets for itself against directly or indirectly using child labour and any form of forced or compulsory labour.

HIGH-PRIORITY ACTIONS

The Purchasing Department leads discussions with its partners to advance its practices through charters signed with Comité 21 and the Astek companies (to bring awareness to Astek staff), Ares (to integrate environmental

aspects throughout the office equipment lifecycle) or Guilbert for promoting the integration of handicapped workers and Cegos for equal opportunity in employment for men and women.



PRINCIPLE 6

“ THE ELIMINATION OF DISCRIMINATION IN EMPLOYMENT ”

Gaz de France has nearly 50,000 employees and feels that each one's differences contribute to the Group's success. Nationality and culture, gender and equal opportunity in employment for men and women, origin, age, the integration in all businesses of the handicapped, are the five high-priority fields of action to advance diversity in the Group and fight against possible discrimination.

GAZ DE FRANCE'S POLICY

Gaz de France has been a signatory to the diversity charter since 2005, at which time a Diversity approach was implemented throughout the Group before being strengthened at the end of 2006 by adoption of the charter of businesses for equal opportunity in education.

Diversity targets nationalities and cultures, gender, origin, the handicapped in all businesses, and age. In 2007, a "Diversity" heading was set up on the intranet and the Internet, to remind about Gaz de France's commitments in this matter (diversity policy, agreement on equal opportunity for men and women, Gaz de France commitments to the handicapped).

The diversity operational committee was created in January 2007 to manage the approach.

At the same time, each entity was requested, within the non-financial performance component of the management contract, to have done or completed a situation analysis and defined its action plan as a consequence. A methodology was proposed to all members of the operational committee.

The Sales Department, for example, conducted an internal opinion survey on this topic, which allowed it to focus its action plan and formalise a diversity charter applicable throughout the Department.

HIGH-PRIORITY ACTIONS

Gaz de France is committed to gender diversity in order to increase equality in employment for men and women at all levels of the company and in all lines of business. In France, Gaz de France SA and GRTgaz rely on the Equality in Employment Agreement to develop this objective, defined in July 2004 with all trade union associations for three years. Gaz de France has

begun several actions since signing this agreement:

- Creation of a compensation package on the order of €600,000 per year for women in 2005, 2006 and 2007 in order to fill the gaps noted in main earnings;
- Designation of contact persons dedicated to equal opportunity in the entities.

This commitment was recognised in

2007 by the Equal Opportunity seal of approval given for three years by the AFAQ-AFNOR to businesses that commit to wage equality, equality in recruiting, and pay special attention to working conditions and arranging working hours. The number of women in the Group's workforce remained stable in 2007. They represent 25% of the Group's employees.

Similarly, the proportion of women among the 253 managing executives was close to 10.3% in 2007, a slight decrease compared with 2006. The benchmark hiring rate for women is 37% for Gaz de France. It corresponds to the average percentage of women who come from fields that interest the Group. In 2007, recruitment of women was at nearly 40%.

PRINCIPLE 7

“BUSINESSES SHOULD APPLY A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES”

Gaz de France, as a manufacturer, must identify and control all environmental risks resulting from its business in order to limit its environmental impact at the global as well as at the local level.

GAZ DE FRANCE'S POLICY

Limit global environmental impact

Formalised in 1993, Gaz de France's environmental policy, updated in 2004, reaffirms the importance of considering the environment in the Group's business activity. It sets out to respond to outside stakeholders' expectations by taking into account climate risk and promoting the development of renewable energy.

Lifecycle analysis (LCA) measures and locates every aspect that impacts the environment. The result indicates that the stage at which natural gas is used represents 84.5% of gas activity GHGs (greenhouse gases), transport and storage, 10%, production and processing, 3.35%, and distribution, 2.5%.

Reducing greenhouse gas emissions

Greenhouse gas (GHG) emissions linked to Gaz de France business activity are going to grow appreciably from the fact of the company's significant development in electricity production and exploration and production.

For that reason, Gaz de France is preparing responses that are, in this order:

- Control of energy consumption: Gaz de France is investing itself in the department's businesses and proposing product lines that can generate energy savings for all customers, and its economic model is being adapted;

- Development of renewable energies: on the upstream side of energy activity, Gaz de France is developing green electricity production capabilities in Europe (mainly based on wind and biomass); on the downstream side, adapted EnR product offerings;
- Implementation of the strategy for reducing greenhouse gas emissions: Gaz de France is reducing emissions linked to its business activity, optimising management of CO₂ quotas, investing in mechanisms planned by the Kyoto Protocol (Prototype Carbon Fund) and developing product offerings without CO.

Protecting biodiversity

Protecting biodiversity is an identified issue for the Group, mainly during construction of new facilities (LNG terminals, networks). In 2007, in response to a stakeholders' strongly felt expectation, the Sustainable Development Department set up a biodiversity policy, incorporated into the environmental policy and in cooperation with outside partners (Orée and WWF-France) and the departments in question.

PRINCIPLE 7

HIGH-PRIORITY ACTIONS

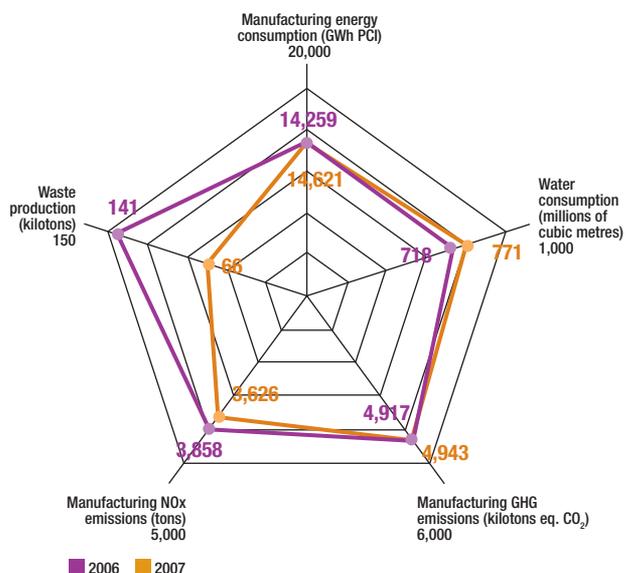
Limit overall environmental impact

Deployment of an environmental management system is one of the environmental policy's points of focus. Several lines of business and departments are involved:

- major facilities
- distribution facilities
- electricity production
- services

At the end of 2007, 82% of manufacturing business was benefiting from an environmental management system, and 63% of manufacturing business was ISO 14001 certified.

MEASURING ENVIRONMENTAL IMPACT



The significant change between 2006 and 2007 concerns NOx emissions, the reduction of which is explained in part by renovation of the storage facilities' compressors and the transport network. Energy and water consumption and GHG emissions increased slightly for the Group owing to development of its business activity, notably in electricity. The indicator for waste production cannot be compared with the 2006 fiscal year because it takes into account special events in 2006.

Reducing greenhouse gas emissions

Control of energy demand requires an increase in awareness in the construction and energy field with the bioclimatic house, "Let's build tomorrow".

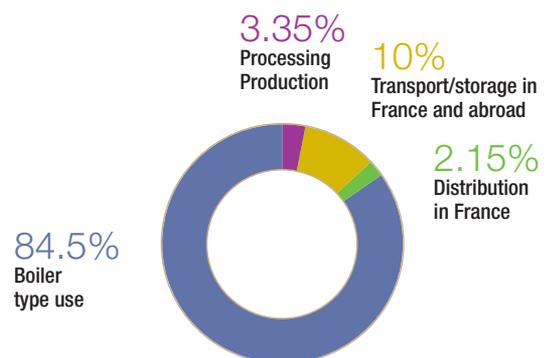
In compliance with the BBC (low-consumption building) seal of approval, this house is made by Architecture à Vivre in collaboration with Gaz de France and supported by WWF. Built entirely with ecological materials, it is supposed to evolve in 2008 into a zero-energy building.

Development of renewable energy at the end of 2007: with 118 MW of electricity production capacity from wind power, Gaz de France is the leading wind farm operator in France. The Group's goal is to have 2,000 MW of electricity capacity based on renewable energy in Europe by the end of 2012.

Reducing emissions linked to business activity with a new compression station at Cuvilly (Normandy) fitted with two electric compressors. This site was managed with particular respect for the environment and safety. In order to limit the facility's impact, GRTgaz implemented several measures:

- Rainwater is directed into an infiltration basin after processing to supply the water table;
- Landscaping optimises noise and sight protection;
- Many local species of trees were planted to integrate the compression station fully into the area's landscape.

GAS LIFECYCLE ANALYSIS



Lifecycle analysis (LCA) measures and locates every aspect that impacts the environment. This chart indicates that the stage at which natural gas is used represents 84.5% of gas activity GHGs.

PRINCIPLE 7

HIGH-PRIORITY ACTIONS

To protect biodiversity

GRTgaz launched a study on biodiversity in public utility strips* in Ile-de-France, which means about 500 kilometres of pipelines.

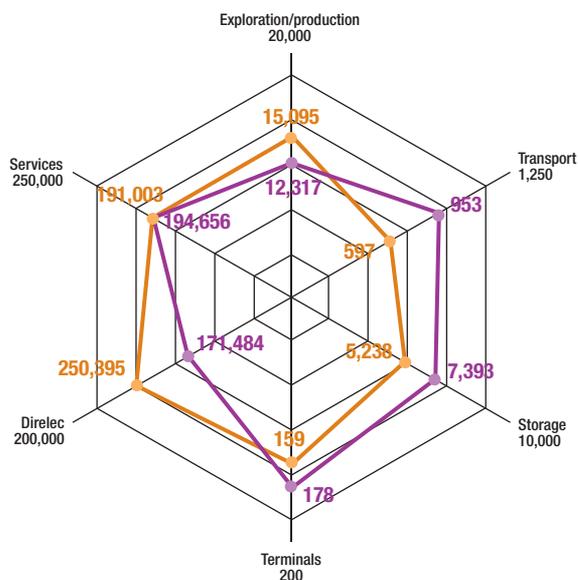
The study is part of a partnership signed on 12th of February 2007 with the Regional Council of Ile-de-France and the French National Museum of Natural History, with a goal, in natural, non-agricultural areas:

- to draw up an inventory of the plants along existing gas pipeline rights-of-way;

- to propose guidelines for managing these natural habitats in order to preserve rare or threatened species and habitats;
- to study the involvement of these rights-of-way in the composition of the regional network of biodiversity corridors.

* Public utility strips are grassy areas resulting from the presence of underground pipelines transporting natural gas.

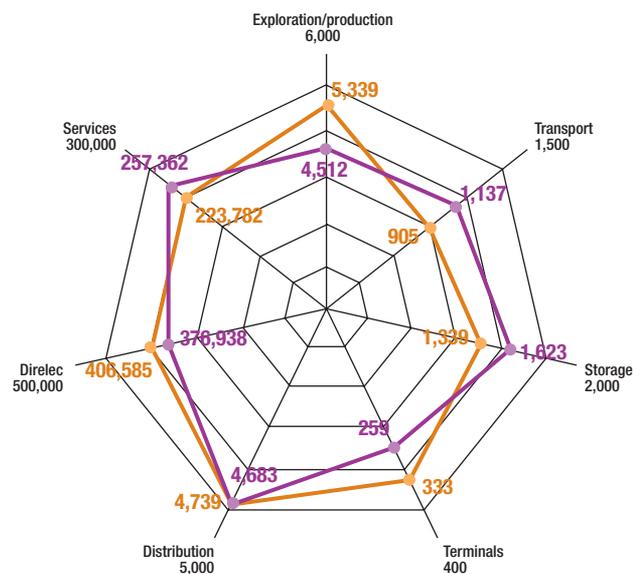
NOX EMISSION CHANGES



The reduction in the Group's NOx emissions is explained mainly by the reduction in transport emissions linked to renewing the Group's compressors (transport and storage) and to the improvement in measurement methods (emission factors and consumption), lessened by a rise in emission from electricity production, linked to the rise in business activity and a more frequent and penalising method of measuring DK6 emission factors.

■ 2006 ■ 2007

NOX EMISSION CHANGES



GHG emissions increased slightly for the Group (+0.5%) owing to development of its business activity, notably in electricity. Performance analysis by type of business shows, in particular:

- an increase in GHGs for electricity production, which is explained by a different way of requesting information about combined cycles in Europe;
- compensated for by lower GHG emissions for transport, which is explained by the replacement of motor-powered compressors with electrically powered compressors.

PRINCIPLE 8

“ BUSINESSSES SHOULD UNDERTAKE INITIATIVES THAT PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY ”

Based on its culture of exchange and dialogue, Gaz de France is attempting to share its convictions and communicate its commitment for sustainable development and greater environmental accountability: energy savings in its product lines, actions to increase customers' awareness, taking a stand publicly on these themes, etc.

GAZ DE FRANCE'S POLICY

For this principle as for the preceding one, Gaz de France is relying on its environmental policy. In addition, the Group launched procedures for promoting energy control and increasing the awareness of various players.

Since the 1st of July 2006, Gaz de France has the legal obligation to generate a certain amount of energy efficiency certificates (EECs) by favouring the installation of efficient equipment, heating and insulation, for example. The EECs are expressed in kWh cumac (1 kilowatt-hour cumac, a contraction of the French words for "accumulated" and "updated", on the service life of the equipment in question).

For the period 2006 to 2009, Gaz de France must produce 13.5 terawatt-hour cumacs (TWh cumacs) of final energy savings.

Not achieving this objective would result in a penalty of 2 cents per kWh cumac.

At the end of 2007, many actions were implemented within Gaz de France. They aim to guide the company's customers and partners in their efforts to save energy. They made it possible to generate 2.2 TWh cumacs at the end of 2007.

The deployment effort continues.



PRINCIPLE 8

HIGH-PRIORITY ACTIONS

With Employees

The Group is developing tools to increase the awareness of employees and other stakeholders on several themes. In 2007, regional delegations were able to create regional exhibitions based on the DVD "Changer d'Ere".

The Group organised roundtables on climate

change that opened with Al Gore's film "An Inconvenient Truth".

A mini-website on climate change was put on the intranet as well as on the external website.

Gaz de France is also a partner of consciousness raising actions for the public and in particular

juniors with, for example, the "Un Degré de Plus" CD case distributed by ADEME and the association "Les Petits Débrouillards" or putting a new heading online on gazdefrance.com: "Act on a day-to-day basis" in partnership with WWF-France.

With public authorities

Gaz de France at the Grenelle Environment Forum: positions and commitments	
Defended positions	Commitments made
<ul style="list-style-type: none"> Natural gas is intrinsically cleaner than fossil fuels: <ul style="list-style-type: none"> it generates significant CO₂ savings in heating buildings compared with other fossil fuels and peak electricity; it can be easily associated with renewable energy, especially solar and biomass. To improve on a large scale the energy and environmental efficiency of our country, the State can play a role in accelerating the process by financing high-performance, natural gas equipment for customers. 	<ul style="list-style-type: none"> Development of the natural gas vehicle: <ul style="list-style-type: none"> To develop this new field, Gaz de France is ready to commit alongside the French government to develop 500 NGV (Natural Gas for Vehicles) stations. Development of high-performance technologies using gas: today, condensation boilers, tomorrow, the electrogenic boiler that incorporates a motorised micro-heat-and-electricity generator system, and, in the longer term, using fuel cells. Increased commitment in capturing and storing CO₂. After several experiments conducted since 2004 in the Dutch North Sea and soon in Germany, Gaz de France is increasing its actions. A cooperation agreement with Schlumberger to ensure, in particular, co-leadership of an experimental project for storing CO₂. The leading wind farm operator in France, Gaz de France has the largest installed based of wind farms in France with a capacity of 118 MW, and created a subsidiary, GDF Future Energy, which brings together all subsidiaries and involvement in this area.

Themes	Decision-Making Body/Level of Dialogue
Implementation of a tax credit on condensation boilers	French Parliament/government/ interested trade associations
Calculating CO ₂ -equivalent emissions for electric heating	French Parliament/ government
Position in favour of a complete exemption from TIPP (domestic duty on petroleum products) for natural gas vehicles (NGV)	French Parliament
Amendment of Directive 2003 96 (EC of 27th of October 2003) concerning the implementation of the Domestic Tax on Natural Gas Consumption (TICGN), which until now in France only applied to very large gas consumers	French government and parliament
Position in favour of a reform of European rules for taxing energy products	European Commission/ professional associations
Position in favour of an alternative path to separation of assets in order to ensure the independence of natural gas transport networks	European institutions/ professional associations

PRINCIPE 8

With Customers

The sales strategy is based on 2 types of product offerings:

- objective-based contracts, the performance of which is measured on consumption management, and any drift is supported financially by the operator (for example, Branch Services P1 contracts);
- services for managing and reducing consumption (free reports, pay-for home

diagnostics, a range of services based on online accounts), high-performance technical solutions (condensation and solar/natural gas) and financing solutions for more efficient facilities.

With suppliers

A benchmark consideration for sustainable development in the purchasing process was written in 2005 and updated in 2007. It defines a

general framework of six principles in the following areas: corporate (no use of forced labour or child labour, a part reserved for protected workshops), environmental (respect for the environment and energy saving) and economic (access for local and regional Small- and Medium-sized Enterprises [SMEs] to markets that are in their area of expertise, contribution to the development of socially responsible world economy).

Texts in question	Comments
2006 Finances Act	Gaz de France hoped that the tax credit that condensation boilers in new buildings received would be expanded to older buildings. This proposal has not been selected for the time being.
No translation to date	Update the guidelines for calculating CO ₂ equivalent emissions for electric heating of January 2005 (180 g CO ₂ /kWh), a calculation that is now obsolete. Proposal to adopt a new method of calculating recognised by stakeholders.
Amendment to the 2006 Finance Act	NGV is a cheaper fuel and emits less CO ₂ and fewer particulates harmful to health than other fossil fuels. Gaz de France was hoping therefore that it would be completely exempt from TIPP. This proposal was selected.
Article 23 of the amendment to finance for 2007	The text that was adopted provides for a single tax rate: Gaz de France's proposal of a reduced tax for SMEs was rejected on the grounds that they will benefit from the elimination of the "annual flat-rate tax" starting in 2009. Gaz de France did, however, succeed in having local communities and heating networks exempted from TICGN for one year and in having the date scheduled for the effective implementation of the plan pushed back by 3 months.
European Commission reading of a Green Paper (2007)	Taxation of final consumption of energy should better reflect the environmental impact of the different types of energy, notably by taking into account the primary energy consumption necessary for their production, in order to avoid unjustified arbitration in favour of certain types of energy (electricity, for example).
Legislative package proposed by the European Commission on 19th of September 2007 concerning the opening up of gas and electricity markets	Developing a European energy market requires, above all, a harmonisation of regulations among member states and an improvement in interconnections. The separation of assets for the transport networks proposed by the European Commission would weaken gas companies confronted with non-European gas producers in a dominant position. The independence of transport networks can be guaranteed by reinforcing the terms of the legal separation plan that protects the integrated model.

PRINCIPLE 9

“ PROMOTE THE DEVELOPMENT AND DISTRIBUTION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES ”

Climate change is a key issue for Gaz de France. The Group is working to develop innovative energy solutions: renewable energy, new fuel, research and development of new high-performance energy vectors are so many trails blazed.

GAZ DE FRANCE'S POLICY

The fight against climate change, a determining issue, will impose structural changes on the energy system in the next 50 years. Gaz de France is preparing itself by controlling energy consumption, developing renewable energy and implementing a strategy for reducing greenhouse gas emissions. And in each of these responses, Gaz de France is relying on innovation and R&D to widen its scope of action as an energy specialist that cares about protecting the environment.

Gaz de France's Research Department contributes to sustainable development objectives with various time horizons: for today, provide support to the Group's policy, and for tomorrow, shed some light on the future's solutions.



HIGH-PRIORITY ACTIONS

Methodological expertise in dealing with the environment is necessary to make sustainable development a vector of differentiation in the context of increased competition and to manage the Group's risks and the non-financial performance. For several years now, Gaz de France has been developing recognised skills in assessing impact thanks to Lifecycle Analysis (LCA), Analysis of Material and Energy Flow (AMEF), Ecological Footprint and Bilan Carbone®.

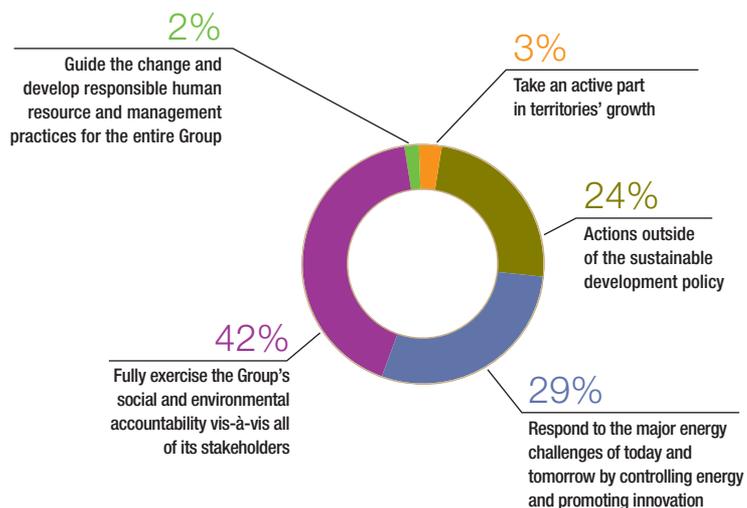
Gaz de France's Research Department is continuously developing new methods of environmental assessment in order to improve control of the risks, health risks in particular, and the impact of its business activity. It is also developing new decision support tools for sustainable urban planning.

Gaz de France is accelerating the development of the electrogenic

boiler. For use by residential customers, it uses natural gas and produces both heat and electricity with excellent overall yield that exceeds that of using the classic boiler and centralised production together.

The primary energy economy is thus between 10% and 20%. Moreover, the Research Department is currently working on a green energy product offering based on gasification of biomass. Before 2010, the synthetic gas that is obtained (syngas) could be used in co-generation, for producing thermal energy and electricity. The Research Department has also been involved for several years now in following up on the possibilities of capturing and storing CO₂, a solution for trapping the industry's concentrated emissions, but for which some technical or economic bottlenecks still need to be removed.

DISTRIBUTION OF THE R&D BUDGET AFTER BUDGET ACCORDING TO THE MAIN LINES OF THE SUSTAINABLE DEVELOPMENT POLICY IN 2007



76% of the Gaz de France group's research budget contributes to the Group's sustainable development policy.

PRINCIPLE 10

“ BUSINESSES SHOULD ACT AGAINST ALL FORMS OF CORRUPTION, INCLUDING EXTORTION AND BRIBERY ”

Gaz de France makes the bulk (69%) of its turnover in countries where the risk of corruption is average, like France. Nonetheless, the Group incorporates this risk into its research and work. Charters and specific codes detail the principles of ethics and the fight against corruption for business and purchasing. In fact, the Group's current growth in new regions could increase its exposure to this risk.

GAZ DE FRANCE'S POLICY

Presented to the corporate authorities, the approach is being progressively deployed in all the Gaz de France group's entities. A network of Ethics representatives has been set up. At the same time, several entities started research, appropriation and application work of the ethical approach as applied to their business.

The managed and controlled approach uses existing tools. Questions about ethics and fraud are thus incorporated into the annual questionnaire sent by the internal audit to the entities' managers. In this way, Gaz de France is participating in focus groups, inter-company or voluntary groups, having as their goal the enhancement of its ethical approach through the exchange of good practices.

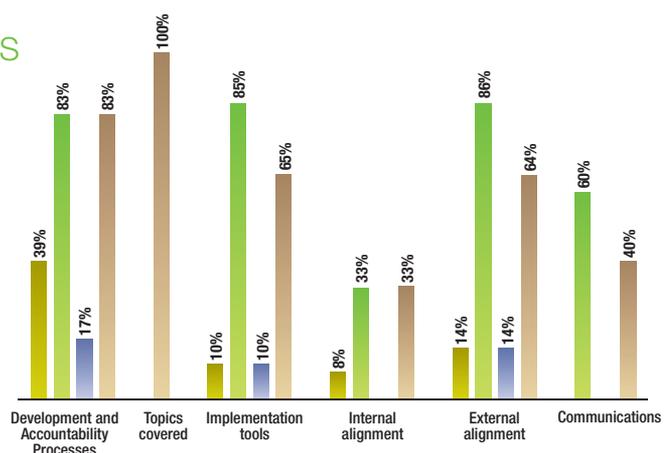
HIGH-PRIORITY ACTIONS

To promote dissemination of its ethical approach, an electronic address was created this year. It allows employees who have not found an answer to their ethical questions within their work team or from their manager to bring it to the ethics representative in order to obtain advice.

SELF-ASSESSMENT OF GAZ DE FRANCE'S PRACTICES REGARDING THE FIGHT AGAINST CORRUPTION

This chart illustrates the percentage of coverage of Transparency International's recommendations regarding the fight against corruption through the management systems and policies of Gaz de France. The analysis was conducted before and after implementation of the ethical approach by the Group. Using the ethical approach, the

Group can make good progress on all the various criteria considered by Transparency International. Efforts must nonetheless be continued, in particular as regards preventing fraud and corruption, and as regards raising the awareness of in-house teams. For this purpose, an action plan is defined for 2008.



APPENDIX

INTEGRATION AND MONITORING OF THE 10 PRINCIPLES OF THE GLOBAL COMPACT INTO PROCESSES

Gaz de France integrates sustainable development issues into all of the Group's business activities and entities. The table below shows the Global Compact's principles taken into consideration in the various processes.

Global Compact Principle	Policy, Process, Convention	Examples of Performance Indicators
PRINCIPLE 1	<ul style="list-style-type: none"> • Health/Safety policy • Industrial Safety Policy • Public service contract • The Group's ethical approach • Solidarity policy of 2004 • Membership in "Entreprises pour les Droits de l'Homme" (EDH) 	<ul style="list-style-type: none"> • Frequency and seriousness of accidents • Number of preventive actions • Number of persons made aware of structural damage risks
PRINCIPLE 2	<ul style="list-style-type: none"> • Group's ethical approach with email alert and codes of conduct • EDH 	<ul style="list-style-type: none"> • Ethical approach indicators (in progress)
PRINCIPLE 3	<ul style="list-style-type: none"> • Agreement on Methods of 2004 	<ul style="list-style-type: none"> • Proportion of employees covered by a collective agreement • Number of signed collective agreements
PRINCIPLE 4&5	<ul style="list-style-type: none"> • Sustainable development benchmark consideration in purchasing • Commitment charter with suppliers • Code of Purchasing Ethics 	<ul style="list-style-type: none"> • Geographic distribution of energy purchases • Geographic distribution of purchases other than energy
PRINCIPLE 6	<ul style="list-style-type: none"> • HR component of the sustainable development policy • Diversity Project • Charter of Diversity in Business • Equality Opportunity Agreement • Agreement for the Integration of the Handicapped 	<ul style="list-style-type: none"> • Gender parity index • Handicapped hiring rate

APPENDIX

Global Compact Principle	Policy, Process, Convention	Examples of Performance Indicators
PRINCIPLE 7	<ul style="list-style-type: none"> • Environmental policy • Former gasworks policy • Former gasworks protocol 	<ul style="list-style-type: none"> • Maintain ISO 14001 certification • Calculate the Group's environmental footprint • Atmospheric emissions
PRINCIPLE 8	<ul style="list-style-type: none"> • Environmental policy • Energy Efficiency Certificate (EEC) system • Partnerships (ADEME, WWF) and associated communication/ consciousness raising 	<ul style="list-style-type: none"> • Number of EECs collected
PRINCIPLE 9	<ul style="list-style-type: none"> • Environmental policy • Renewable energy policy • R&D policy 	<ul style="list-style-type: none"> • Share of R&D budget dedicated to sustainable development
PRINCIPLE 10	<ul style="list-style-type: none"> • The Group's ethical approach • The Group's Purchasing Policy, Sustainable Development Benchmark, Code of Supplier Relations Ethics • The Group's acquisitions policy • EITI • Long-Term Supply Procurement Contract 	<ul style="list-style-type: none"> • Ethical approach indicators (in progress)

Unilateral

Agreement with stakeholders

GAZ DE FRANCE

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