



Corporate Responsibility Report 2004



Letter from the Chairman – 002

Scope – 004

■ The Gas Natural Group – 005. Profile of the Gas Natural Group – **006.**

Mission, Vision and Values – **012.**

The Corporate Responsibility of the Gas Natural Group – **013.**

Corporate Governance – **014.** Our Name – **021.**

■ Interested parties – 023. Customers – **024.** Employees – **034.**

Shareholders – **046.** Suppliers – **049.** Society – **052.**

■ The Environment – 059.

■ External Verification Report – 083.

■ Content Index and GRI Indicators – 087.

■ Glossary – 095. Definition of Terms – **096.**

Grounds and Preparation Criteria of Indicators Subject to Independent

External Verification – **100.**

■ Annex. Main Group Companies – 103.

■ The Reader's Opinion – 107.



Corporate Responsibility Report 2004



Letter from the Chairman

It is for me an honor to offer you, for the first time as Chairman of the Board of Directors of Gas Natural sng, this Corporate Responsibility Report for the year 2004, a document which Gas Natural Group has prepared for the third consecutive year in order to make known our activities in the economic, social and environmental spheres.

Before beginning this presentation, I wish to commend the tireless and admirable contribution of Mr. Antonio Brufau, former President of our Company, who has not only allowed Gas Natural to become consolidated as a multinational group present in nine countries, but has also made it a referent within the energy sector, as well as one of the leading companies in matters of corporate responsibility.

The publication of the Corporate Responsibility Report manifests our desire to act both ethically and responsibly in all areas of corporate activity, and to properly inform with absolute transparency all those sectors interested in the activities of the Group and, in short, the whole of society, of our advances in executing the criteria and policies of social and environmental responsibility. With this objective in mind, we have opted for the first time to have the present Report verified by an independent expert.

This report has been prepared in Accordance with the 2002 GRI Guidelines. It represents a balanced and reasonable presentation of our organisation's economic, environmental, and social performance.

Throughout 2004 Gas Natural Group registered profits of 633.9 million euros, an 11.5% increase over the results of 2003, thus allowing the Company to distribute 317.9 million euros in dividends among its more than 40,000 shareholders.

As regards its contribution to economic and social development, the Group continued in its dedicated effort towards investment, for a total volume of 1,525.2 million euros, which it devoted to enlarging and expanding the Company's infrastructures and to offering the supply of natural gas and electricity to over 850,000 new customers.

Due to the significant contribution made towards improving the environment, we should point out here both the development of new projects for future combined cycle power stations as well as the priorities of the Group in environmental protection measures. Environmental impact studies and projects dedicated to our natural surroundings were carried out in 2004 for a total amount of more than 42 million euros.

2004 saw a continuation of the advances made in the establishment of good corporate governance criteria, as well as a bringing up to date of the Internal Code of Conduct for stock market related matters.

And lastly, the presence and integration of Gas Natural Group in society during 2004 revolved around its collaboration in various social, cultural and environmental initiatives, devoting more than 13 million euros to these causes.

This most certainly shows, yet again, the patent and far-reaching commitment of Gas Natural Group as a leading and pioneer company in the management of its corporate responsibility, a concept which, even prior to being known as such, has always been present in all of the Group's activities throughout the Company's history.

As we are fully aware that the success of a socially responsible company depends on the efforts of all those who comprise it, we have launched a process which contributes to helping all those who are part of Gas Natural Group to share with us, with motivation and enthusiasm, the objectives of our corporate project and the desire to act in accordance with the most demanding criteria of economic, social and environmental responsibility.

The first step towards achieving this was to define and approve the Group's Mission, Vision, Values and Principles in a document which includes and highlights, in particular, the commitment to manage and comply with the objectives of corporate responsibility and sustainability which Gas Natural Group observes in all of its actions.

The second step was the drafting in 2004 of the Code of Conduct for Gas Natural Group. Based on the previous document, and currently pending approval by the Group's Executive bodies, its aim is to act as a basic guide for performance such that all those persons who form part of Gas Natural may execute and implement creative, intelligent and innovative tasks in the course of their daily activities, of benefit not only to the Company, but to society as a whole.

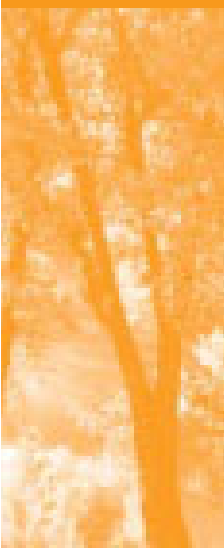
We shall also persevere in our impetus towards complying with the principles set forth in the UN World Pact, signed by Gas Natural Group in April 2002, for their application by all of the companies in the Group. The contents of said Pact are present in the two previous documents, as well as incorporated into the Group's Human Resource policy.

At Gas Natural Group we believe that it is the basic and fundamental responsibility of all large companies to strive to abide by the expectations of society and to divulge, in as straightforward a manner possible, their commitment to various groups of interest of the general public. This is, in short, the most important current and future commitment of our Group. The commitment of the leading global natural gas dealer in Spain and Latin America. A commitment which, with modesty yet with enthusiasm, we wish to share with our shareholders and investors, customers, employees, suppliers and collaborators, and with the whole of society in those countries where we are present.

Our most immediate priorities and objectives are, therefore, to continue in our upward trajectory of prestige, growth and profitability and to strengthen our image and reputation through a most determined and active boost in the development and application of the Group's policies of corporate responsibility.



Salvador Gabarró Serra
Chairman



Scope

The Corporate Responsibility Report is drafted based on the principles of the Global Reporting Initiative (GRI) Guide, adapting them to the organization and characteristics of the Gas Natural Group.

This Corporate Responsibility Report refers to all of the activities of the Gas Natural Group in the different countries where its companies operate. The companies which comprise Gas Natural Group are included in the Annex at the end of the Report.

The information contained in the Report therefore includes the distribution and commercialization of gas and power, the international gas supply and transportation and the activities carried out by the Gas Natural Group in Morocco, America and Italy. It also includes the activities of the Gas Natural Foundation.

The information in the report refers primarily to the activities of the Gas Natural Group during fiscal year 2004, including data from previous years to the extent possible.

The Gas Natural Group, following the policy set by Executive Management and aware of the growing demand to make companies more transparent to their interest groups, has ordered an audit by an independent expert in order to verify the exactitude and consistency of those indicators considered by the Group as being the most relevant within the corporate, economic, social and environmental spheres.


The indicators which have been verified are identified throughout the Report by the following graphic symbol (✓).

The Corporate Responsibility Report is an internal and external communication document to inform our stakeholders of the activities we have committed to undertake, in accordance with the economic, environmental and social responsibilities assumed.

Gas Natural Group has likewise published the Annual Report, the Report on Corporate Governance and the Report by the Audit and Control Committee for 2004, and has a website (www.gasnatural.com) with updated Company information.

Likewise, questions or requests for additional information may be sent to the following e-mail address: natural@gasnatural.com.

Some 4,200 copies of the 2003 Corporate Responsibility Report were published in three different languages (Catalan, Spanish and English) and distributed to our stakeholders by mail or at meetings.



■ **The Gas Natural Group.** – Profile of the Gas Natural Group – **006.** Mission, Vision and Values – **012.**

The Corporate Responsibility of the Gas Natural Group – **013.** Corporate Governance – **014.** Our Name – **021.**



Profile of the Gas Natural Group

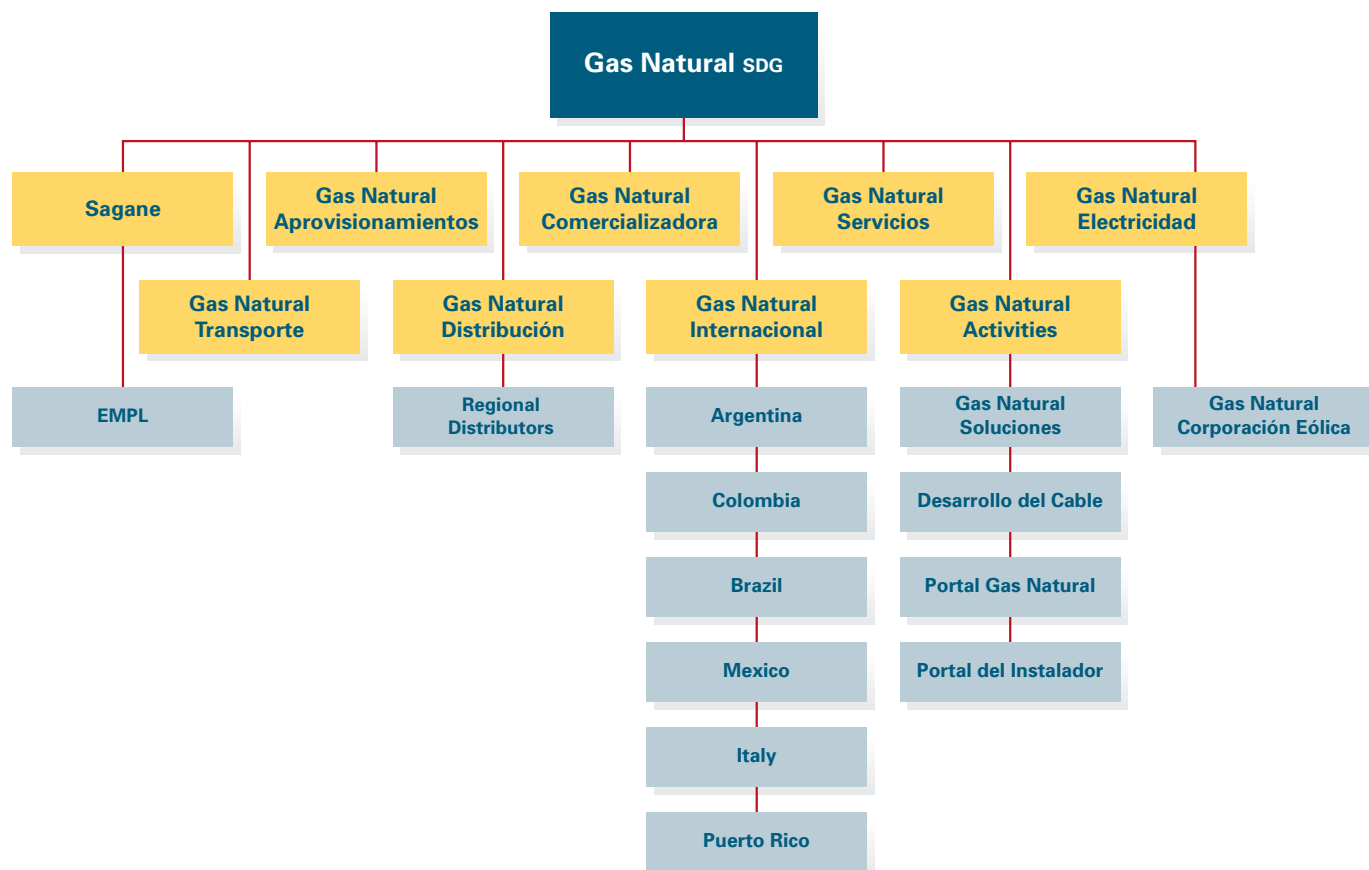
The Gas Natural Group is one of the largest business groups in terms of business volume and the leading gas distribution operator in Spain and Latin America.

Moreover, following the deregulation of the energy sector in Spain, it has become a multiutility company operating in sectors such as the generation and supply of electric power and energy trading.

It also markets and distributes natural gas in Italy and holds a significant stake in the Puerto Rican company EcoEléctrica.

It is likewise the majority shareholder in the companies having the right of enjoyment that are performing the operation of the Moroccan section of the Europe-Magreb gas pipeline, the main means by which natural gas is piped to the Iberian Peninsula.

Gas Natural SDG, parent company of the Gas Natural Group, has a corporation structure and its principal shareholders as at December 31, 2004 were "la Caixa" with 32% ✓, Repsol YPF with 30.8% ✓, Holding de Infraestructuras y Servicios Urbanos, S.A. (Hisusa) with 5% ✓ and Caixa d'Estalvis de Catalunya with 3% ✓.



■ Main aggregates of the Gas Natural Group

■ Operations

	2004	2003	2002
Gas sales (GWh)	381,980 ✓	352,705	312,387
Gas transportation (GWh)	167,156 ✓	148,739	126,819
Gas customers in thousands	9,565	8,707	8,082
Gas distribution network (km)	95,155	85,905	79,574
Electricity produced (GWh)	7,272 ✓	4,324	2,075
Electricity sales (GWh)	4,457 ✓	3,023	2,571
Contracts per customer	1.4	1.3	1.2

■ Personnel

	2004	2003	2002
Number of employees	6,697 ✓	6,150	6,040
Personnel spending (millions of euros)	246.0 ✓	227.7	245.8

■ Financial (millions of euros)

	2004	2003	2002
Net sales	6,265.8 ✓	5,628.0	5,267.9
Ebitda	1,362.5 ✓	1,201.7	1,366.0
Ebit	898.7 ✓	799.0	906.7
Total investments	1,525.2 ✓	1,361.3	1,067.0
Cash flow	1,003.6 ✓	856.8	909.5
Net profit	633.9 ✓	568.5	805.9
Net financial debt	2,573.6 ✓	1,869.2	1,627.0
Dominant company's reserves	3,109.3 ✓	2,992.0	2,281.9
Taxes paid	172.1 ✓	112.1	154.6
Subsidies collected	13.5 ✓	1.9	31.3

Business Areas

Distribution

The gas distribution business includes remunerated gas distribution, regulated-rate supply and secondary transportation as well as non-remunerated distribution activities in Spain (meter rentals, customer connections, etc.) which the Gas Natural Group performs through Gas Natural SDG and its regional distributors.

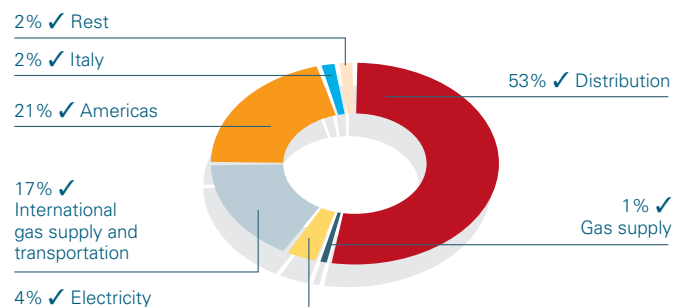
The distribution activity in Spain accounted for 53% ✓ if the Ebitda figure of the Gas Natural Group in 2004.

Distribution Main aggregates (Spain)

	2004	2003	2002
Gas activity sales (GWh)	127,065 ✓	125,814	133,991
Gas sales	51,449 ✓	63,437	88,693
Residential ⁽¹⁾	31,204 ✓	34,540	31,443
Industrial	12,678 ✓	20,541	43,261
Electricity companies	7,567 ✓	8,356	13,989
Gas transportation/TPA (GWh)	75,616 ✓	62,377	45,298
Distribution network (km)	37,534 ✓	34,701	31,648
Change in gas customers ('000)	326 ✓	308	289
Gas customers ('000) (as at 31/12)	4,808 ✓	4,482	4,174

⁽¹⁾ Customers <4 bars, which also includes commercial customers and small industrial customers.

Contribution to Ebitda by Activity ✓



Gas Supply

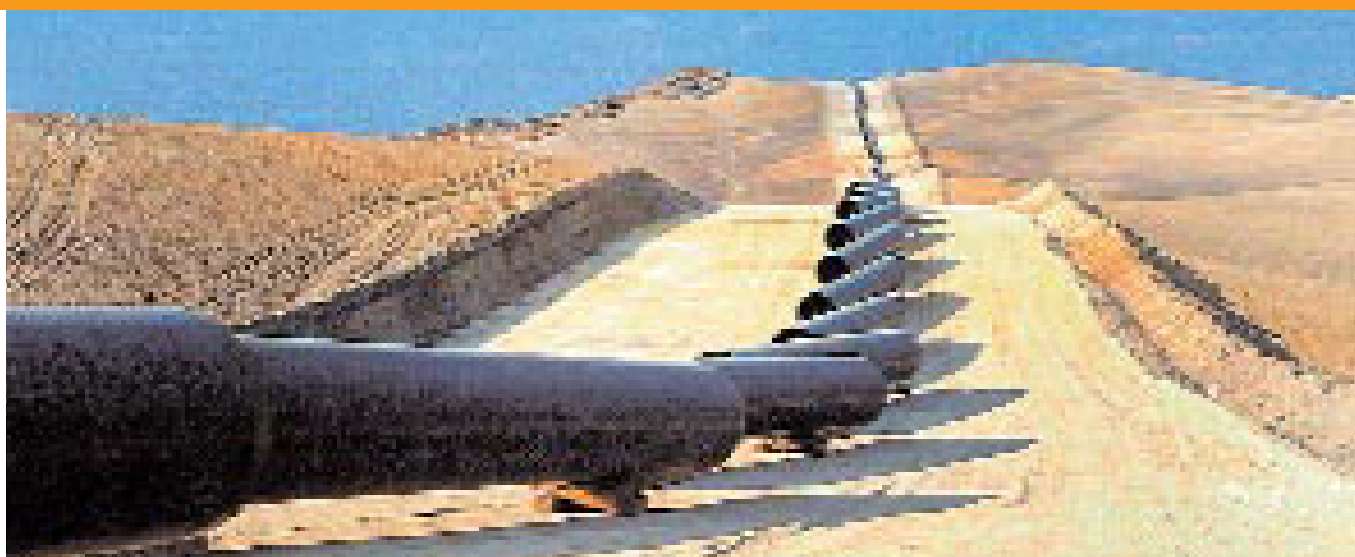
This section refers to the gas supply business on the open market, as well as the provision of gas to other gas distributors and vendors and the marketing of other related products and services in Spain which are carried out primarily through Gas Natural Comercializadora and Gas Natural Servicios and other services companies of the Group.

The gas supply activity in Spain accounted for 1% ✓ of the Ebitda of the Gas Natural Group in 2004.

Gas supply Main aggregates (Spain)*

	2004	2003
Gas sales (GWh)	192,574 ✓	173,063
Supply	138,972 ✓	111,155
Wholesales	53,602 ✓	61,908
Suppliers outside the Group	43,173 ✓	43,909
Distributors outside the Group	10,429 ✓	17,999
Multitility contracts (as at 31/12)	1,727,147	1,277,608
Contracts per customer (as at 31/12)	1.4	1.3

* There is no comparable data for 2002 because the different magnitudes were reclassified in 2003 and 2004.



Electricity

This includes activities such as the generation of power, power trading on the wholesale market, cogeneration and the sale of power on the Spanish open market.

These activities are carried out primarily by Gas Natural Electricidad and diverse companies of the Group operating in the cogeneration market.

This business area contributed 4% ✓ of the Ebitda of the Gas Natural Group in 2004.

International Gas Supply and Transportation

This includes the activity of supplying gas for sale on a wholesale basis outside of Spain, the management of sea transport and the operation of the Maghreb-Europe gas pipelines, all of which is carried out primarily by the companies Gas Natural Aprovisionamientos, Gas Natural Trading, Gas Natural Transporte, and EMPL.

These activities accounted for 17% ✓ of the Ebitda of the Group for 2004.

Electricity Main aggregates (Spain)*

	2004	2003
Electricity sales (GWh)	4,457 ✓	3,023
Residential	657 ✓	13
Industrial	3,800 ✓	3,010
Electricity produced (GWh/year)	5,802 ✓	4,042
CCGT	5,672 ✓	3,964
Wind ⁽¹⁾	24 ✓	–
Cogeneration ⁽¹⁾	106 ✓	78
Contracted electricity (GWh/year)	4,942 ✓	3,550
Installed capacity (MW)	874	815
CCGT	800	800
Wind ⁽¹⁾	51	–
Cogeneration ⁽¹⁾	23	15

⁽¹⁾ Installed power capacity attributable to the Gas Natural Group based on its participation in the installation and consolidation method used.

* There is no comparable data for 2002 because the different magnitudes were reclassified in 2003 and 2004.

International Gas Supply and Transportation Main aggregates* (GWh)

	2004	2003
Gas supply	36,033 ✓	29,929
Gas transportation (Portugal)	28,251	28,568

* There is no comparable data for 2002 because the different magnitudes were reclassified in 2003 and 2004.

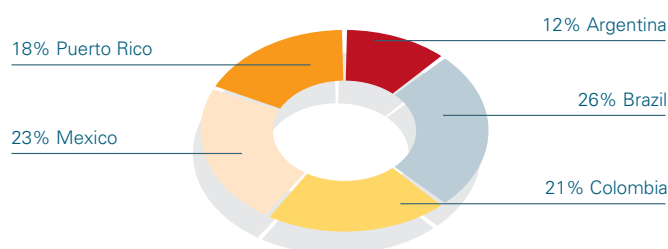


Americas

The activities of the Gas Natural Group in the Americas include the distribution of gas by the companies of the Gas Natural Group in Argentina, Brazil, Colombia and Mexico, as well as the activities of EcoEléctrica in Puerto Rico.

These activities in the Americas accounted for 21% ✓ of the Ebitda of the Group in 2004.

Americas. Contribution to Ebitda by country



Americas. Main aggregates

	2004	2003	2002
Gas activity sales (GWh)	155,346 ✓	140,934	128,304
Gas sales	92,097 ✓	83,140	77,506
Residential	30,769	29,931	27,364
Industrial	35,801	33,849	30,937
Electricity companies	10,515	6,395	9,037
Automotion	15,012	12,965	10,168
Gas transportation/TPA	63,249 ✓	57,794	50,798
Distribution network (km)	54,120	51,204	47,926
Change in gas customers ('000)	280	317	208
Gas customers ('000) (as at 31/12)	4,505	4,225	3,908

Americas. Main physical aggregates by country

	Argentina		Brazil		Colombia		Mexico	
	2004	2003	2004	2003	2004	2003	2004	2003
Gas activity sales (GWh)	66,911 ✓	63,545	37,232 ✓	29,674	9,746 ✓	8,361	41,457 ✓	39,354
Distribution network (km)	20,930	20,574	4,236	3,553	14,656	13,818	14,298	13,259
Gas customers ('000) (as at 31/12)	1,257	1,230	691	647	1,495	1,371	1,062	977



Italy

The results shown under this heading refer to the gas commercialization and distribution activity in Italy, whose contribution to the Group's Ebitda for 2004 was 2% ✓.

In 2004 the Gas Natural Group, which was already active in the gas commercialization market in Italy through Gas Natural Vendita, also entered the distribution sector with the acquisition of the Bancato group, the leading gas operator in Sicily; the Smedigas group composed of a distribution company and a commercialization company, both operating in Sicily; and the Nettis group, which operates in 23 municipalities in La Puglia, Calabria and Sicily.

Italy. Main aggregates

	2004	2003
Gas activity sales (GWh)	9,867 ✓	3,136
Gas sales	9,827 ✓	3,136
Residential	1,151	—
Industrial	7,437	2,180
Electricity companies	1,239	956
Gas transportation/TPA	40 ✓	—
Distribution network (km)	3,501	—
Gas customers ('000) (as at 31/12)	252	—



Mission, Vision and Values

■ Mission

The Mission of the Gas Natural Group is to satisfy the energy needs of society, providing our customers with quality products and services that are respectful of the environment, our shareholders with growing profitability and our employees with the possibility of developing their professional skills.

■ Vision

The Vision of the Gas Natural Group is to be a leading energy and services group in continuous growth, operating internationally, which stands out for the excellent quality of service we provide to customers, the sustainable profitability we produce for shareholders, the wide range of opportunities for personal and professional development we offer our employees and the positive contribution we make to society through our commitment to global citizenship.

■ Values

The values which guide the actions of the Gas Natural Group are based on customer orientation, a commitment to results, sustainability, interest in people, social responsibility and integrity which are defined as follows:

- **Customer orientation.** We make an effort to ascertain and satisfy our customers' needs. We want to provide them with excellent services and be able to give them immediate, effective responses.
- **Commitment to results.** We draft plans, set collective and individual objectives and take decisions based on their impact on the attainment of objectives, ensuring compliance with the commitments assumed.
- **Sustainability.** We conduct our business with a strategic horizon that transcends economic interests, contributing to short and long term economic, environmental and social development.
- **Interest in people.** We strive to create a working environment that is respectful of our employees and concerned with their professional training and development. We encourage a diversity of opinions, perspectives, cultures, ages and genders in our organizations.
- **Social responsibility.** We accept our corporate responsibility toward society, sharing our knowledge, management capabilities and creativity with society. We allocate part of our profits to social action, maintaining permanent dialogues with society in order to learn what its needs are and satisfy them in order to reinforce the credibility and prestige of our Group.
- **Integrity.** Everyone who is part of the Group must conduct themselves in an honest, upright, dignified and ethical manner, thereby contributing to society's confidence in our Company. The Group's management will conduct itself transparently and responsibly toward all interested parties.



The Corporate Responsibility of the Gas Natural Group

The Gas Natural Group maintains an active policy of corporate responsibility, sharing with society its knowledge, management skill and creativity in its business dealings and in relation to its public of interest (stakeholders).

The corporate responsibility policy of the Gas Natural Group is based on the Mission, Vision, Values and Principles Document and on the principles of the United Nations World Accord, which it joined in 2002.

This Accord includes the adoption of ten universal principles focused on improving human rights, the working conditions of the most disadvantaged and the protection of the environment.

The initiative involves assuming the commitment to promote sustainable world growth which must take into account not only economic aspects but also social and environmental issues as well in order to ensure harmonious and balanced development.

In January 2005, the Chairman of the Gas Natural Group, Salvador Gabarró, renewed the commitment of all companies of the Group to comply with these principles.

Moreover, the contents of these principles were present in the definition of the Mission, Vision, Values and Principles of the Gas Natural Group, as well as the Code of Conduct currently in the process of being approved by the governing bodies of the Group and which are part of the Group's human resources policy.

All of these elements are part of the corporate responsibility policy of the Gas Natural Group which is based on five basic dimensions:

- **Economic Management.** Guaranteeing efficient economic management in the pursuit of sound and profitable growth which translates into higher yields for shareholders and the consequential creation of value.

- **Economic and Social Development.** Helping to guarantee the supply of natural gas and electricity to society through the construction of new infrastructures which improve the quality and safety of the energy supply and in turn makes social and economic development possible and improves the quality of life.

- **Corporate Governance.** Maintaining a transparent management policy in order to maximize the Company's value in the long term for shareholders, respecting the laws in force and the internal codes of conduct already assumed or which may be assumed in the future.

- **The Environment.** Carrying out its activities in accordance with a demanding environmental management policy in such a way that it makes a positive contribution to protecting the environment.

- **Sponsorship and Social Action.** Participating in sponsorships and social actions as a way of committing to positive integration in each community and country where the Group does business, respecting the cultures, rules, and environments and adding value to the society, with special emphasis on the area where any type of discrimination exists.

Focus on Stakeholders

The corporate responsibility policy of the Gas Natural Group translates into a strategy that is focused on the different interested parties with whom the Company maintains relations, or shareholders, and shaped according to the needs and characteristics of each one of them.

- **Customer Orientation:** extending distribution networks to bring natural gas to more customers, supplying gas and electricity and offering customers a broad range of products and services through an extensive sales network and providing the highest possible quality of service.

- **Shareholder Orientation:** maintaining a transparent management policy which contributes to the creation of sustainable value and improved yields for shareholders.

- **Focus on Employees:** fostering efficient and flexible organizations focused on customers, quality, profitability and growth and providing opportunities for professional development in accordance with skills.

- **Relations with Suppliers:** aligning collaborating companies and suppliers in general with our quality objectives.

- **Commitment to Society:** committing ourselves to the objectives of energy and environmental protection policies, helping to guarantee efficient energy supplies, improving the quality and safety of energy supplies and collaborating to become more efficient and more competitive. Allocating part of our profits to social action and maintaining a permanent dialogue with society to ascertain its needs and strive to satisfy them.



Corporate Governance

The Gas Natural Group considers its good governance practices to be one of the most relevant aspects of the corporate responsibility policy which is the core of its business diligence policy. In this regard, the Gas Natural Group pays special attention to all of the actions which contribute to guaranteeing the transparency of Company management, faithfully respecting not only the legislation in force but also internal regulations and codes of conduct approved by the competent governing bodies.

Taking into account the above considerations, in addition to the information contained in this Report, the Gas Natural Group also publishes an Annual Corporate Governance Report which is available on the website of the Gas Natural Group, (www.gasnatural.com). The Report offers more detailed information on the Company's corporate governance activities.

■ Governing Principles

The governing principles of the Company are established in the Articles of Incorporation and the regulations applicable to publicly-traded corporations, as well as in the internal regulatory system of the Gas Natural Group.

Additionally, in July 2003, the Board of Directors of Gas Natural SDG approved an Internal Code of Conduct for stock market dealing in order to establish certain guidelines for the people belonging to the Gas Natural Group participating in activities related to the stock market.

In 2004, the Company's Board of Directors rendered approval of the amendment of Section 7 of the Internal Code of Conduct in relation to the Treasury Stock Management Rules at the meeting held thereby on June 23, 2004.

The approval and revision of this Code of Conduct is a demonstration of the firm commitment of Gas Natural SDG to guaranteeing the greatest possible transparency in all of the Company's dealings which can affect stock markets and providing all investors with added security.

Compliance with the Code is compulsory, particularly inasmuch as it affects the Members of the Board of Directors, General Directors, Corporate Directors and anyone else belonging to the Gas Natural Group relative to stock market activities or other people who have access to privileged or confidential Company information.

■ Governance Structure

The main governing bodies of Gas Natural SDG are the Shareholders' Meeting and the Board of Directors, the functioning of which is additionally governed by the Company Bylaws, by the Board of Directors and Board of Directors' Committee Regulations approved by the Board of Directors at the meeting held thereby on March 24, 2004, and the Shareholders' Meeting Regulations approved by the Shareholders' Meeting held on April 14, 2004.



General Meeting of Shareholders

The General Meeting of Shareholders is the Company's supreme decision-making body and may be Ordinary or Extraordinary. The General Meeting of Shareholders must be convened within the first six months of each fiscal year to:

- a) Examine the Company's management.
- b) Approve, where applicable, the previous fiscal year accounts.
- c) Decide on the allocation of profits (losses).
- d) Decide on any other matter, in addition to the above, included on the meeting agenda.

Any meeting other than the one referred to in the preceding paragraph will be considered an Extraordinary General Meeting.

Organization and Operation of the Board of Directors

The Board of Directors is the body entrusted with the Company's administration, this being understood as the performance of all actions needed to fulfill the Company's objectives as stated in the Articles of Incorporation. The Board of Directors strives at all times in all of its actions to maximize the Company's value. It is composed of a minimum of ten and a maximum of twenty directors. The General Meeting is responsible for determining the number of board members and for appointing and removing members to the Board. At this time there are seventeen Directors (one Chairman, a Vice President, a Chief Executive Officer and fourteen members) and one vacancy at the end of 2004.

- In addition to the functions and faculties vested in him by law, the Chairman is responsible for overseeing and directing the Company's activities in accordance with the decisions and criteria set by the General Meeting of Shareholders and the Board of Directors within the scope of their respective competencies.
- The Vice President stands in for the Chairman by delegation or when the latter is absent or ill and at the Chairman's request for any other reason.
- The Chief Executive Officer performs the functions entrusted to it on a temporary or permanent basis by the Board of Directors.
- In addition to meeting all legal and statutory requirements, board members must be people of recognized prestige with the appropriate professional skills and experience to perform their functions.

Each member of the Board is entitled to cast one vote on the Board of Directors. With the exception of those cases for which a reinforced majority is required under law, the Board of Directors' resolutions must be passed by an absolute majority of the Board Members present and represented.

In 2004, the Board of Directors of Gas Natural SDG held a total of twelve meetings. ✓



Committees of the Board of Directors

The Board of Directors of Gas Natural SDG has several committees:

- *Executive Committee*

The Executive Committee is composed of the Chairman of the Board of Directors and up to seven more directors. The appointment of members to the Executive Committee requires the favorable vote of at least two-thirds of the members of the Board. This committee is responsible for monitoring the work of the Company's executive management on a continuous basis and for performing any other function falling under its scope of authority according to the Articles of Association or the Board of Directors Regulations or as assigned to it by the Board of Directors.

The Executive Committee met 14 times in 2004. ✓

- *Appointments and Remuneration Committee*

The Appointments and Remuneration Committee is composed of a maximum of five members appointed by the Board of Directors. Its functions include conducting studies and making proposals in relation to the appointments and remuneration policies for Company Directors and Management.

The Appointments and Remuneration Committee met seven times in 2004. ✓

- *Strategy, Investment and Competence Committee*

The Strategy, Investment and Competence Committee is composed of a maximum of five members appointed by the Board of Directors. It is responsible for proposing or reporting to the Board of Directors or the Executive Committee on important strategic decisions to be taken by the Group and on investments and disinvestments in assets for amounts which are significant enough to require

that they be reported to the Board of Directors or the Executive Committee.

The Strategy, Investment and Competence Committee met seven times in 2004. ✓

- *Audit and Control Committee*

The Audit and Control Committee is composed of up to five members appointed by the Board of Directors. It is responsible for questions related to the auditing of the Company's activities, compliance with the Internal code of Conduct for the Stock market and compliance with the Company's internal rules of governance.

The Audit and Control Committee is responsible for studying, informing and proposing to the Board of Directors, in relation to its surveillance functions, by periodically reviewing compliance with the law, with the Company regulatory system (standards, policies, codes, accounting and internal control procedures, etc.) with the risk assessment and control system, the procedures for preparing economic and financial information and the independence of External Auditor.

These functions are performed within the scope of its authority (as established in the Articles of Incorporation and the Rules of the Board of Directors) based on the information and documentation provided primarily by the Corporate Internal Control Department, the external auditors and the Corporate Finance Department.

The functions of the Audit and Control Committee and its main activities in 2004 are included in the Annual Report on the Activities of the Audit and Control Committee, which will be part of the documentation to be presented by the Board of Directors of Gas Natural SDG at the General Meeting of Shareholders.

This Committee met five times in 2004. ✓

The Gas Natural Group carries out its internal auditing activities as an independent and objective evaluation function. The Internal Audit Department reports directly to the Audit and Control Committee of Gas Natural SDG.

The basic mission of the internal audit activity is to contribute to the achievement of the strategic objectives of the Gas Natural Group and to collaborate with its members to effectively comply with its responsibilities. To do so, it conducts continuous and systematic reviews in all areas of the Group of the efficacy and efficiency of the established internal control systems in each one of the processes, which includes the evaluation of controls and risks. It also reviews the standard application of the Group's Regulatory System in all areas of action, such as compliance with established quality standards and procedures.

In general, the Internal Audit Plans are prepared on the basis of the Group's Strategic Plan, the risks areas included on the Group's Risk Map and related processes, the result of previous audits and executive management's proposals. The method used to identify and control the Group's risk is described in the Annual Corporate Governance Report.

The management of the Group's internal audit function is geared toward the continuous improvement of the presentation of auditing services by applying policies based on quality management and measurement and fostering the creation of a qualified staff through internal rotation, training, continuous evaluations and professional development within the group. In this regard, it should be noted that this function is performed in accordance with International Standards for Internal Auditing Practices and that part of the internal audits are in the process of obtaining or have already obtained Certified Internal Auditor (CIA) status, the internationally-recognized certification which certifies excellence in the provision of internal audit services.

The main processes reviewed by the Internal Audit Department in 2004 were those related to commercial areas (primarily, the liberalized market), Supplies, Finance, Quality, Investments and Adjudications and Procurement of Goods and Services.

Appointment Mechanisms

The members of the Board of Directors are appointed by the General Meeting of Shareholders at their ordinary or extraordinary sessions. Exceptionally, they can be appointed by a co-option system, which occurs when a vacancy arising on the Board during the Board Member's term of office. In this case, the Board names a Board Member to fill the vacancy until the next General Meeting of Shareholders.

The members of the Executive Committee and the Rest of the Committees are appointed by the Board of Directors from among its members.

Remuneration of Board Members

The Articles of Incorporation of Gas Natural SDG stipulate that the remuneration of the Board of Directors shall consist of 10% of the annual profits at the most, determining the amount within that limit in proportion to the number of active Board Members.

The Articles of Incorporation of the Company also state that this remuneration may only be deducted from the net profits once all legal and statutory reserves have been covered and after paying ordinary shares a dividend which shall not be less 4% of par value.

In addition to the above, following a resolution passed by the Shareholders' Meeting, provision has been made for the possibility of other forms of remunerating the Board Members. The sums collected as Board Members shall be compatible with those resulting from whatever executive duties that same Board Member may perform.

In fiscal year 2004, a total of 3.3 million euros was paid to the members of the Board of Directors of Gas Natural SDG. This amount included the consideration for sitting on the Board of Directors and the different Board committees as well as the amounts paid out in salaries or as compensation for the Board Members' direct responsibility for different executive levels.

The amounts paid to individual Board Members in fiscal year 2004 as remuneration for sitting on the Board of Directors, the Executive Committee and other Board Committees are shown below:

■ Remuneration of Members of the Board of Directors of Gas Natural sdc in 2004 ✓

	Post	Period	Remuneration (euros)			
			Board of Directors	Executive Committee	Other Committees	Total
Mr. Salvador Gabarró Serra	Chairman ⁽¹⁾	01/01/04 to 31/12/04	136,000 ✓	136,000 ✓	10,000 ✓	282,000 ✓
Mr. Antonio Brufau Niubó	Vice President ⁽¹⁾	01/01/04 to 31/12/04	141,000 ✓	141,000 ✓	9,000 ✓	291,000 ✓
Mr. Enrique Locutura Rupérez	Chief Executive Officer	01/01/04 to 31/12/04	100,000 ✓	100,000 ✓	—	200,000 ✓
Mr. Enrique Alcántara-García Irazoqui	Member	01/01/04 to 31/12/04	100,000 ✓	—	10,000 ✓	110,000 ✓
Mr. José Ramón Blanco Balín	Member	01/01/04 to 31/12/04	100,000 ✓	100,000 ✓	10,000 ✓	210,000 ✓
Mr. Santiago Cobo Cobo	Member	01/01/04 to 31/12/04	100,000 ✓	100,000 ✓	6,000 ✓	206,000 ✓
Mr. José María Goya Laza	Member	01/01/04 to 31/12/04	100,000 ✓	—	—	100,000 ✓
Mr. José Luis Jové Vintró	Member	26/11/04 to 31/12/04	9,000 ✓	9,000 ✓	—	18,000 ✓
Mr. Emiliano López Atxurra	Member	01/01/04 to 31/12/04	100,000 ✓	—	—	100,000 ✓
Mr. Carlos Losada Marrodán	Member	01/01/04 to 31/12/04	100,000 ✓	100,000 ✓	6,000 ✓	206,000 ✓
Mr. Fernando Ramírez Mazarredo	Member	01/01/04 to 31/12/04	100,000 ✓	100,000 ✓	16,000 ✓	216,000 ✓
Mr. Miguel Ángel Remón Gil	Member	01/01/04 to 31/12/04	100,000 ✓	82,000 ✓	19,000 ✓	201,000 ✓
Mr. Leopoldo Rodés Castañé	Member	01/01/04 to 31/12/04	100,000 ✓	—	—	100,000 ✓
Mr. José Vilarasau Salat	Member	01/01/04 to 31/12/04	100,000 ✓	—	—	100,000 ✓
Mr. Gregorio Villalabeitia Galarraga	Member	01/01/04 v 31/12/04	100,000 ✓	—	10,000 ✓	110,000 ✓
Caixa d'Estalvis de Catalunya						
Represented by						
Mr. José María Loza Xuriach	Member	01/01/04 to 31/12/04	100,000 ✓	—	—	100,000 ✓
Mr. Narcís Barceló Estrany	Member	01/01/04 to 19/06/04	55,000 ✓	—	—	55,000 ✓
Mr. Juan Sancho Rof	Member	01/01/04 to 28/10/04	82,000 ✓	—	5,000 ✓	87,000 ✓
			1,723,000 ✓	868,000 ✓	101,000 ✓	2,692,000 ✓

⁽¹⁾ Appointed on October 27, 2004

The amount of the remuneration paid during 2004 to Members of the Board of Directors of Gas Natural sdc for sitting on the boards of other Group or associated companies was 171,000 ✓ euros, and is broken down on the following table:

	Gas Natural Electricidad sdc	Enagás	Total (euros)
Mr. Salvador Gabarró Serra	5.000 ✓	12.000 ✓	17.000 ✓
Mr. Antonio Brufau Niubó	—	56.000 ✓	56.000 ✓
Mr. Enrique Locutura Rupérez	5.000 ✓	35.000 ✓	40.000 ✓
Mr. José Ramón Blanco Balín	—	53.000 ✓	53.000 ✓
Mr. Leopoldo Rodés Castañé	5.000 ✓	—	5.000 ✓
	15.000 ✓	156.000 ✓	171.000 ✓

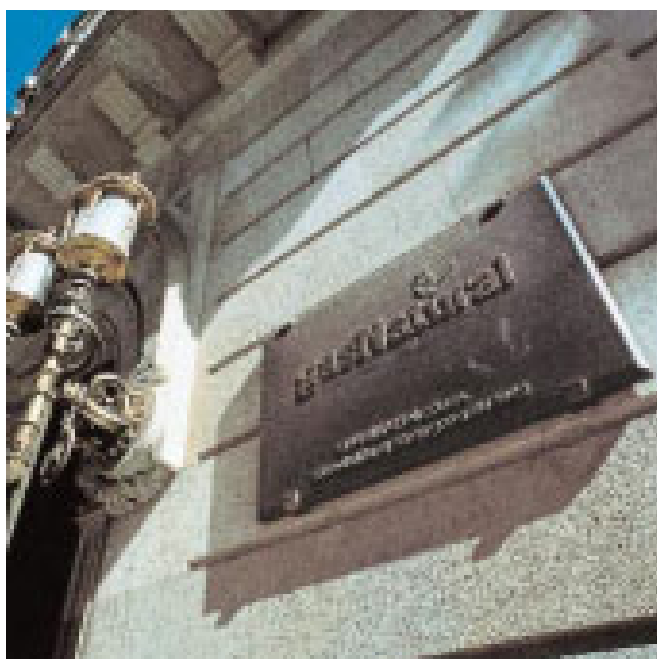
The Members of the Board of Directors of Gas Natural s.d.g. have not received any loans or pensions because of their status as Board Members and there are no life insurance obligations. The amount of the obligations assumed for pensions and the payment of life insurance premiums for Board Members because of their status as Directors was 23,000 ✓ euros.

■ Composition of the Board of Directors and Committees (as at December 31, 2004)

	Board of Directors	Executive Committee	Audit and Control Committee	Appointments and Remunerations Committee	Strategy, Investment and Competence Committee	Type of Director
Chairman	Mr. Salvador Gabarró Serra	Chairman		Chairman		Executive
Vice President	Mr. Antonio Brufau Niubó	Member				Proprietary member
Chief Executive Officer	Mr. Enrique Locutura Rupérez (*)	Member				Executive
Member	Mr. Enrique Alcántara-García Irazoqui			Member		Proprietary member
Member	Mr. José Ramón Blanco Balín	Member		Member		Proprietary member
Member	Mr. Santiago Cobo Cobo	Member			Member	Independent
Member	Mr. José María Goya Laza					Independent
Member	Mr. José Luis Jové Vintró	Member				Proprietary member
Member	Mr. Emiliano López Atxurra					Independent
Member	Mr. Carlos Losada Marrodán	Member			Chairman	Independent
Member	Mr. Fernando Ramírez Mazarredo	Member	Member		Member	Proprietary member
Member	Mr. Miguel Ángel Remón Gil		Chairman			Proprietary member
Member	Mr. Leopoldo Rodés Castañé					Independent
Member	Mr. José Vilarasau Salat					Proprietary member
Member	Mr. Gregorio Villalabeitia Galarraga		Member			Proprietary member
Member	Caixa d'Estalvis de Catalunya Represented by Mr. José María Loza Xuriach					Proprietary member
Member	Mr. Narcís Barceló Estrany (**)					Independent
Non-Member Secretary	Mr. Mariano Martín Rosado					
Non-Member Assistant Secretary	Mr. Felipe Cañellas Vilalta					

(*) On January 28, 2005, Mr. Enrique Locutura Rupérez was replaced by Rafael Villaseca Marco as Chief Executive Officer.

(**) Mr. Narcís Barceló Estrany passed away on June 19, 2004.



Management Committee

The Management Committee is the highest decision-making body at the executive level of the Gas Natural Group.

Subsequent to the close of fiscal year 2004, the Company decided to remodel the Management Committee, which as from January 13, 2005 will be configured as follows:

Chief Executive Officer

Mr. Rafael Villaseca Marco

Managing Director of Electricity

Mr. José Luis López de Silanes Busto

Managing Director of Gas Spain

Mr. Joan Saurina Gispert

Managing Director International

Mr. Alberto Toca Gutiérrez-Colomer

Managing Director of Procurement

Mr. Carlos Torralba Gallego

Chief Financial Officer

Mr. Carlos J. Álvarez Fernández

Corporate Manager of Planning

Mr. José M^a Egea Krauel

Corporate Manager of Human Resources

Mr. Francisco J. Gea Barberá

Corporate Manager of Shared Services

Mr. Antonio Llardén Carratalá

Corporate Manager of Legal Services

Mr. Mariano Martín Rosado



Our Name

The corporate identity and trademark of the Gas Natural Group are one of its most important assets, particularly in the context within which our business is currently conducted, characterized by broad international expansion and a diversified range of products and services in a clearly competitive market.

The Gas Natural Group, through its name, seeks to express the integration of the three basic concepts related to the company:

- Who we are
- What we do and how
- Where we are going

These three concepts, which are related to its reputational vision, are expressed as follows:

Gas Natural is an energy company governed by the principles of excellence and safety in the services it provides to customers. It is a growing company committed to the sustainable development of the societies where it operates with an integrative and participative system of internal management capable of attracting the most competent professionals and collaborators to guarantee shareholders the success of the company's business project.

■ Structure of the Name as a Nexus of Union

According to the image studies conducted by the company, ever since its creation just over a decade ago, the "Gas Natural" name has achieved a high level of penetration and recognition among the different public segments with whom the company is in contact, acting as a nexus of union between the different companies of the group and the diverse groups with whom the company maintains relationships.



■ Customers

Customers perceive the Gas Natural Group as a close, dynamic, ecological, transparent, honest, simple, modern and experienced company that offers safety and confidence. They also consider it to be a warm and family-oriented company, related to the household, which represents well-being and quality of life.

■ Shareholders and Investors

Shareholders and investors hold in particularly high regard the soundness and profitability demonstrated by Gas Natural over the years, as well as its permanent efforts to be transparent in its business dealings.

■ Employees

The employees of the Gas Natural Group recognize the values derived from working for a large corporation, particularly inasmuch as job safety is concerned.

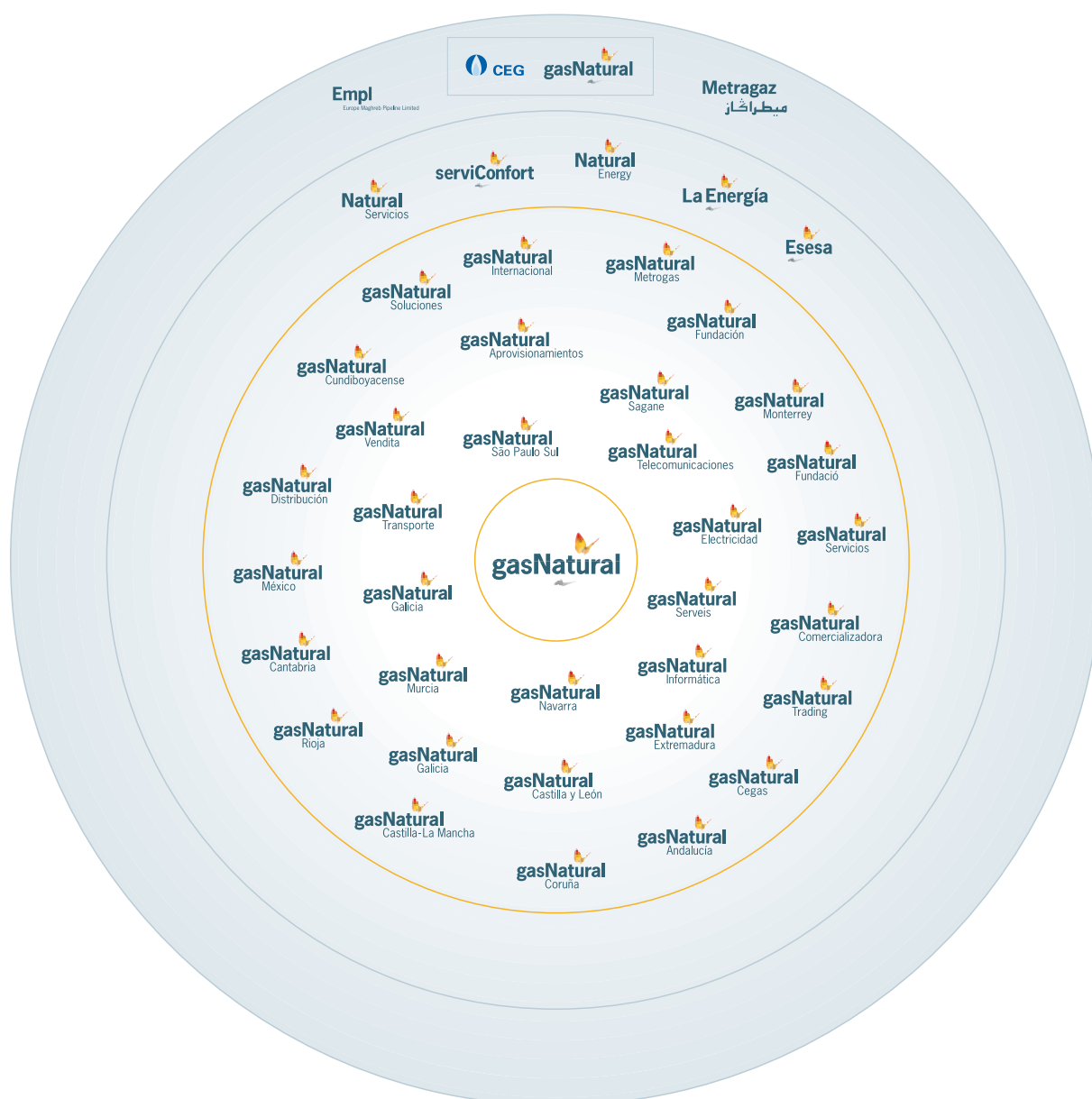
■ Society

In society as a whole, one of the most highly valued aspects of the Gas Natural name is its commitment to environmental protection.

The consistency and strength of the different values associated with the Gas Natural name constitute a guarantee which enables the company to continue operating in different fields and to continue offering new products and services to all of its customers with the backing of a powerful brand name.

In some cases, the monolithic strategy of brand design is replaced by another design of strong possession with a different name but which conserves the most important aspects of identity: symbol, typography and color.

Sometimes, for reasons of brand strategy, different names are created which possess their own identity and maintain a minimal link with the identifying signs of the parent company: color and typography.



■ Interested parties. – Customers – 024. Employees – 034. Shareholders – 046. Suppliers – 049. Society – 052.



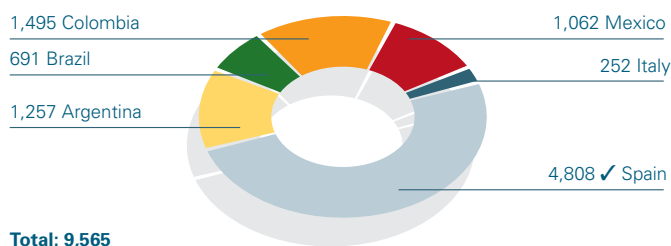
Customers

Our Commitment: Excellent Service

The Gas Natural Group focuses a great deal of its efforts on ascertaining and satisfying our customers' needs in order to constantly improve the quality and safety of our products and excellent quality of the service we offer.

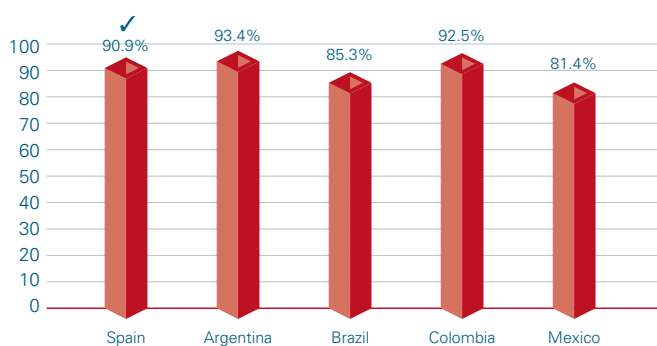
Main Data

Number of customers (in thousands)



Average customer satisfaction

(satisfied + very satisfied customers)



Balance 2004

- Commencement of 2004-2008 Strategic Quality Plan.
- Change in gas customers ('000).

Spain	326
Argentina	27
Brazil	44
Colombia	124
Mexico	85
Italy	252
Total	858

- Supply starts (new municipalities):

Spain	47
Argentina	1
Brazil	10
Colombia	4
Total	62

2005 Objectives

- Continuation of the 2004-2008 Strategic Quality Plan.
- Extend the supply of gas to new areas.

■ Products and Services

The decisive customer orientation of the Gas Natural Group is reflected in the broad range of products and services it offers, from the supply of gas and electricity to a varied offering of services for the household (maintenance agreements, insurance, credit cards, financing, etc.) which are intended to satisfy customers' expectations.

■ Quality

The Gas Natural Group has taken upon itself to become the group leader with regard to quality in those sectors where it does business by offering higher-quality products and services than its competitors. To do so, it has design a Strategic Quality Plan for the 2004 to 2008, with specific objectives and a Director Plan which places special emphasis on the need to improve the quality of service perceived by customers by seeking the maximum commitment from the Group's internal personnel and collaborators.

This report discusses the main actions taken during 2004 to achieve this objective in each one of the countries where the Gas Natural has relevant volume of customers. It does not include Italy, where the company acquired three gas distribution companies in 2004 with more than 250,000 customers, since no standard quality indicators are available yet.

To achieve the objectives set out in the Strategic Policy Plan, work continued in 2004 on the following improvement plans: "SUN" project to improve the efficiency and effectiveness of telephone customer service; deployment of the Continuing Improvement process; and the "Q" Project for supplier quality evaluation.

Other projects underway in connection with the Strategic Quality Plan include: the development of a process map and process-based management system; implementation of an indicator system which will make it possible to monitor the Quality Plan and the completion of self-assessments according to European Foundation for Quality Model (EFQM) or Fundibeq by corporate departments, business lines and subsidiaries.

The Gas Natural Group continued to work on the implementation and development of a quality system based on ISO 9001:2000. All of the Gas Natural Group distribution and sales companies in Spain currently all have this certification.

Furthermore, several companies of the Gas Natural Group in Latin America, including Gas Natural BAN, CEG and CEG Rio, have ISO-certified systems for some of their most relevant processes.

Also in 2004, Gas Natural BAN expanded the scope of its certification by including the process for Domestic Meter Calibration.

Several courses were offered at CEG to introduce the Quality Policy and the documentation and operation the Quality Management System, along with other courses intended to raise the awareness of employees and emphasize the commitment to quality.

During 2004, Quality Control programs were implemented at Gas Natural México for the call center and the meter-reading procedure. The service implementation process for new residential customers was also modified by the introduction of the "one day" concepts for the construction, testing, installation and adjustment of equipment for its use with natural gas.

Finally, at Gas Natural ESP, accreditation projects were developed in accordance with particular needs and current business requirements. In 2004, the Residential and Industrial Measurement Laboratory was certified. Work continued on the development of the certification process for installation inspections for the supply of combustible gas and quality control processes were undertaken in: Inspection and Start-up of Receiver Installations and Five-Year Inspections of Receiver Installations.

As part of the customer orientation policy of the Gas Natural Group in Spain, a number of training and awareness-raising workshops were held for in-house staff and external collaborators.

The Gas Natural Group also has diverse control mechanisms for ascertaining the satisfaction level of its customers and for taking their opinions and suggestions into account in order to introduce the changes and improvements required to fully satisfy customers' needs.

Customer Satisfaction

The customer satisfaction surveys conducted throughout 2004 reflect high levels of overall satisfaction with the quality of services, with values in excess of 90% for Spain and most international distributors in Latin America.

Throughout 2004 a process was carried out to standardize the methodology used in Spain and Latin American subsidiaries to measure customer satisfaction.

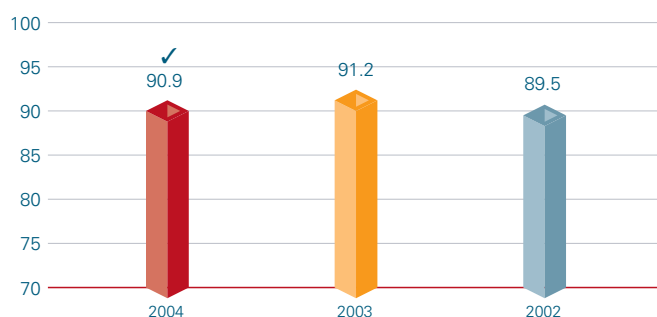
In some cases, the processes measured are different since they respond to the specific characteristics of each country.

In all cases the surveys are conducted by specialized market study companies.

The customer segment which is the object of the studies pertains to the residential market, which is estimated to represent more than 95% of the total customers of the Gas Natural Group.

Service quality index (Spain)*

(% satisfied customers + very satisfied customers. Year 2004)



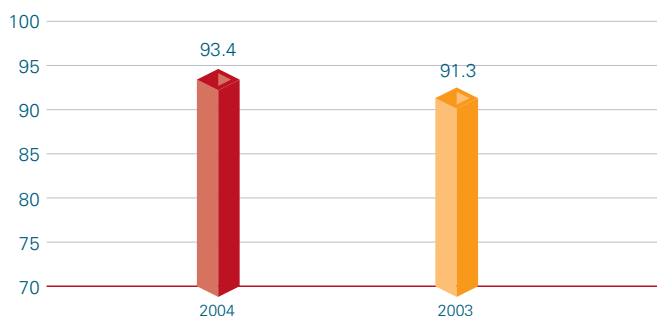
Comments: Despite the impact of the deregulation process in Spain, which has brought about significant changes within the organization, in its information systems and in its relationships with customers, suppliers and collaborators, the quality levels compared to 2003 remained the same.

Margin of Error 2004: 0.6%

*Includes residential customers on regulated and liberalized markets.

Service quality index (Argentina)

(% satisfied customers + very satisfied customers. Year 2004)

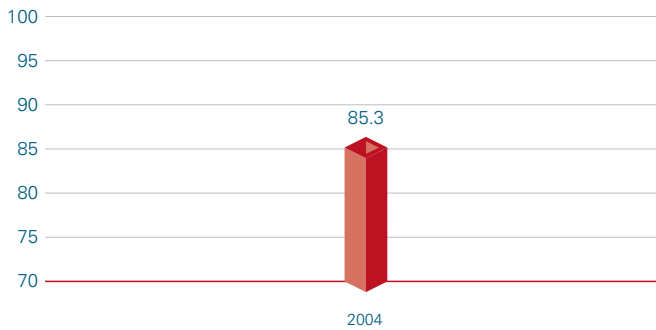


Comments: The Service Quality Index has evolved positively compared to 2003, maintaining a high level of service quality. Due to the changes in the methodology used to measure service quality, there is no comparable data available from other years.

Margin of Error 2004: 1.4%

Service quality index (Brazil)

(% satisfied customers + very satisfied customers. Year 2004)

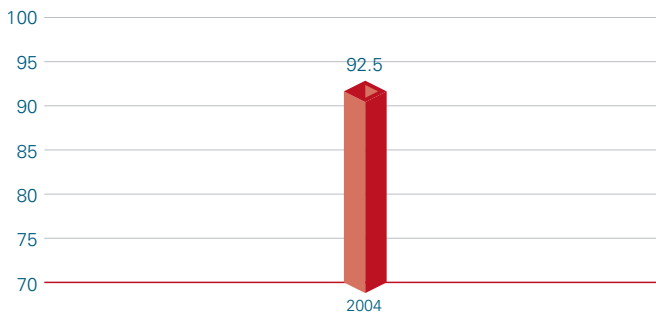


Comments: During 2004, the methodology used in Brazil was homogeneous for all companies pertaining to the Gas Natural Group. Due to the changes in the methodology used to measure service quality, there is no comparable data available from other years.

Margin of Error 2004: 1.6%

Service quality index (Colombia)

(% satisfied customers + very satisfied customers. Year 2004)



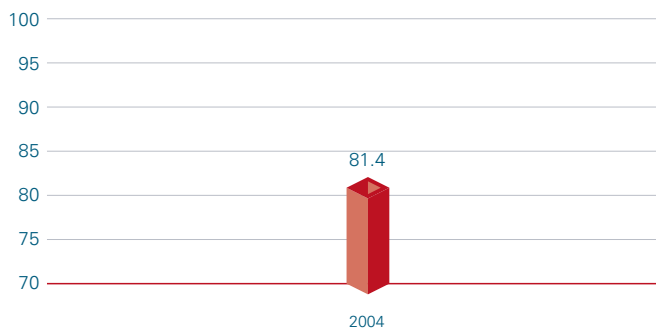
Comments: During 2004, the methodology used in Colombia was homogeneous for all companies pertaining to the Gas Natural Group. The values obtained maintain a high level of service quality.

Due to the changes in the methodology used to measure service quality, there is no comparable data available from other years.

Margin of Error 2004: 3.2%

Service quality index (Mexico)

(% satisfied customers + very satisfied customers. Year 2004)



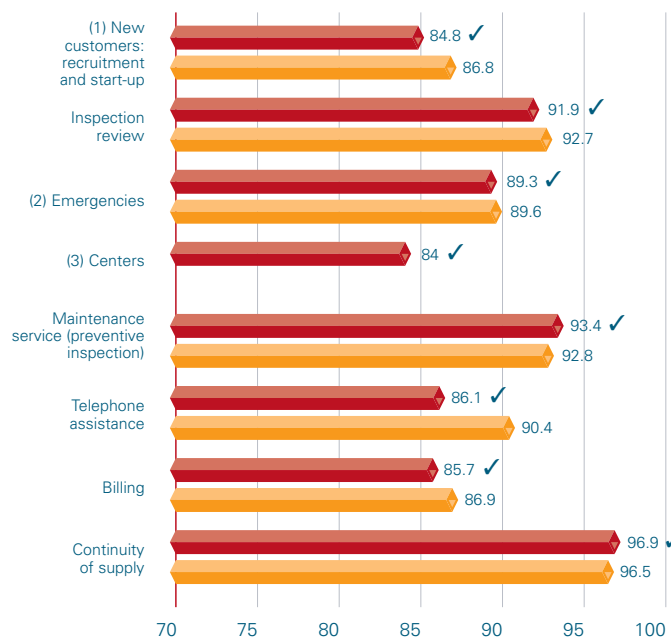
Comments: The continuous measurement system started in 2004 with homogeneous criteria for the rest of the Group's companies. Therefore no comparable data from previous years is available.

Margin of Error 2004: 1.89%

Satisfaction index for main processes (Spain)

(% satisfied customers + very satisfied customers.

Years 2003 and 2004)



Año 2004

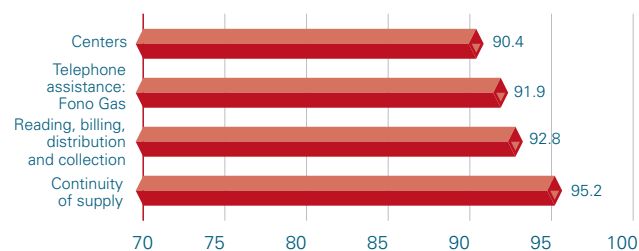
Año 2003

(1) The Corporate Responsibility Report for 2003, only included the registrations corresponding to new construction, while in 2004 the results include both new construction and inhabited property.
 (2) In 2003, the criterion for defining Emergencies was modified.
 (3) Started to be recorded in 2004.

Satisfaction index for main processes (Argentina)

(% satisfied customers + very satisfied customers.

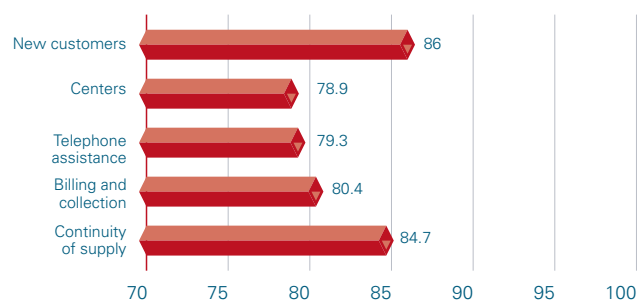
Year 2004)



Satisfaction index for main processes (Mexico)

(% satisfied customers + very satisfied customers.

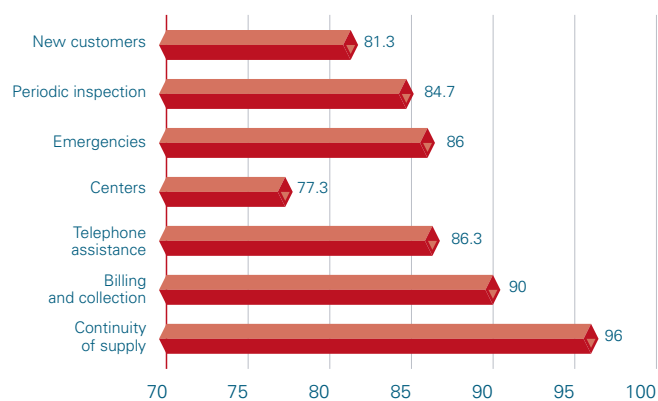
Year 2004)



Satisfaction index for main processes (Colombia)

(% satisfied customers + very satisfied customers.

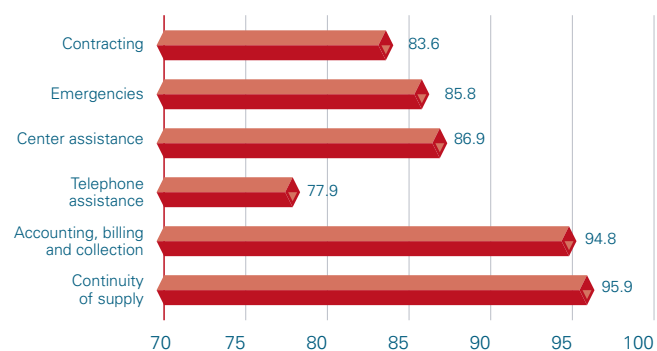
Year 2004)



Satisfaction index for main processes (Brazil)

(% satisfied customers + very satisfied customers.

Year 2004)





Customer Service in Spain

Throughout 2004, the Gas Natural Group continued to extend its gas distribution networks in order to offer this source of energy to more households, commencing the supply of natural gas in 47 new municipalities.

In the new communities where the supply of gas became available in 2004, different ceremonies were held with the collaboration of local authorities to introduce the project and to inform the public of the advantage of natural gas and the possibility of converting to this type of energy.

As part of the multiutility strategy being developed by the Gas Natural Group, in 2004 an intensive commercial campaign was conducted to attract new electricity contracts. In this regard, two advertising campaigns were run on television and radio and in the press in the months of February and October, both of which were very well received by customers.

The Gas Natural Group also continued to assist new customers with their natural gas installation through a financing line with very advantageous conditions. To this end, in 2004 the Group ran two television advertising campaigns to promote this financing system for heating installations.

The financing line was extended to cover electric air conditioning and heat pumps, with an advertising campaign in the press to promote the financing of air conditioning which was a resounding success.

Throughout 2004 the company continued its actions related to customer safety. In this regard, 775,739 ✓ inspections of customer installations were carried out in compliance with regulatory obligations.

Communications with Customers

The Gas Natural Group offers a toll-free customer service telephone which is available 24 hours a day, 365 days a year to deal with all kinds of emergencies concerning the use of natural gas. Work also continued on the development of different channels to enable customers to make queries and complaints more easily. In 2004, the customer service telephone number in Spain received close to 9.5 ✓ million calls.

On another front, the transactions carried out by customers directly on the Gas Natural Portal (www.gasnatural.com), the objective of which is to facilitate customer relations via the Internet, were three times those carried out the year before, with 2.2 times the number of registered customers. Moreover, there were 35 million pages served, an increase of fifteen million over the number of pages visited the year before.



The company also continued increasing its gas center network which currently stands at more than 870 centers.

In this regard, the Group maintains an open dialogue with different consumers' association such as the Consumers' and Users' Organization (OCU), the Spanish Confederations of Housewives', Consumers' and Users' Organization (CEACU) and the Cataluña Consumers' and Users' Organization (OCUC) to improve customer relations and have a better grasp of the areas where improvement is needed.

Collaboration with other Organizations

In 2004, the Gas Natural Group collaborated with the autonomous communities of Cataluña, Madrid, Andalucía, Castilla y León and La Rioja in the dissemination of environmental information. In connection with this, the bills sent to customers in the months of March, April and May included a brochure developed by the Gas Natural Foundation in collaboration with the respective autonomous governments.

The Group also collaborated with the National Energy Commission (CNE) on the dissemination of information relative to the deregulation of the energy sector. In connection with this, the invoices sent periodically to customers included an informative brochure prepared by the CNE within the context of the information campaign carried out in the early months of 2004.

On line Invoice

One of the initiatives undertaken throughout 2004 to improve customer service consisted of offering customers the possibility of joining the on line billing system. By doing away with paper invoices, environmental conservation is improved.

Personal Data Protection Act (LOPD)

For years now the Gas Natural Group has been firmly committed to the responsible and confidential use of personal information, following the guidelines of the Organic Law on the Protection of Personal Data (LOPD), the law which guarantees and protects the rights to access, rectify, cancel and oppose the information provided to the companies of the Group. In this regard, the Group has established the measures needed to safeguard the confidentiality of its customers' personal information. These measures are reviewed periodically to guarantee their effectiveness at all times.



Customer Service in Latin America

The Natural Gas Group also placed special interest in improving the customer service provided to its customers and providing them with information on the proper use of natural gas in each one of the Latin American countries where the Group operates.

Argentina

In Argentina, Gas Natural BAN undertook a number of initiatives to provide its customers with better payment facilities.

It also continued to increase the existing distribution network which enabled it to attract new customers and to bring the supply of gas to a new community, Libertad Sur, which belongs to the Merlo administrative area.

Numerous improvements were also made in the customer service area, including the transformation of several agencies into integral payment centers and the expansion of the services offered by the Company's telephone customer service system, Fono gas.

This service received close to one million calls. Through the emergency customer service line, which operates 24 hours a day, the company responded to 49,000 problem reports.

Brazil

In Brazil, the company continued working on the transformation of customers' installations to enable them to use natural instead of manufactured gas, ending the fiscal year with more than 51% of the installations transformed.

Work also continued on the expansion of distribution networks, which enable the company to bring natural gas to five new municipalities in the state of Rio de Janeiro and five in the state of São Paulo.

The companies of the Gas Natural Group in Brazil make more than 271,000 visits to customers' premises and responded to close to 1.7 million calls through their customer service areas.



Colombia

In Colombia, the companies of the Gas Natural Group continued expanding their gas distribution networks to bring the supply of natural gas to more households, enabling them to start supplying four new municipalities.

Work also continued on assisting new customers with the construction of installations related to the use of natural gas through a financing line with advantageous conditions. There were different promotions, one of which was the campaign entitled "Hot Water for All".

Throughout 2004, work continued on the diverse initiatives related to customer safety. In this regard, 218,135 inspections of customers' installations were carried out in compliance with regulatory obligations. The Ágora program was also implemented to inform more than 5,000 residents in twelve communities of Bogotá on issues related to the use of natural gas.

The companies of the Group also continued to provide customers with 24h telephone service, 365 days a year, to respond to gas-related emergencies. During 2004, this service received 1,698,457 calls.

Work also continued on strengthening the network of gas centers, which currently stands at six centers.

Mexico

Two new customer service centers were opened in Mexico along with a campaign to improve the quality of customer service provided by the Company's employees to customers.

In addition, more than 100,000 inspections of customers' installations were conducted and more than 627,000 calls were handled by the Company's call center.

Table of Customer Indicators in Spain for 2004 ✓

Number of gas distribution customers	4,808,271 ✓
Gas distribution sales (GWh)	228,943 ✓
Number of end gas customers	4,633,978 ✓
Gas sales to end customers (GWh)	193,387 ✓
Gas distribution market share by number of customers (%)	85 ✓
Market share of gas distribution (%)	72 ✓
Market share of end gas customers	82 ✓
Market share of gas sales to end customers (%)	61 ✓
Number of electricity contracts	204,775 ✓
Electricity sales (GWh)	4,457 ✓
Market share of electricity sales (%)	2 ✓
Number of maintenance service contracts	1,155,341 ✓
Number of live financing contracts	326,140 ✓
Number of inspection visits to customers' gas installations (effective regulatory inspections)	775,739 ✓
Number of preventive maintenance visits by Servigas (effective)	866,946 ✓
Number of calls to Customer Service	9,453,250 ✓
Network overhauled (km)	18,004 ✓
Network renovated (km)	114 ✓
Service connection renewals	5,690 ✓

Customer Indicator Table in Latin America and Italy in 2004

	Argentina	Brazil	Colombia	Mexico	Italy
Number of gas distribution customers (in thousands)	1,257	691	1,495	1,062	252
Gas sales (GWh)	66,911	37,232	9,746	41,457	9,867
Number of inspections visits to customers' gas installations (regulatory inspections) (in thousands)	(1)	271	218	100	(3)
Number of calls to Customer Service (in thousands)	1,000	1,687	1,698	627	(3)
Network renovation (km)	2,8	61,7	2,4	64,7	(3)
Network overhauled (km)	10,920	687	3,131	133,5	(3)
Renovation of connections	8,917	2,893	(2)	6,414	(3)

(1) In Argentina there are no regulatory inspections of customer installations. Inspections only take place when a new customer signs up for service.

(2) In Colombia, the connections are owned by the customers.

(3) In Italy, due to the recent acquisition of the distribution assets, there are no homogeneous indicators available yet.



Employees

■ Our Commitment: Professional Growth and Development

The Human Resources policy of the Gas Natural Group is aimed to promote a working environment which is respectful of employees and which fosters and facilitates their professional training, growth and development.

■ Main Figures of the Gas Natural Group

Number of employees	6,697 ✓
Average employee age/years	39.9 ✓
Average years of services/years	13.4
% men/women	71/29 ✓
% with university education	37.42 ✓

■ 2004 Overview

- Meeting with the Group's executive staff members to present the new Chairman of the Gas Natural Group, Salvador Gabarró.
- Implementation of the new Management by Objectives and Performance Assessment Model. Improvement of the Competence Management System.
- Improvements in the corporate Intranet, including enhanced content and consolidated upload and download links (addition of new communication channels such as Employee Mailbox, Opinion Channel, Thematic Channel, Notice Board, direct access to new projects...).

- Definition and drafting of the Code of Conduct of the Gas Natural Group based on the new definition of the Mission, Vision and Values approved in 2003.
- 2004 Training Plan.
- Implementation of the Professional Development Program (PDP) for employees covered by the bargaining agreement.
- Signing of various bargaining agreements: highlighting the signing of the 2004-2006 Bargaining Agreement of Gas Natural Andalucía, the signing of the 2004-2006 Bargaining Agreement of Gas Natural Cantabria and amendment agreements for the regulations included in the Gas Galicia and Gas Natural Coruña Pension Plans.
- Working environment surveys in Argentina, Morocco, Brazil, Colombia and Mexico.

■ 2005 Objectives

- To continue developing the Objectives-Based Management and Performance Evaluation Model and the Competence-Based Management System.
- Approval and dissemination of the Code of Conduct of the Gas Natural Group.
- 2005 Training Plan.
- Employee satisfaction surveys in Spain.



■ Meeting of the Chairman with Executive Staff

On October 28, the new Chairman of the Gas Natural Group, Salvador Gabarró, along with the outgoing Chairman, Antonio Brufau, held a meeting with the executive staff of the Gas Natural Group, which could be followed by videoconference from all of the countries where the Group operates.

At that meeting, Salvador Gabarró emphasized his confidence in the staff of the Gas Natural Group in Spain, Argentina, Brazil, Colombia, Mexico, Morocco, Italy and Puerto Rico and pledged to keep the Gas Natural Group on the same successful path it has followed in the past and to contribute to the efforts which have made it possible for Gas Natural to be the great company it is today.

Antonio Brufau expressed his gratitude to all of the people at the Gas Natural Group who have accompanied him during the last seven years as the company's Chairman.

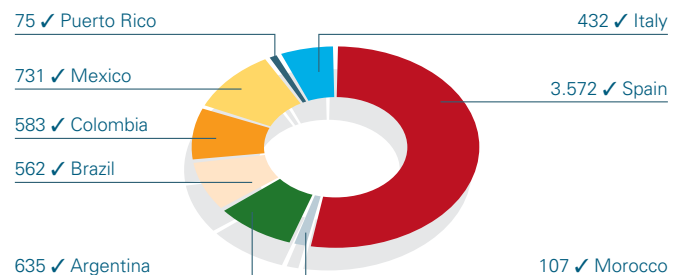
■ The Gas Natural Group Professionals

The Gas Natural Group has 6,697 ✓ employees working in eight different countries. Slightly more than 50% of them work in Spain and close to 40% in America.

Approximately 71% ✓ of staff members are men and 29% ✓ are women; and 37.42% ✓ of the staff have university degrees.

The average employee age is 39.9 ✓ and the average years of service with the Group is approximately 13.4 years.

■ Breakdown of Staff by Country ✓



Turnover Rate

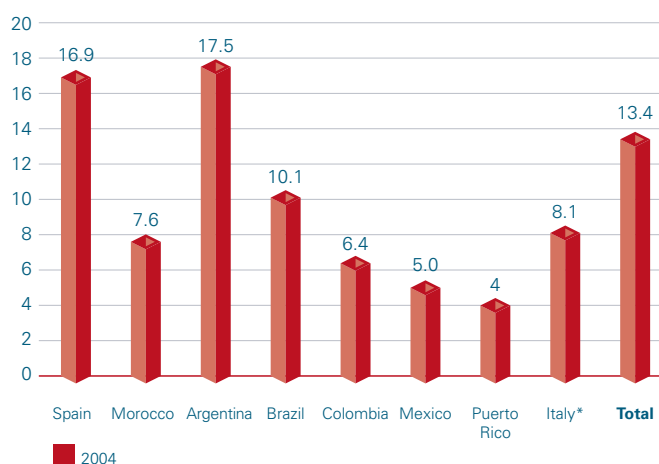
(percentage of employees joining and leaving the Company compared to the average number of employees on staff)

	Added	Removed	Average staff	Turnover
Spain	355	218	3.538	16.20
Morocco	4	7	107	10.28
Argentina	12	21	637	5.18
Brazil	33	30	562	11.21
Colombia	42	44	582	14.78
Mexico	118	120	736	32.34
Puerto Rico	5	7	71	16.90
Italy	450	21	251	187.65
Total*	1,019	468	6,484	22.93

* The high rotation rate is due to recruitments caused by the integration of new Italian companies into the Group.

Staying Index

(average years of service of all staff members)



* The figure for Italy refers to years of service in Italian companies prior to incorporation into the Group.

University Education ✓

	University degree holders	Staff	%
Spain	1,360 ✓	3,572 ✓	38.0 ✓
Morocco	47 ✓	107 ✓	43.9 ✓
Argentina	127 ✓	635 ✓	20.0 ✓
Brazil	254 ✓	562 ✓	45.1 ✓
Colombia	337 ✓	583 ✓	57.8 ✓
Mexico	321 ✓	731 ✓	43.9 ✓
Italy	32 ✓	432 ✓	7.4 ✓
Total	2,478 ✓	6,622 ✓	37.42 ✓

92% of the staff are permanent employees while 8% are temporary.

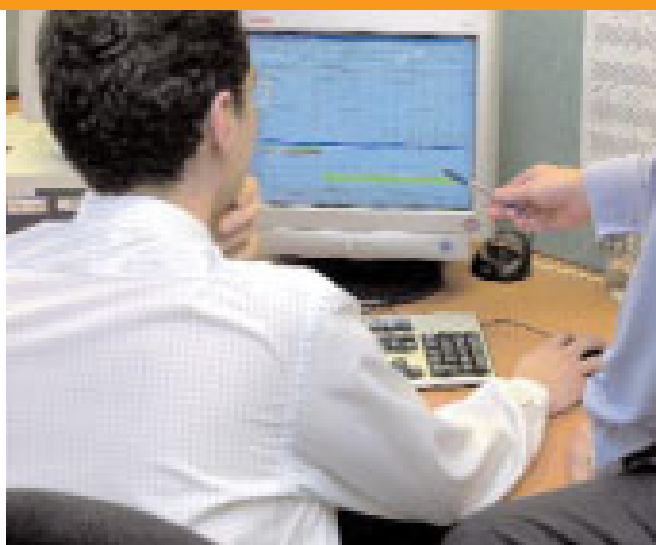
While most of the employees of the Gas Natural Group work in their countries of origin, in 2004 the Group encouraged the interchange of professionals among the different countries where the company operates, particularly with Italy due to the increase in the company's business activities in that country.

Human Resources Strategy

The Human Resources policy of the Gas Natural Group is based on the definition of its Mission, Vision and Values, which expresses the Group's interest in people and in providing a working environment which is respectful of employees and which fosters their professional development.

From this perspective, the Gas Natural Group is constantly striving to achieve a spirit of teamwork and the participation of its employees in a common project designed to achieve three strategic objectives: quality, profitability and growth.

To attain the objectives, the human resources management model used by the Gas Natural Group is based on two fundamental management systems which are: the Objective-Based Management and Performance Evaluation Model and the Competence-Based Management System. These systems facilitate the connection of the Group's professionals with the company's strategic objectives.



Management by Objectives

	Spain	Morocco	Argentina	Brazil	Colombia	Mexico	Italy
Persons incorporated into the MBO and Performance Assessment System 2004	723	29	89	82	100	136	9
% of persons participating in the MBO and Performance Assessment System 2004	20.2	27.10	14.01	14.59	17.03	18.6	2.08

Professional Promotion and Development

	Spain	Morocco	Argentina	Brazil	Colombia	Mexico	Puerto Rico
Promoted persons	102	9	23	74	38	20	10
% of promoted staff	2.85	8.4	3.61	13	6.4	2.7	13.3

Selection and Professional Development

The selection standards used by the Gas Natural Group are based on the identification and evaluation of the candidates' skills, based on the profile required for the positions to be filled. New employees must therefore participate in a selection process prior to entering the Company, which varies according to the specific profile.

To foster professional development within the Gas Natural Group, the Company offers employees procedures such as Professional Development Programs (PDP) for employees covered under the bargaining agreement. These programs require that the participants meet a series of professional requirements and the completion of different evaluation tests which are used to plan the employee's professional development.

For groups not covered under the bargaining agreement, internal promotion and professional development are based on internal selection processes in which the specific professional requirements for each position are defined and different tests and interviews are conducted. These, along with the results of the competence-based evaluation systems and the objective-based management performance evaluation, are used to ascertain the suitability of the different candidates.



Training Data for 2004

	✓ Courses	✓ Attendees	✓ Hours	Training cost (euros)	✓ Staff	✓ Hours/ Employee	Spending per employee (euros)
Spain	1,450 ✓	12,896 ✓	133,690 ✓	1,872,514	3,572 ✓	37.42 ✓	524.22
Morocco	63 ✓	478 ✓	7,159 ✓	41,748	107 ✓	66.91 ✓	390.17
Argentina	232 ✓	1,895 ✓	15,227 ✓	57,250	635 ✓	23.97 ✓	90.15
Brazil	378 ✓	2,857 ✓	26,949 ✓	183,131	562 ✓	47.95 ✓	325.85
Colombia	127 ✓	2,313 ✓	19,796 ✓	145,071	583 ✓	33.95 ✓	248.83
Mexico	307 ✓	3,526 ✓	26,654 ✓	161,206	731 ✓	36.46 ✓	220.52
Puerto Rico	32 ✓	95 ✓	5,704 ✓	5,668	75 ✓	76.05 ✓	75.57
Italy	9 ✓	37 ✓	788 ✓	14,858	432 ✓	1.82 ✓	34.39
Totales	2,598 ✓	24,097 ✓	235,967 ✓	2,481,446	6,697 ✓	35.23 ✓	370.53

Training

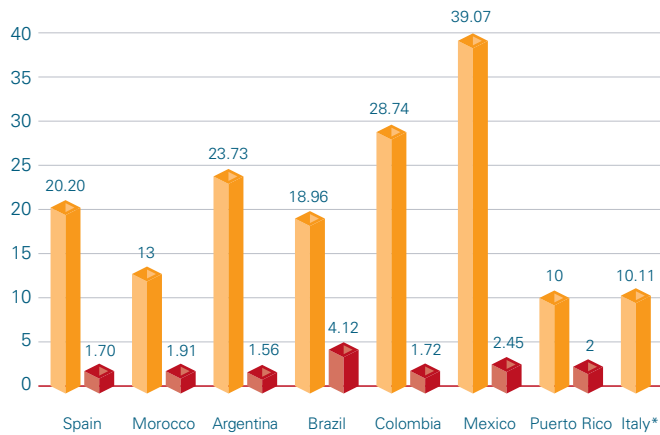
The Gas Natural Group devises an annual Training Plan which includes all types of training programs with specific actions related to the Group's business.

The Training Plan combines different methods, including classroom and distance learning, e-learning systems, outdoor activities and other formulae which respond to the training needs of the different groups of employees who make up the staff of the Gas Natural Group.

In 2004, a total of 2,598 courses were offered and attended by more than 24,000 employees.

The training area with the highest number of participants was management computing, dedicated to the homologation and implementation of management systems in the Group, followed by quality and the environment, safety, management, technical and commercial.

Salary Ranges (2004)



■ Ratio between the highest and lowest salaries paid by the Company
■ Ratio between the minimum interprofessional salary and the lowest salary

* In Italy there is no official minimum guaranteed interprofessional wage.

Knowledge Management

The Gas Natural Group encourages the flow of the information and knowledge generated within the Company among all employees.

To do so, there are different virtual communities on the Group's Intranet which can be accessed by people from different areas with common interests where they can share the different resources they possess.

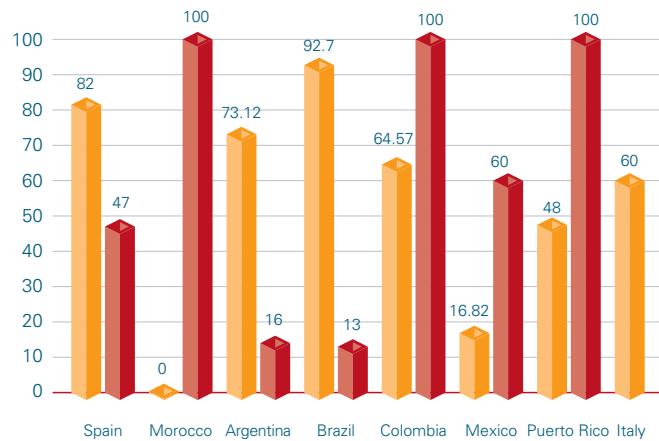
At this time there are communities of this type in the Human Resources and Marketing areas, and communities for the employees of Gas Natural Comercializadora, Gas Natural Informática and for anyone who has participated in the different editions of the Management Development Programs (PDG).

The Group's Intranet also offers an educational tool, On Demand Player, which can be used to generate specific manuals for the use of different software programs used by the Company.

Remuneration Policy

The remuneration policy of the Gas Natural Group for the personnel covered under the different collective bargaining agreements is based on the professional group (technical, commercial, administrative) and the professional subgroup (entry level, general and development) established in the Group's different collective bargaining agreements.

Remuneration Structure

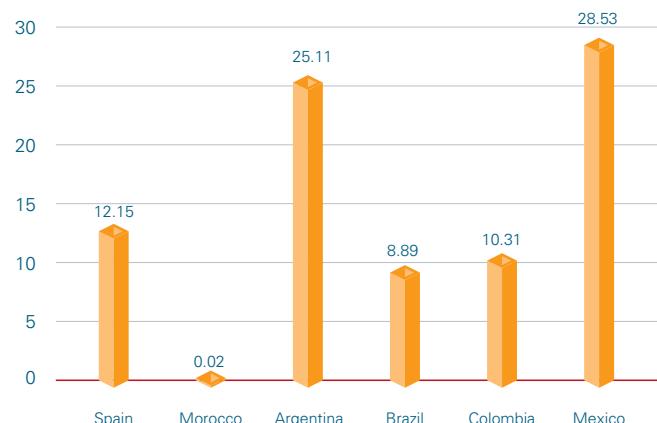


■ % staff included in agreements
■ % staff with some part of fixed remuneration based on objectives

The remuneration of management personnel who are excluded from the bargaining agreement is determined on an individual basis according to the remuneration policy established by the Board of Directors' Appointments and Remuneration Committee.

In Spain, forty-seven percent (47%) of the permanent employees have part of their pay stipulated in terms of certain set objectives in keeping with the Strategy Plan and the Company objectives.

Occupational Accident and Injury Index*



* Number of accidents requiring leave per one thousand workers.

Number of Participants in Occupational Health Campaigns

	Spain	Morocco	Argentina	Brazil	Colombia	Mexico	Italy
Early detection campaigns	5,300	74	981	435	—	75	—
Vaccination campaigns	388	—	—	450	490	435	—
Addiction prevention campaigns	122	—	—	—	—	—	—
Check-ups	2,063	308	662	639	265	800	103
Social Works	3,729	129	3,968	4,311	1,104	1,672	—

Occupational Health and Safety

The Gas Natural Group encourages the adoption of occupational health and safety policies and the preventive measures established in the laws of each one of the countries where it operates in order to minimize the risks of occupational accidents.

It also has occupational safety and risk prevention systems in place which are adapted to the characteristics of the different countries where its companies operate in order to analyze the accidents which do occur and take the measures needed to prevent them.

Throughout 2004, the Gas Natural Group held diverse occupational health programs and campaigns designed to improve the quality of life of its employees. These included campaigns for the early detection of different pathologies (cardiovascular problems, diabetes, etc.), as well as vaccination campaigns (flu and tetanus shots) and prevention of addiction to toxic substances.

Employee health likewise continued to be monitored through more than 4,800 medical check-ups carried out throughout the organization.

Diverse training and information sessions on occupational health and safety were likewise provided. 132 training courses on this topic were held, with a total of 1,264 attendees, and a Safety and First Aid Manual offering practical tips and advice for preventing and avoiding accidents in the workplace was published and issued to all employees in the Spain Group.



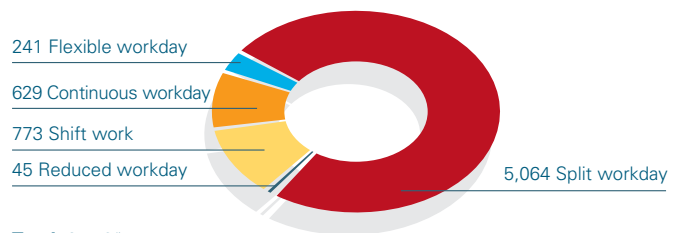
Employee Benefits and Services

In accordance with professional levels and workplace, Gas Natural Group offers their employees a wide range of social benefits, which are available to different groups depending on the country.

Of these benefits available to employees, those affecting the largest percentage of staff in Spain include Pension Plans (87%), Gas discounts (82%), Mortgage credits and Loans (81%). In Mexico, the majority of employees are provided with a Savings Fund (100%), Life Insurance Plan (100%), Store vouchers (100%). In Columbia, benefits provided to the greatest number of employees include Employee and family member Insurance policies, (100%), Mortgage credits and Loans (94%), Health policies (92%). Employees in Argentina are offered collective Life Insurance (66%), Interment insurance (61%). And finally, Brazil offers the majority of their employees Meal vouchers (100%), Mortgage credits and Loans (82%) and Partial reimbursement for transport costs (80.60%).

Additionally, and within flexibility mechanisms established in order to better balance work and family life, 286 employees work on flextime or reduced time schedules.

Breakdown of Staff by Type of Workday



*Data finalized in September 2004.



■ Proportion of Female and Male Staff Members ✓

(December 2004)

	Men	Women
Spain	2,464 ✓	1,108 ✓
Morocco	90 ✓	17 ✓
Argentina	471 ✓	164 ✓
Brazil	406 ✓	156 ✓
Colombia	370 ✓	213 ✓
Mexico	503 ✓	228 ✓
Puerto Rico	59 ✓	16 ✓
Italy	397 ✓	35 ✓
Total	4,760 ✓	1,937 ✓
%	71 ✓	29 ✓

■ Proportion of Women in Management Positions

(December 2004)

	Management positions	Women in management positions	% of women in management positions
España	212	36	17
Marruecos	0	0	0
Argentina	18	5	27.8
Brazil	25	4	16
Colombia	23	9	39.13
México	27	1	3.7
Puerto Rico	1	0	0
Italia	7	0	0
Total	321	55	17.1

■ Equal Opportunities

The Gas Natural Group encourages the professional and personal development of all employees and ensures that equal opportunities are available to them.

In this regard, it rejects any type of discrimination based on age, race, color, sex, religion, political opinion, nationality, cultural or social origin or disability.

Moreover, it encourages women in the workplace, as reflected by the fact that women account for 29% ✓, 17.1% of whom hold management positions.

The company also supports the public policies specifically designed to promote equal opportunities.

To this end, the Gas Natural Group participates in different programs designed to foster equal opportunities in the workplace. For example, the Group is a member of the Femarec Foundation, where it is active in the area of disabilities. It also supports the Spanish National Organization of the Blind (ONCE) and the AFIM Foundation which focuses on the social integration of people with disabilities and the elderly, as well as Tallers de Catalunya, which offers services provided by people with disabilities.



Internal Communication

The internal communication of the Gas Natural Group is understood as a process which is in line with the Company's strategy as it contributes to employee motivation and satisfaction by providing a working environment that is conducive to the attainment of the objectives.

Gas Natural Group has consequently established an Internal Communication Plan with the aim of promoting the transmission of a homogeneous corporate culture and anticipating specific communication measures for the various groups which make up Gas Natural, including executive meetings, functional meetings, informative sessions and the distribution of announcements and informative bulletins.

Furthermore, when special projects are undertaken, specific communication actions are taken in order to inform all employees.

Some of the most commonly used internal communication tools of the Gas Natural Group include the corporate Intranet, NaturalNet, which received more than 916,000 visits in 2004, and the publication Natural, which is distributed quarterly to all Group employees.

Improvements were likewise made to the corporate Intranet in 2004, including enhanced content and consolidated upload and download links through the addition of new communication channels such as Employee Mailbox, Opinion Channel, Thematic Channel, Notice Board and direct access to new projects.

Working Environment Surveys

	% Staff
Morocco	92
Argentina	92
Brazil	93
Colombia	86
Mexico	85

Also in 2004, the Gas Natural Group conducted Employee Satisfaction Surveys in Argentina, Brazil, Colombia, Morocco and Mexico, and Colombia. The object of these surveys was to ascertain how the Group's employees perceive their work and their level of job satisfaction, in order to focus the company's future actions in this regard. Employee participation and involvement in the Employee Satisfaction Surveys has been very high in all of the countries where they have been carried out to date.

Also noteworthy in 2004 was the creation of a Code of Conduct based on the Mission, Vision, Values and Principles of the Group, the objective of which is to serve as a guide for all of the Group's employees.

The Gas Natural Group's Code of Conduct, which is currently in the process of being approved, includes the ten principles of the Worldwide Agreement into which the Gas Natural Group entered in 2002.

Principles of the Global Compact

Human rights

Businesses should:

1. Support and respect the protection of internationally proclaimed human rights, within their sphere of influence.
2. Make sure that they are not accomplices in human rights abuses.

Labour standards

Businesses should uphold:

3. The freedom of association and the effective recognition of the right to collective bargaining.
4. The elimination of all forms of forced and compulsory labor.
5. The effective abolition of child labor.
6. The elimination of discrimination in respect of employment and occupation.

The Environment

Businesses should:

7. Support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and dissemination of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against all forms of corruption, including extortion and bribery.

■ Labor Relations

The Gas Natural Group has signed numerous collective bargaining agreements regulating the labor relations of the staff members covered under these agreements. In Spain there are eleven different collective bargaining agreements which cover 82% of the Spanish staff.

In the other countries where the Gas Natural Group operates, there are also numerous collective bargaining agreements which cover more than 60% of the staff.

Some of the most relevant actions taken in 2004 included the signing of the 2004-2006 collective bargaining agreement for Gas Natural Andalucía, the signing of the 2004-2006 collective bargaining agreement for Gas Natural Cantabria and agreements to reform the regulations of the Pension Plans of Gas Galicia and Gas Natural Coruña.

All Group companies have labor representatives elected directly or indirectly by employees.

■ One of the Best Companies to Work For

In Spain, the Know How Foundation for Management Development, in an annual survey of more than 10,000 university students, identified the Gas Natural Group as the students' third most preferred company for starting their professional careers.

In Brazil, the Association for the Support of People with Disabilities in the West Zone (ADEZO), has acknowledged the work of the subsidiary of the Gas Natural Group in Brazil, CEG, which set up a space for training activities for people with disabilities. This work was also recognized by the Ministry of Labor and the Ministry of Public Affairs.

Human Capital Indicator Table of Group Gas Natural

Competence: professional knowledge, skills and qualities	2004	2003	2002
Number of employees	6,697 ✓	6,150	6,040
Training hours per employee	35.23 ✓	27.2	32.18
Total classroom hours	235,967 ✓	165,168	194,404
Investment in annual training (euros)	2,481,446	2,351,790	2,367,000
Investment in training per person (euros)	370.53	388.4	391.89
Participants	5,870	4,805	—
Attendees	24,097 ✓	18,918	16,670
Number of on line courses offered	620	205	—
Percentage of staff members who use on line training (Spain)* (%)	58	7	—

* The high level of participation in on line courses in Spain in 2004 is due primarily to the implementation of Management Software programs relating to the execution of the Economic, Financial and Purchasing Models.

Capacity to Innovate and Improve	2004	2003	2002
Average employee age	39.9 ✓	40	37.5
Men/women (%)	71/29 ✓	71/29	72/28
Number of managers	321	355	—
Staff with university degrees (%)	37.42 ✓	—	—
Number of suggestions in the Employee Mailbox*	74 ✓	—	—

* The Employee Mailbox was initiated in June 2004.

Conciliation of Work/Family Life	2004	2003	2002
Number of employees with flexible schedules	239	124	—
Number of employees with reduced workdays	45	1	—

Commitment and Motivation	Spain	Morocco	Argentina	Brazil	Colombia	Mexico	Puerto Rico
Promoted persons	102	9	23	74	38	20	10
% of promoted staff	2.85	8.4	3.61	13	6.4	2.7	13.3
Those individuals whose pay is stipulated based on objectives	47	100	16	13	100	60	60
Absentee rate	0.0491	0.0179	0.1	0.18	0.01	2.2	1.10

	Spain	Morocco	Argentina	Brazil	Colombia	Mexico	Italy
Persons incorporated into the MBO and Performance Assessment System 2004 (*)	723	29	89	82	100	136	9
Persons participating in the MBO and Performance Assessment System 2004 (%) (*)	20.2	27.10	14.01	14.59	17.03	18.6	2.08

(*) The MBO system is not currently operative in Puerto Rico.



Shareholders

■ ■ Our Commitment: Sustainable Value and Informative Transparency

The Gas Natural Group works to provide shareholders with growing and sustainable profitability with the maximum informative transparency at all times.

■ ■ Main Data

Number of shareholders	40,000
Dividend in 2004 (in euros)	0.71

■ ■ 2004 Overview

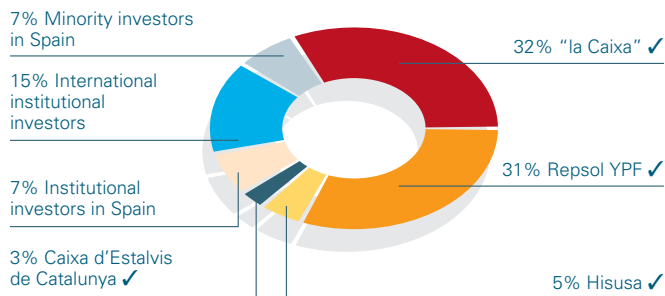
- The Group joins the Dow Jones Sustainability Index (DJSI).
- Two programs of visits to investors at leading financial markets.
- Dividend increase of 18.3% in 2004, as compared to 2003.

■ ■ 2005 Objectives

- To maintain presence on the Dow Jones Sustainability Index and FTSE4Good.
- To continue building profitability and dividends for shareholders.

Shareholder Structure of Gas Natural sdg

(December 2004)



Shareholder Base

The share capital of Gas Natural sdg is represented by 447,776,028 ✓ shares with a par value of one euro each. The shares are traded on the Spanish continuous market with the code name GAS and are part of the Ibex 35 index.

The Company's share capital is distributed among close to 40,000 minority shareholders and more than 300 institutional investors (Spanish and international). The institutional investors in Gas Natural sdg are from 22 different countries, although most of them are located in the United States and the United Kingdom.

Relations with Shareholders and Investors

Gas Natural sdg has an Investor Relations Department whose mission is to provide institutional and minority shareholders with information following standard guidelines and always adhering to the principles of equal treatment and simultaneous dissemination of the information.

The Investor Relations Department, which includes the functions of the Shareholders' Attention Office, deals with shareholders in person and responds to shareholders' requests received through different communication channels (ordinary mail, e-mail, telephone, etc.).

The Investor Relations Department organizes periodic meetings with stock market analysts and with institutional, national and international investors to explain how the Company and its activities are progressing.

In this regard, Gas Natural sdg organizes two programs of visits each year to investors at the market's leading financial centers, in addition to the specific encounters which are considered necessary to inform investors of relevant events concerning the Company's activity.

The Company also organizes an annual presentation for analysts, in addition to any other meetings they may request to update their opinion of the company.

The Company also sends periodic mailings to the analysts and investors who follow Gas Natural sdg on a regular basis to inform them of relevant events as they occur.

Corporate Website

The corporate website of the Gas Natural Group (www.gasnatural.com) includes a section with information prepared especially for shareholders and investors. From here, shareholders and investors can access all of the relevant data on the companies stocks, indexes and the most important management and economic information, in addition to the contents required under the Transparency Act and associated regulations.

From the investor area on the website of the Gas Natural Group, shareholders and investors have access to the latest quarterly results published by the Group and to the Annual Reports and other documents published by the Group.



This space also lists the Company's main economic figures for the last five years and the presentations and reports created exclusively for shareholders and investors.

This section of the corporate website also contains information on all of the issues addressed at the last two General Meeting of Shareholders, the Company's financial calendar and information on the latest stock issues and the Company's rating.

In other sections of the website, shareholders and investors can consult the information relative to Corporate Governance and the main relevant events associated with the Company's business activities.

■ Annual Reports

The Gas Natural Group publishes the following reports periodically:

- Quarterly Operating Results Statement
- Annual Report
- Corporate Responsibility Report
- Corporate Governance Report
- Report on Activities of the Audit and Control Committee

These publications will be available to all who request them through the Department of Investor Relations.

■ Social Responsibility Indexes

In 2004, Gas Natural SDG was added to the prestigious and well known Dow Jones Sustainability Index (DJSI), which includes the world's top-rated companies in terms of their compliance with standards of sustainability and corporate responsibility.

At the same time, the Company continued to form part of the FTSE4Good index after a review of the companies included on this index carried out in September 2004. This index includes close to 900 companies from all over the world that meet a series of requirements in terms of corporate social responsibility, making them eligible for socially responsible investment.



Suppliers

■ Our Commitment: Collaboration and Mutual Loyalty

The Gas Natural Group considers its suppliers and collaborating companies an indispensable element to the attainment of its growth objectives and improved service quality, maintaining with them a relationship of close collaboration and mutual loyalty.

■ Main Data

Annual materials and services procurement volume (given in million-euro figures)	1,050
Providers with whom collaboration agreements exist	6,000 *
Suppliers awarded ISO 9000 certification	131
Providers with ISO 14001 certification	29
Volume of gas supplies (in GWh)	274,700

* Estimate.

■ 2004 Overview

- Implementation of a new Purchasing Model in Spain.
- Commencement of implementation of a new Purchasing Model in Argentina, Italy and Mexico.
- Gas Natural SDG awarded for its participation in the "e+5 Program".

■ 2005 Objectives

- Completion of the implementation of a new Purchasing Model in Argentina, Brazil, Colombia, Mexico and Italy.



■ Purchasing Model

The Gas Natural Group has implemented a new Purchasing Model with the goal of achieving better purchasing conditions for the entire Group and ensuring the global integration of the purchasing function.

The new organization concentrates purchasing management, with the exception of unique purchases, such as gas supply, in centralized units in each country, which in Spain is the Corporate Contracting and Purchasing Department and the Purchasing Department in the Group's subsidiaries.

The new Purchasing Model is operational in Spain at this time and in different stages of implementation in the other countries where the Gas Natural Group does business.

■ Gas Supply

Unlike the other purchases made by the Gas Natural Group, because of the special characteristics and the specific knowledge involved, gas supplies and the contracting of the ships used to transport them are handled directly by the Corporate Procurement Department.

The Gas Natural Group has a diversified portfolio of long term supplies with more than eleven international suppliers.

In 2004 the Gas Natural Group also acquired some short term or spot gas shipments from several of its regular suppliers.

In 2004 the volume of natural gas supplies contracted by the Gas Natural Group was 274,700 GWh.

The Gas Natural Group also has a fleet of nine methane tankers, chartered under medium or long term agreements and operated by different ship-owners.

Due to the peculiar characteristics of the gas business, which frequently involves long term relationships, in the case of both its gas suppliers and the owners of the ships that transport the gas, the Gas Natural Group maintains very close relationships with this type of supplier.

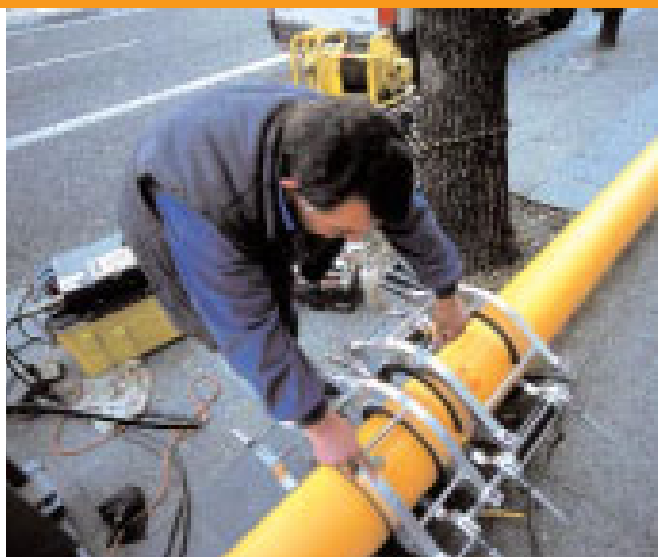
Moreover, the contracts signed with gas suppliers and ship-owners include specific clauses to guarantee compliance with the most stringent international safety, quality and environmental standards.

■ Supplier Selection Mechanisms

All of the mechanisms associated with the purchasing process are included in the Awarding and Contracting General Standards and different purchasing procedures and are revised under those circumstances where it becomes necessary to modify the established procedures (improvements to processes, impact on other functions, etc.).

The Gas Natural Group Purchasing Model is designed to make the purchasing process more efficient by simplifying and automating the process and by focusing more attention on the development of purchases.

In this regard, this Purchasing Model systematizes certain strategic purchasing activities such as the analysis of the purchasing market, the selection and evaluation of suppliers and cost analysis.



Furthermore, this Model fosters the use of framework agreements for repetitive purchases such as material purchases and optimizes the negotiation process for satisfying sporadic requirements such as the awarding of large contracts for the construction of new combined cycle power stations.

■ Collaboration Agreements with Suppliers

The Gas Natural Group maintains very close relationships with the different suppliers with whom it works on a regular basis throughout the entire purchasing process (accreditation, request for proposal, drafting of contracts, order placement and subsequent evaluation and tracking).

Through the units in charge of purchases, meetings are held periodically between suppliers and other business units such as the Corporate Quality Department and the Corporate Technology and Environmental Department to ensure that suppliers are meeting the quality and environmental protection conditions established by the Gas Natural Group.

The Gas Natural Group has other mechanisms for channeling its relationships with the suppliers of goods and services which include: the Supplier Portal, e-Sourcing tools, on line negotiation by auction and e-Procurement.

It also has a portal devoted specifically to installers for the provision of energy-related services to installation professionals and businesses. In 2004, this Portal saw the number of registered users increase by 28% over the year before, with a 75% increase in the number of pages served.

The Gas Natural Group also requires that its suppliers in Spain comply with the Occupational Risk Prevention Act and the Occupational Health and Safety Plan when performing any work or services affected by these regulations.

Likewise and in compliance with the Data Protection Act, the Gas Natural Group informs its suppliers that they will be included in an automated file maintained by the Company in connection with its contractual relationships and that they have the right to access, rectify, cancel or oppose that data by contacting the company in the manner stipulated by law.

■ "e+5 Program"

In 2004 Gas Natural SDG received the 7th Garrigues-Expansión Environmental Award in the "Sustainable Environmental Management" category for its participation in the "e+5 Program", promoted by the Entorno Foundation for the environmental rating of the suppliers and contractors of large companies.

The reason behind the participation of Gas Natural SDG on this project is to encourage its suppliers and contractors to obtain ISO 14001 Environmental Certifications. To this end, the company collaborates with them, helping them, technically and economically, to implement their Environmental Management systems.

In 2004, the suppliers who obtained ISO 14001 certification with the help of Gas Natural SDG included Cyma Grupo, GR4, Masa, Aux. Pipelines, Inforeim and Maessa.



Society

■ Our Commitment: Integrity and Responsibility

The commitment of the Gas Natural Group to society is based on conducting itself responsibly in all of its business dealing and in developing the appropriate relationship with each one of its interest groups or stakeholders.

■ Main Data

Total contribution to sponsorships and social programs (millions of euros)	13.27
Number of social responsibility projects undertaken	206

■ 2004 Overview

- Participation of more than 68,500 schoolchildren in the Group's pedagogical programs.
- Participation in the Xacobeo 2004 celebration with the collaboration of the Group's employees.
- Continuation of the "First Exportation Program" in Argentina.
- Sponsorship of 16 concerts in seven different Spanish cities, attended by more than 26,000 people.
- Collaboration with associations and NGOs such as the Red Cross, Children's Villages, Femarec, Tallers de Catalunya or the Emigration Foundation.

■ 2005 Objectives

- Increase social action projects by 3%.
- Participation in the events scheduled to celebrate the 400-year anniversary of the publication of "El Quijote".

■ Lines of Action

The Gas Natural Group is fully committed to social collaboration which goes beyond its business activities and takes the form of a wide spectrum of sponsorships and social action projects.

The policy for the assignment of resources to social and cultural projects focuses on those which generate the greatest value for society and reinforce the commitment of the Gas Natural Group toward positive integration in the environment where it operates.

In this regard, the Group is placing increasing emphasis on the social projects sponsored by associations and foundations, particularly those related to children's education, help for the homeless and the elderly, and collaboration with initiatives which focus on helping disabled people to enter the workplace.

The investment to finance cultural and social action projects during 2004 was 13.27 million euros, 12.75 ✓ million euros of which were allocated to programs in Spain and the rest to initiatives in the different Latin American countries where the Gas Natural Group operates.

The sponsorship actions carried out by the Group in Spain and Latin America in 2004 were focused for the most part on activities related to classical music, plastic arts and publications.

One of the highlights was the collaboration of the Gas Natural Group in the organization of 16 concerts offered in seven different cities with more than 26,000 attendees.

The Group paid special attention to the development of pedagogical programs for schoolchildren geared toward familiarizing them with saving energy and protecting the environment. In Spain, more than 68,500 students participated in these programs.

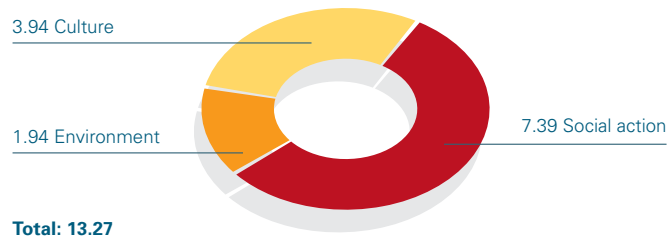
In the international arena, the program entitled "Natural Gas in School" was offered in Argentina and Colombia and work continued on the "First Exportation Program" in Argentina. Since its implementation in 2001, this program has provided advice to more than 10,000 small and medium Argentine companies in different sectors to boost their exporting capacity.

This program, which has received numerous awards during its lifetime, was presented to the UN in collaboration with the prestigious ESADE Business School as a case study of the application of the principals of the Global Compact.

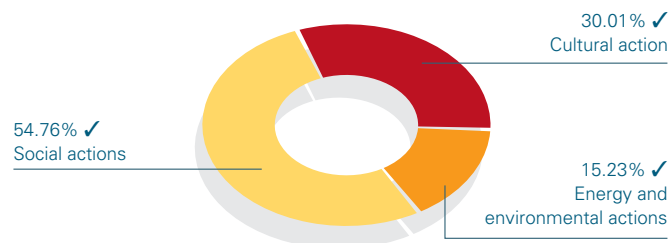
The Gas Natural Group has started to develop diverse volunteer program initiatives. Along these lines, the donations of the employees of Gas Natural who participated in the Road to Santiago pilgrimage were matched 100% by the company and donated to the non-profit organization Children's Villages.

■ Contribution by Action Type

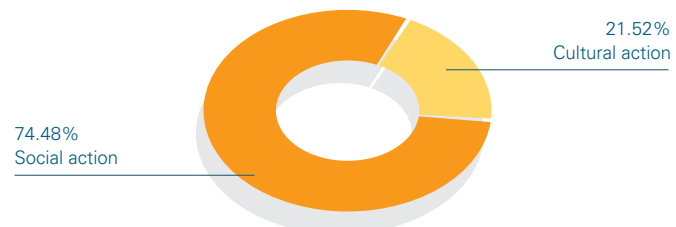
(in millions of euros)



■ Contribution in Spain by Type of Action ✓



■ Contribution in Latin America by Type of Action





Volunteer programs were also sponsored in Argentina with the collaboration of the employees of Gas Natural BAN to promote the development of skills among young, unemployed, at risk individuals, in collaboration with the Almaguer Neighborhood Community Dining room and with different institutions in the sphere of influence of Gas Natural BAN.

In Brazil, the main actions of the Group focused on occupational training for disadvantaged groups. The projects entitled "Swimming for Everyone," which teaches children in the poorest communities of the state of Rio de Janeiro to swim, and the program entitled "Minor Apprentices", in collaboration with the Institute for the Education of the Deaf, are examples of these actions.

One of the most noteworthy activities sponsored by the Gas Natural Group in Colombia in 2004 was the signing of an agreement with the authorities of Bogotá to support the cultural initiatives at the Jorge Eliécer Gaitán Municipal Theater, the Bogotá Modern Art Museum, the Botero Museum and the Casa de la Moneda.

The Group also collaborated on the program entitled "Dividend for Colombia" which grants scholarships to at risk children and young people who are no longer in the formal education system due to the economic crisis or displaced as a result of violence.

In Mexico, the most relevant social action in 2004 was its collaboration at the Fourth Book Fair in El Zócalo: "The City: An Open Book".

Gas Natural Foundation

In 2004 the Natural Gas Foundation entered a new phase with the objective of extending its activities to new areas such as installer training and the preservation of the historical heritage of the gas industry, without setting aside its specialization in environmental awareness issues.

In this regard, the Foundation maintained its working philosophy based on the organization of seminars, sponsorship and publishing activities, as well as extending its presence in the different Spanish autonomous communities where the Group operates. Also in 2004 it continued to carry out actions in Argentina, Colombia and Morocco and to develop new approaches in Mexico.

Courses and Seminars

During 2004, the Foundation organized thirteen seminars in eight different autonomous communities which represents an increase over the year before. All of the events were conducted with the collaboration of central, regional and local government officials in addition to domestic and international experts from the higher education and business worlds.

These seminars, held in different Spanish cities, addressed issues such as sustainable construction, energy saving and making urban development and the environment compatible. Madrid, Barcelona, Seville and Pamplona were the venues of interesting debates of these issues. The presentations of the speakers at these seminars were published on the Foundation's website.



Furthermore, in collaboration with the Ministry of the Environment and the Spanish Federation of Municipalities and Provinces (FEMP), the Foundation organized the Fourth International Seminar on Climatic Changes in Madrid entitled "Climatic Change: the Moment of Truth" which addressed the measures to be adopted by regional governments to prevent climatic changes.

Publications

The Gas Natural Foundation continued its efforts in the area of environmental publications in 2004 with the publication of two pedagogical documents on the use of natural gas and hydrogen as a fuel for the automotive industry. It also promoted the publication and distribution of two books on transportation and the legal protection of the environment as part of the collection entitled "Technical Guides to Energy and the Environment".

In order to foster environmental education, the Gas Natural Foundation published several fact sheets with recommendations on environmental protection which were distributed to the Group's customers along with their bills. Along these lines, the Group distributed among cities with more than 2,000 inhabitants a CD ROM published by the Foundation on environmental legislation and jurisprudence and provided free access to the specialized Internet gateway 'Ambientum.'

Collaboration Agreements

Throughout 2004, collaboration agreements were signed with different organizations and public bodies, in addition to those already existing in diverse Autonomous Communities.

Thanks to the agreement signed with the Junta de Castilla y León, work commenced on signposting for the Picos de Europa Regional Park (León).

Agreements were also signed with the Communities of Navarra and La Rioja to develop energy saving and environmental protection policies and programs. The sponsorship of the itinerant exhibit entitled "Live City", organized by the Community of Madrid and the Foundation for Environmental Research and Development, was extended.

The Foundation also signed different research agreements and collaborated actively in the summer course entitled "Alternative Fuels" organized by the University of Burgos. It also participated in the seminars organized by Centre de Referència en Materials Avançats per a l'Energia (CeRMAE) entitled "New Materials for the Energy of the Future".

International Activities

Throughout 2004, the Natural Gas Foundation sponsored numerous activities intended to raise the awareness and involve society in environmental protection within the context of the countries where the Group operates.

In Argentina there were numerous initiatives of this kind, such as the sponsorship of the "First Exportation Program" which provides Argentine SMEs with advisory services, or the collaboration of the Foundation with the Argentine Business Council for Sustainable Development, where the country's leading companies are represented.



The volunteer program sponsored by the Foundation continued, as did the collaboration between Gas Natural BAN and the Latin American Environmental Science Forum in support of the "Post-graduate Program".

In Colombia, the Foundation continued its pedagogical work through the program entitled "Little Scientists", the objective of which is to reinforce the learning of scientific concepts and attitudes among primary schoolchildren through innovative educational methods.

In Mexico, the Foundation and Gas Natural México implemented a project to improve relations with collaborating companies to improve the company's image and position.

In Morocco, the Foundation continued to support the activities of the Autistic Children's Education Center, "Institut Lalla Maryem pour enfants autistes à Tanger" and organized by the "National Autism Seminar" in honor of the International Day of Disabled Persons.

■ Dialogue with Public Administrations

The Gas Natural Group maintains close contacts with the different local and national authorities in the countries where it operates.

Spain

The most relevant administrations in terms of the activities of the Gas Natural Group and the ones with whom the different areas of the Company maintain the closest relationships are the Ministry of Industry, the Ministry of the Environment, the National Energy Commission (CNE), the National Stock Market Commission (CNMV) and the governments of the different autonomous communities, particularly through their Departments of Industry and the Environment. The Group is also in touch regularly with the city councils in the municipalities where its companies are located.

Morocco

The Gas Natural Group works with different Moroccan administrations and agencies on a regular basis. Particularly noteworthy is its collaboration with the Ministry of Energy and Mines, the National Electricity Office (ONE), the Customs and Excise Tax Department and diverse provincial administrations intersected by the Moroccan section of the Maghreb-European gas pipeline.

Argentina

Gas Natural BAN maintains close relations with different national authorities, including the National Gas Regulation Authority (Enargas) and the Secretary of Energy (SE), as well as the Federal Public Revenue Administration (AFIP), the National Securities Commission (CNV) and the Justice General Inspector's Office (IGJ). It is also in contact on an ongoing basis with the municipal authorities in the cities and towns where the Company supplies gas.

Brazil

The companies of the Gas Natural Group in Brazil, CEG, CEG Rio and Gas Natural SPS, maintain relations at the federal level with the Ministry of Mines and Energy and with the company Petrobras. At the state level, they deal with the Secretary of Energy and the Regulatory Authority (CSPE in São Paulo and ASEP-RJ in Rio de Janeiro).

Colombia

The main administrative authorities in Colombia with whom Gas Natural ESP maintains relations include the Congress of the Republic and the Council of Bogotá, as well as the town councils in the municipalities where the Company operates.



Mexico

The Gas Natural Group, through its companies in Mexico, maintains ongoing relations with the country's authorities, including municipal authorities, delegations, governors and secretariats, and occasionally with members of parliament, senators, and aldermen.

Puerto Rico

The Gas Natural Group maintains periodic contacts with different administrations in this country as well as with the Electric Energy Authority, the Department of Natural Resources, the Environmental Quality Council, the Port Authority and the Labor Department.

Italy

Despite the short time it has been operating in this country, the Gas Natural Group also maintains close relations with the state authorities responsible for the industrial and environmental areas and with the regional authorities in the areas where the Company operates.

■ Collaboration with Associations

The Gas Natural Group also participates actively in different sectorial and business organizations in each one of the countries where it does business.

Spain

In Spain, the main associations and organization where the Gas Natural Group is represented include: the Spanish Confederation of Business Organizations (CEOE), chambers of commerce, the Spanish Energy Club, Sedigas, and the Spanish Institute of Financial Analysts, among others.

The Gas Natural Group is represented in different international associations such as Eurogas, the European Gas Industry Technical Association (Marcogaz), International Gas Union, The Conference Board and the Internal Chamber of Commerce, among others.

The Natural Gas Group is also a member of the Corporate Reputation Forum which analyzes and disseminates corporate reputation trends, tools and models in business management.

Argentina

Gas Natural BAN is represented in the country's leading associations. The list of business associations in which the company participates includes more than 15 national and international associations.

Brazil

CEG, CEG Rio and Gas Natural SPS are represented in Brazil's leading sectorial associations: Brazilian Association of Piped Gas Distributors (ABEGAS), Brazilian Business Communication Association (ABERJE), Brazilian Technical Standards Association (ABNT); Brazilian Accident Prevention Association (ABPA), Rio de Janeiro Commercial Association, American Chamber of Commerce, Engineering Club, Rio de Janeiro Industrial Federation, Brazilian Oil Institute and SENAI.

Colombia

Gas Natural ESP is also active in Colombian associations, where it is represented in the National Businessmen's Association of Colombia (ANDI), Naturgas, Colombian Chamber of Construction (Camacol) and the Colombian Association of Human Management (Acrip).



FTSE4Good

Mexico

Gas Natural México is a member of different sectorial associations in the country such as the Mexican Natural Gas Association (AMGN), the Mexican Business Confederation (Compamex), the National Transformation Industry Chamber (Canacintra) and the Nuevo León Transformation Industry Chamber (Caintra).

Puerto Rico

EcoEléctrica belongs to different national associations such as the Puerto Rico, Ponce and Southern Puerto Rico Chambers of Commerce, the Industrialists Association, the International Businessmen's and Businesswomen's Alliance and the Engineers Association. It is also a member of different international associations including the International Liquefied Natural Gas Alliance, la Society of International Gas Tanker & Terminal Operations Ltd and the Caribbean Electric Utilities Service Corporation.

Participation in workshops and seminars

The executives of the Gas Natural Group participate very actively in different forums related to energy, the environment and sustainable development. In this regard, in 2004 representatives of the Gas Natural Group attended more than 40 workshops and seminars in Spain and also participated in numerous forums in other countries where the companies of the Group are located.

Awards and Acknowledgements

The Gas Natural Group received a number of awards and acknowledgements in 2004 in connection with its activities. They are listed below:

- The Gas Natural Group joined the Dow Jones Sustainability Index (DJSI) which includes the world's most highly rated companies in terms of compliance with sustainability and corporate responsibility criteria.
- The Gas Natural Group maintained its presence on the FTSE4Good following a review of the companies included on this index in September 2004. This index groups together close to 900 companies from around the world which meet a series of corporate social responsibility requirements.
- Award from the Chamber of Commerce, Industry and Navigation of Barcelona for the Group's 2003 annual reports.
- Acknowledgement of the project entitled "Energy's Path" sponsored by the Gas Natural Group at the 14th edition of the Energy Excellence Awards sponsored by the Generalitat de Catalunya.
- 2004 Informational Transparency Award granted by the economic weekly "El Nuevo Lunes".
- Award granted by the Catalanian Association of Accounting and Management (ACCID) for good financial information practices.
- Garrigues-Expansión Environmental Management award for the Group's participation in the "e+5 Program" sponsored by the Fundación Entorno.
- Accreditation by the Global Reporting Initiative (GRI) for the Corporate Responsibility Report for fiscal year 2003.
- The Gas Natural Group obtains fourteenth place in the MERCO 2004 Reputation Report out of a total of 100 companies and second place in the hydrocarbons sector.
- The Gas Natural Group occupied eighth place in the corporate responsibility ranking of Ibex35 companies published by the magazine "Actualidad Económica".
- The Gas Natural Group took third place in a survey of more than 10,000 university students who were asked with which company they would like to begin their professional careers. The survey was conducted by the Know How Foundation for Management Development.
- The Spanish Chamber of Commerce in Italy chose the Gas Natural Group as the "Best Spanish Company in Italy in 2004".



■ The Environment.



The Environment

■ Our Commitment: To Care for the Environment

Environmental preservation is one of the main objectives of the Gas Natural Group. All of its activities are carried out in accordance with its environmental management policy in such a way as to contribute positively to the preservation of the environment.

■ Main Data Table (Spain)

Environmental spending (millions of euros)	34.3 ✓
Energy usage (company facilities) (GJ)	59,704 ✓
Waste management (company facilities) (t)	355 ✓
CH ₄ Emissions (million tons CO ₂ eq)	0.663 ✓
CO ₂ emissions (million tons)	2.054 ✓
Energy consumption (Process) (TJ)	40,099 ✓

■ 2004 Overview

- 46 Environmental Impact Studies conducted.
- Installation of an energy consumption register and control system in Gas Natural Group workplaces.
- Installation of a distributed electricity generation system with an overall efficiency rate of 70% using a gas microturbine at the building in Montigalà, Badalona (Barcelona).

■ 2005 Objectives

- Construction of a 9 MW cogeneration plant and a distributed power generation plant to supply energy to the future headquarters of Gas Natural in Barcelona and the surrounding environment.
- Installation of a modern fuel battery in the building on Avenida de América in Madrid.

Both projects will have an overall output level of primary energy of close to 80%.

Environmental Management Policy of the Gas Natural Group

The protection of the environment and of the surroundings is one of the priorities of the Gas Natural Group. Consequently, its activities are carried out in such a way as to have a positive impact on the environmental performance associated with its processes, installations and service, paying special attention to the protection of the environment, both of their customers and of the general public.

The Gas Natural Group therefore declares and assumes the following environmental commitments:

- **To improve environmental impact** by making a continuous effort to identify, characterize and improve the environmental impact derived from our activities, installations, processes and services and endeavoring to use them efficiently.
- **To prevent contamination and evaluate potential risks**, by applying the basic principles of contamination prevention when planning and evaluating decisions on projects.
- **To collaborate with the public authorities**, offering support to public and private administrations and organizations in order to identify solutions for the environmental problems generated by our activities.
- **To incorporate environmental criteria into business management**, by incorporating environmental criteria into the business processes of the Gas Natural Group.
- **To establish environmental criteria in relation to suppliers**, by transmitting the suppliers that work with the companies of the Gas Natural Group the applicable environmental procedures and requirements and enforcing them.
- **Environmental communication and information**, by facilitating transparent internal and external communications on environmental matters, publicly reporting on the objectives achieved and the work in progress regarding environmental aspects.
- **Environmental training**. Encouraging the environmental training of the people involved in managing and operating the facilities of the Gas Natural Group.
- **Energy efficiency**. Designing and applying solutions that improve energy efficiency in the processes carried out by Gas Natural and in the installations it uses.
- **Continuous improvement**. Striving toward continuous improvement by systematically and periodically evaluating the Environmental Management Systems of each one of the companies of the Gas Natural Group, using environmental audits as a basic tool.



■ Main Actions

The environmental information for the Gas Natural Group for fiscal year 2004 is grouped into two main categories: Spain and International.

This year, new indicators have been included and the way in which the results are presented has been improved in comparison to prior years in order to abide more strictly by the guidelines established in the Global Reporting Initiative (GRI), thus making certain indicators incomparable with those of previous years.

For Spain, this reporting includes the environmental aspects associated with its work centers, processes, activities and service in accordance with the Environmental Management System implemented in distribution companies pursuant to standard UNE-EN-ISO 14001. Both the combined cycle power stations in commercial operation in 2004 and the cogeneration plants managed by the Gas Natural Group were taken into consideration.

For the international business, the reporting includes the most significant activities associated with processes that have implications for or effects on the environment: The countries included in the international section are: Italy, Morocco, Argentina, Brazil, Colombia, Mexico and Puerto Rico. International information excludes Italy, however, due to its particularly recent incorporation into the Gas Natural Group. Data for Puerto Rico has not been included in the section on environmental investment and expenses, as Gas Natural Group is not a majority shareholder.

■ The Scope of Environmental Management

The Environmental Management of the Gas Natural Group, which is UNE-EN-ISO 14001 certified, applies to once gas distribution companies in Spain and to Metragaz, GNG's gas transport company in Morocco. Gas Natural México became certified in April of 2004. These companies are:

- Gas Natural Cantabria
- Gas Natural Cegas
- Gas Natural Castilla y León
- Gas Navarra
- Gas Natural Rioja
- Gas Natural SDG
- Gas Galicia
- Gas Natural Coruña
- Gas Natural Castilla-La Mancha
- Gas Natural Murcia
- Gas Natural Andalucía
- Metragaz (Morocco)
- Gas Natural México



Level of Compliance with Objectives 2004

Spain

Corporate departments associated with ISO certification.

Internal Resources and Documentation

- To redefine and improve how the consumption of natural resources at the Group's facilities is identified.
- Level of compliance: 100%.

Customer Service

- To reduce the use of paper by issuing e-mail invoices to residential customers. As at December 31, 2004 1% of the customers had joined the "no paper bill" system.
- Level of compliance: 35%.

Procurement and Purchasing

- To define and implement an inspection point plan (IPP) for the warehouse logistics process.
- Level of compliance: 100% (Inspection Point Plans have been broken down into Quality and Environmental since the month of September. Since that time, no environmental defects have been detected.)

Engineering

- To reduce the claims associated with incorrect replacement/erosion by 10% in order to minimize the impact on landscapes.
- Level of compliance: 100%. Thanks to the efforts of on-site personnel and to the fact that there were fewer projects of this kind than expected, the values were much

higher than proposes, with only three claims received, well below the target figure of 10.

Technology and the Environment

- To foster the actions needed to convert 20 gasoline-powered vehicles belonging to the internal fleet to natural gas-powered vehicles.
- Level of compliance:
 - The location for the fleet has been chosen, the project fully drawn up and all administrative procedures completed. The construction of the loading station has been delayed due to difficulties in obtaining the building permit, owing to the particular features of the facility. 75% of civil works have been completed, as well as 50% of mechanical works (stockpile of materials and workshop assembly). Construction is expected to be finished by the end of February 2005.
 - The first vehicle in the fleet was converted from gasoline to natural gas in October.

Distribution

- An increase in the degree of employee communication and awareness in the Assets Management department through the use of a new medium for the circulation of environmental objectives which increases familiarity with the system.
- Level of compliance: 70%
- To stop using, before December 31, 2004, lead seals in the distributors that currently use them (excluding distributors in Andalucía, Castilla-La Mancha, La Coruña, Galicia and Madrid, which do not use lead seals).



- Determine the initial status of the use of lead seals in Technical Customer Assistance (TCA) operations.
- To seek alternatives to lead seals.
- To define and implement a plan for the replacement of lead seals in operations where they are used.
- Level of compliance: 100%.

Expansion

- To reduce the environmental impact by replacing the lead seals in meters with other materials so that by December 2004 there are no operations using lead seals and to reach 30% of placement in service of installations with the new seals in the year accrued.
- Level of compliance: 100%

International

Morocco

- Reduction of atmospheric emissions
 - To eliminate the use of R22 at Metragaz headquarters.
 - Level of compliance: 100%.
 - To eliminate the flues from the tank sealing systems at the compression station in Tangiers.
 - Level of compliance: 100%.
- To improve the communication, awareness and motivation of personnel in connection with the Environmental Management System.
- Level of compliance: 100%.
- To reduce the use of chemical products (THT and paint)
 - THG reduction plan.
 - Level of compliance: 100% Study performed to propose substitutes for THT.
 - Tangiers: To reduce the use of paint was reduced by 5% over 2003.
 - Level of compliance: 50%.
- Overall reduction of wastes
 - 2% reduction of plastic waste.
 - Level of compliance: 12%.

- Intermediate centers: 5% reduction of impregnated cloths compared to 2003.

Level of compliance: 5%.

- 5% reduction of used batteries compared to 2003

Level of compliance: 5%.

- 3% reduction of fluorescents compared to 2003

Level of compliance: 11%.

- Reduction in the use of natural resources

- Reduction of water usage.

Level of compliance: 30%.

- Reduction of gas oil usage at the Ain Beni Mathar facility.

Level of compliance: the objective was not met. Rather, there was a 20% increase, due primarily to water consumption since the generator of the well runs on diesel fuel.

- Reduction of paper usage.

Level of compliance: Paper usage was reduced by 50%.

Brazil

- 13.8% reduction of manufactured gas emissions over 2003

- Level of compliance: 100%.

- 13.8% reduction of water usage over 2003.

- Level of compliance: 100%.

- Soil restoration (Removal oil from the subsoil in the northeastern part of the gas factory).

- Level of compliance: 100%.

- Carry out environmental studies and risk analyses. (EIS/RIMA).

- Level of compliance: 60%.

Colombia

- Coordination of the Environmental Management System in the construction activities of Gas Natural, with the adaptation and standardization of the procedures and standards required for the Group.

- Level of compliance: 97%.

- Structuring, formulation and national approval of the "Clean Development Mechanism" (CDM) Project.

- Level of compliance: 100%.

Mexico

- Legalization of activities:

- Obtain closure on the government's environmental proceedings.

Level of compliance: 50%.

- Determine the hazardous waste generated in the construction and maintenance of the distribution network and auxiliary installations.

Level of compliance: 100%.

- SIGMA implementation and certification.

- Obtain SIGMA certification.

Level of compliance: 100%.

- Environmental improvement.

- Elimination of environmental liabilities.

Level of compliance: 75%.

- Decrease gas emissions due to pipe leaks.

Level of compliance: 80%.

- Reduce the number of non-conformities due to the visual impact (work site) on network construction and maintenance sites.

Level of compliance: 100%.

- Draft an appropriate plan for treating the waste generated at job centers.

Level of compliance: 30%.

- Reduce the noise generated during construction and maintenance work on the distribution network and auxiliary installations.

Level of compliance: 30%.

Environmental Enhancement Proposals for 2005

Spain

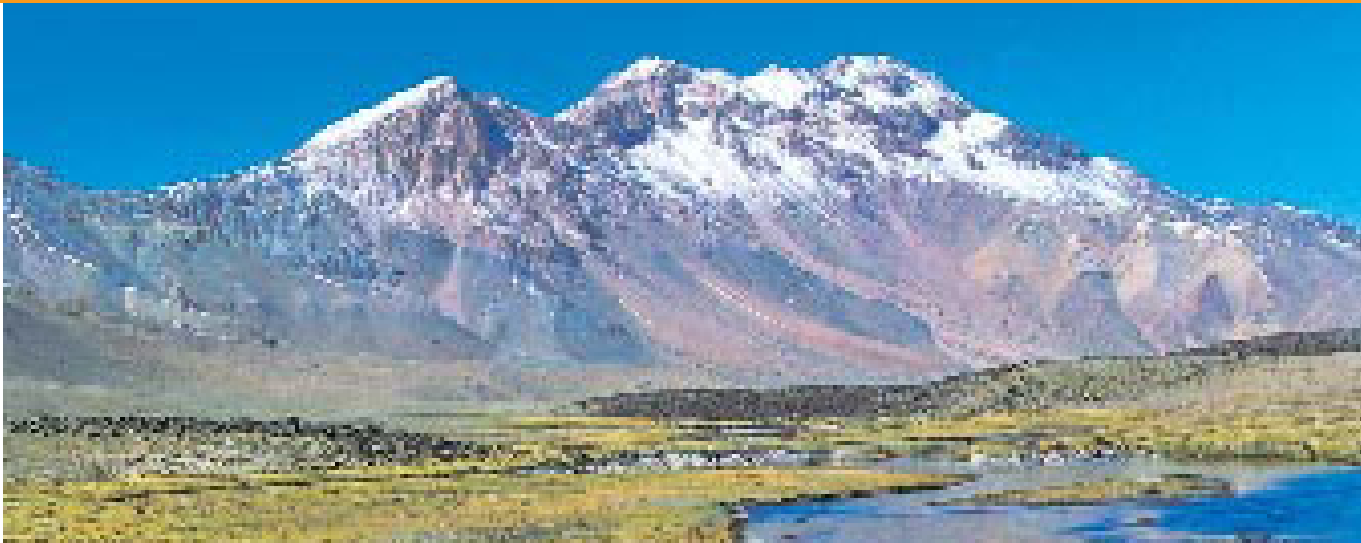
Corporate Departments associated with ISO Certification.

Customer Service

- Reduce the use of paper for invoices and envelopes by convincing 2% of customers to receive their bills by e-mail by December 31, 2005.
- Design a mechanism to offer customers within the regulated market the option of receiving their invoice by e-mail.

Procurement and Purchasing

- Encourage the implementation of a management program for waste generated from obsolete counters and out of date chemicals at the warehouses of the logistics operator providing services to Gas Natural.
- To define and implement the procedure for disposing of old meters produced by other units of the Gas Natural Group.
- To define and implement a procedure for controlling the return of expired products for leak repair from MPA and BP networks in the warehouse stock.



Distribution

- Introduce a liquified petroleum gas (LPG) plant dismantling procedure, while at the same time improving and managing the dismantling operation.
- To incorporate a management staff for each plant, indicating the dates on which each one of the dismantling phases is to take place.

International

Brazil

- 10% reduction of manufactured gas emissions compared to 2004.
- 10% reduction of water consumption compared to 2004.
- Remove 1,200 liters of oil from the subsoil in the northeastern part of the Gas Factory.
- Convert 88,500 customers from manufactured gas to natural gas.
- Formulate an MDL project to reduce emissions by distribution networks.
- Carry out environmental studies and risk analyses of the distribution branch in Cachoeiro de Macacu/Freiburg.

Colombia

- MDL Projects: validation of the "Sombrilla Project" by the Operational Entity and monitoring of commitments. Formulation of MDL project for Ladrillera (movement of coal) and evaluation of the viability of other projects.
- Awareness and skill-building on safety and environmental issues among distribution management.

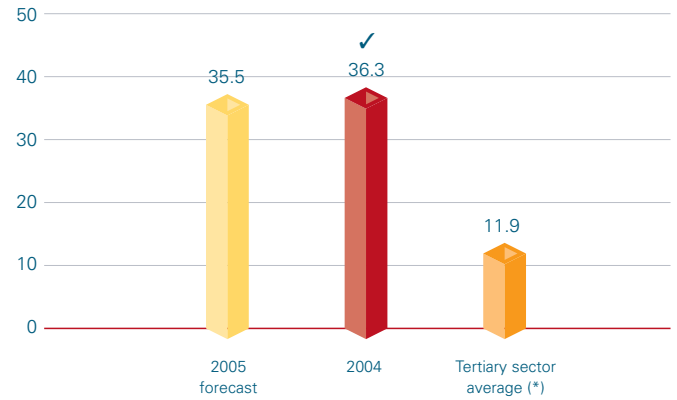
- Viability of the Environmental Management System under RUC parameters (hydrocarbons sector).
- Total implementation of the "Integral Environmental Management Assessment System (SIEGA)" for the management of the Corporate Environmental Indicators and Monitoring Reports based on the data logging improvement-related commitments for 2005.
- Evaluation of operational control of steelwork, evaluated by project, and closure of non-conformities.

Mexico

- Obtain the PROFEPA environmental compliance certificate.
- Formulation of an MDL project to foster the replacement of fossil fuels (coal and diesel fuel) with natural gas through the use of cogeneration solutions.

Gas Consumption kWh/m² (Spain)

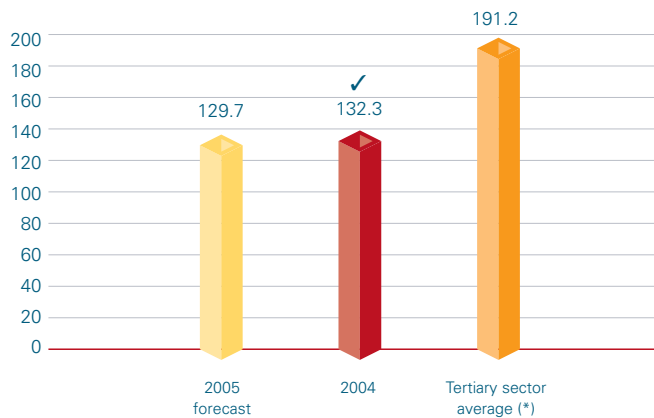
(Graph 1)



(*) Barcelona 2002 Energy Efficiency Plan.
Barcelona City Council

Electricity Consumption kWh/m² (Spain)

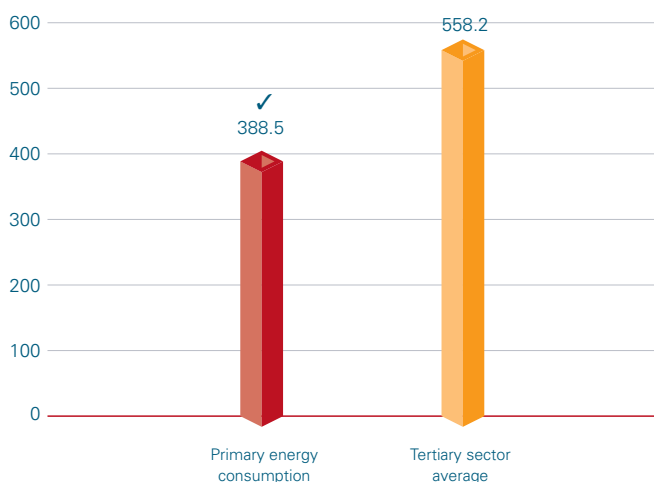
(Graph 2)



(*) Barcelona 2002 Energy Efficiency Plan.
Barcelona City Council

Primary Energy Consumption kWh/m² (Spain)

(Graph 3)

**Energy Consumption****Energy Consumption at Work Centers**

Energy consumption at Gas Natural Group work centers in Spain in 2004 (67% of total work centers) was 12,844 GJ ✓ of natural gas and 46,860 GJ ✓ of electricity, equivalent to 36.3 kWh/m² and 132.3 kWh/m² ✓ respectively (graphs 1 and 2) .

The forecast for 2005 calls for a 2% reduction of energy consumption.

The data for the Tertiary Sector relative to new office space, depending on the final energy source used, sets consumption levels of 11.9 kWh/m² and 191.2 kWh/m² for gas and electricity, respectively.

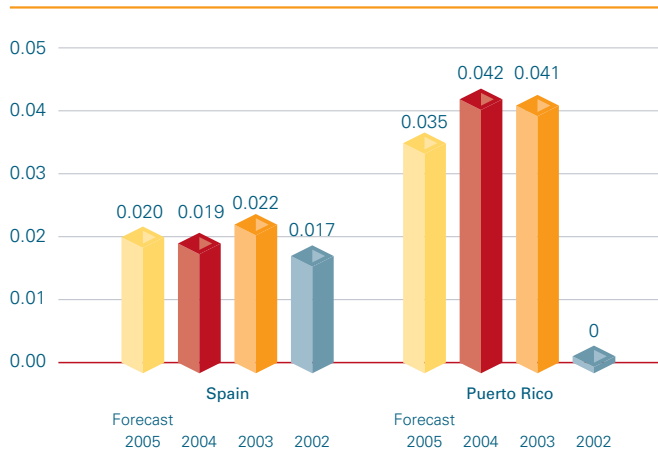
Obviously, given the core activity of our company there are strong arguments for solutions that use natural gas (cold-generating equipment operated by gas and cogeneration) as opposed to electric solutions (heat pumps, for example).

By integrating both graphs and taking into account a final power efficiency at the point of consumption of 35%, we obtain the consumption shown in graph 3.

We can therefore conclude that in terms of energy consumption, Gas Natural Group buildings are far more efficient than the average new tertiary building, even taking into account that some GNG buildings are quite old.

Self-consumed GJes/GJes generated

(Graph 4)



The Energy Mirror

One of the objectives of the Environmental Management System of the Gas Natural Group is to reduce energy and water consumption at the Group's facilities. To facilitate tracking and to enable everyone to contribute natural resource savings, a group of panels known as "Energy Mirrors" have been installed at the Group's headquarters in Madrid and some buildings in Barcelona. These panels show the historical and current energy usage values. The building users can track the evolution and compare these values with the target values, while energy managers can make energy-related improvements accordingly.

Other Group buildings are equipped with telemeasurement systems to manage and control energy usage.

High Energy Efficiency Systems

In addition to encouraging the incorporation of new high-efficiency, low-emission technology among its customers, the Gas Natural Group is working on different projects involving distributed power generation, particularly for newly designed areas.

In keeping with this criterion, the Gas Natural Group applies the same concepts to its own facilities. Proof of this can be found in the installation of a gas microturbine at the building in Montigalà, Badalona (Barcelona). This distributed electricity-generating facility produces enough electricity and thermal power to cover the buildings own needs and also heats a nearby public school, thus boosting the overall energy efficiency. The primary energy saving is expected to be 349.9 MWh/year with a reduction of greenhouse effect gas emissions of 66 t CO₂/year.

In addition, the plans for a 9 MW power plant next to the future headquarters of the Gas Natural in Barcelona are in the final stages. In addition to the Gas Natural building, this plant will provide the Hospital del Mar, the Parc de Recerca

Biomèdica, some buildings of the Pompeu Fabra University, the Oceanographic Institute and a hotel with energy.

Another project which is currently in preparation is the installation of a last-generation fuel cell in the company building located on Avenida de America in Madrid. The system will cover the needs of the building (230 kWe and 170 kWt) by means of an advanced tri-generation system which is expected to be in operation some 8,000 hours/year, working at approximately 80% of its capacity.

Process Gas and Electricity

At this time, combined cycle technology is the best option for producing electricity from fossil energy, since it combines high efficiency with a lower impact on the environment.

In fiscal year 2004, the Gas Natural Group produced power in combined cycle power stations at the following locations in Spain:

- San Roque (Cádiz)
- Sant Adrià de Besòs (Barcelona)
- Arrúbal (La Rioja). (In the implementation phase)

Internationally, the Group's power generation business were concentrated in the combined cycle power station in Puerto Rico.

The graph 4 shows a trend starting in 2002, when the Group's first combined cycle power station I in San Roque (Cádiz) and Sant Adrià de Besòs (Barcelona), through the present time, of the ratio of self-consumed GJe in relation to the GJe generated by the four combined cycle power stations in operation at this time.

Combined Cycle Power Stations in Spain

(Table 1)

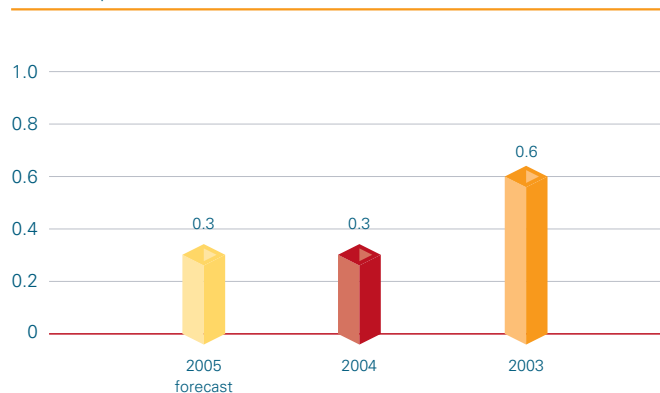
	Efficiency %	Operating hours*
San Roque (Cádiz)	55.34	7,913
Sant Adrià de Besòs (Barcelona)	55.97	8,373
Arrúbal (La Rioja)	In the start-up phase	

* Average operation of the Spanish Power System is 3,579 hours.

Cogeneration. Main Cogeneration Plants with Group participation through La Energía (Table 2)

	Province	Power MW	Electric efficiency %	Ownership %
A.E. CS Valle de Hebrón, A.I.E.	Barcelona	4.2	26.06	81.25
S. de Tratamiento Hornillos, S.L.	Valladolid	7.4	Operación en 2005	80.00
UTE La Energía – SPA	Madrid	5.8	40.44	60.00
A.E. Hospital U. G. Tries, A.I.E.	Barcelona	1.8	38.24	50.00
A.E. CSU Bellvitge, A.I.E.	Barcelona	1.8	34.30	50.00
A.E. Hospital Josep Trueta, A.I.E.	Girona	1.2	35.48	50.00
A.E. H. Arnau de Vilanova, A.I.E.	Lleida	1.1	33.23	50.00
S. Tratamiento La Andaya, S.L.	Burgos	7.4	41.54	45.00

Energy used by networks (J)/vehicular energy (kJ) (Spain) (Graph 5) (%)



The individualized annual efficiency in 2004 and the operating hours at the three combined cycle power stations operated by the Gas Natural Group in Spain were as shown in table 1.

The Gas Natural Group fosters the development of this type of projects in which the plants are located as close as possible to large electricity consumers in order to use the energy as efficiently as possible. The new combined cycle power station at the Port of Barcelona will be set up this way.

Another way of improving energy efficiency in the power production process is through the use of cogeneration.

The main cogeneration plants in which the Gas Natural Group holds shares through La Energía of which it manages their operation as well as their electrical efficiency, are shown in table 2.

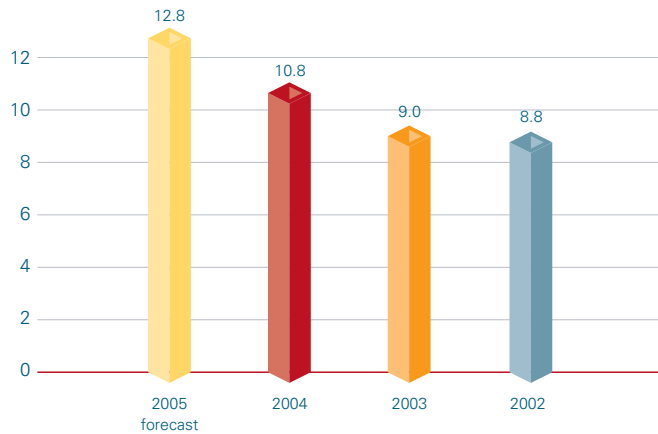
Transportation and Distribution of Gas (self-consumption of gas in processes)

In Spain, gas consumption for network operation totaled 88,944 GJ ✓ in 2004 for transporting 272,218 TJ (gas transportation/TPA), which means 3J for every KJ transported.

Graph 5 shows the trend in the gas used/gas vehiculated ratio (regulated market + liberalized market) for the last two fiscal years in Spain.

In 2004, Metragas used a total of 4,482 TJ of gas to vehiculate 413,428 TJ of gas (graph 6).

■ Energy used by networks (J)/vehicular energy
Metragaz (kJ) (Graph 6)



■ Natural Resources Consumption

Water

Sanitary water consumption at Gas Natural Group work centers in 2004 in Spain stood at 61,735 m³, coming from wells and public water supply (2,251 m³), while international use was 289,317 m³, 22,479 m³ of which came from wells and 751 m³ from channels (graph 7).

The water consumption per employee at the facilities of the Gas Natural Group was 15.9 m³ in 2004 (the average annual per capita consumption in Spain, for informational purposes only, is 60.2 m³) (graph 8).

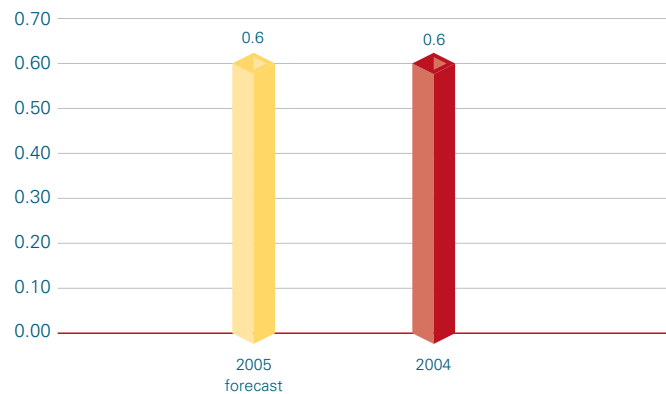
The forecast for 2005 calls for a 2% reduction in water consumption.

The most intensive usage of water at the cogeneration and combined cycle facilities of the Gas Natural Group in Spain takes place during the cooling process. In the case of closed circuit cooling systems, the consumption is due to the evaporation of part of the water flow coming into the circuit (1.96 million m³ in Spain in 2004). In the case of open circuits no water is consumed since all of the water that enters the circuit is returned to its origin.

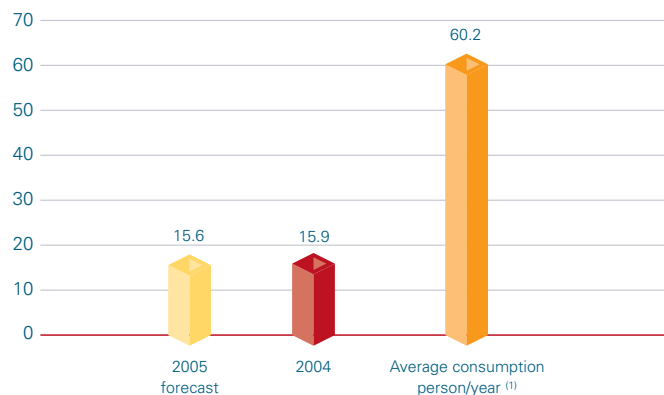
Regardless of this, water is in fact used in the process which, once treated to ensure strict compliance with the established limits, is recovered almost entirely and returned to its origin or used for other purposes.

In Spain, combined cycle power plants used 392,768 m³ of (process) water in 2004 which came from different sources, while cogeneration plants used 44,936 m³ from the public water supply and wells.

■ m³ water/m² office space (Spain)
(Graph 7)

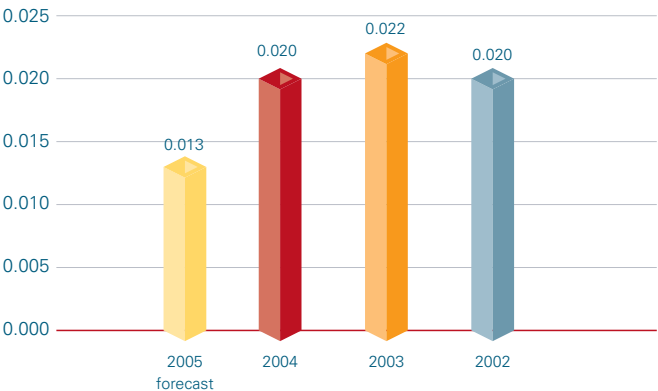


■ m³ water/employee (Spain) (Graph 8)

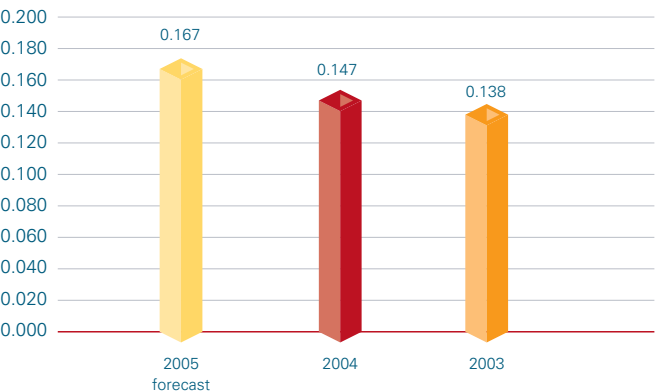


⁽¹⁾ Ministry of Environmental Affairs 2004.

m³ water/GJe generated combined cycle power (Spain)
(Graph 9)



m³ water/GJe generated cogeneration (Spain)
(Graph 10)



In 2004, the volume of water used in the processes of the combined cycle power stations was 0.020 m³ of water per GJe generated. The water used by cogeneration plants was 0.147 m³ of water per GJe generated (graph 9).

As seen in graph 10, unitary water consumption has increased in recent years, probably because the control of the water usage at the Group's installation was not controlled as closely as it is now. However, a study will be conducted in 2005 to determine whether it is possible to implement water-saving measures at those facilities.

One of the objectives of the Gas Natural Group is to use the best technology available in its new projects for combined cycle power stations. Consequently, the decision was made to install closed circuit cooling systems with cooling towers in its new plants to reduce water usage to a minimum.

At the international level, in Puerto Rico the combined cycle power plant is the most intensive user of water; in Argentina it is the peak-shaving plant and in Brazil, the manufactured gas process.

In Puerto Rico, 1.04 millions m³ were consumed due to evaporation in 2004 and 2.69 millions m³ were used in-process.

In Argentina, 2,263 m³ of well water were used to liquefy natural gas.

In Brazil, 160,563 m³ of water were used, with a ratio of 0.025 m³/GJ of gas produced.

The forecast for the use of water in processes in 2005 calls for a slight reduction.



Paper

In 2004, the Gas Natural Group in Spain used 170 t of different varieties of ecological and recycled white paper, 96% of which was ecological.

International paper consumption stood at 834 t, of which 99.6% was ecological.

The increase registered in 2004 over the figures from 2003 is due to the incorporation of Gas Natural Servicios, Gas Natural Soluciones and La Energía.

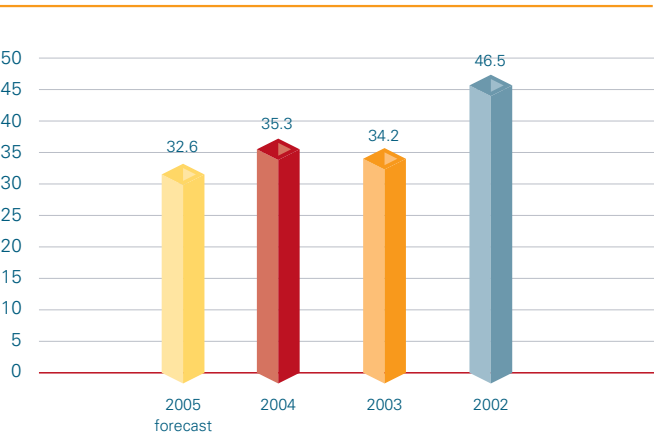
The forecast for 2005 is to maintain a 2% reduction in paper consumption (graph 11).

Waste

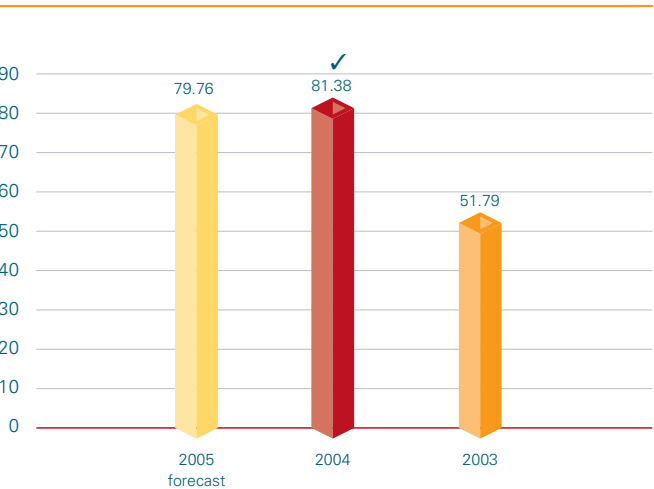
In 2004, the Gas Natural Group generated 355 t ✓ of waste in Spain, solely 4.16% ✓ of which were hazardous. Seventy-three percent (73%) of this waste was managed and logged by "Resinet", the other twenty-seven percent (27%) having been estimated based on the corresponding per capita generation ratios (employees and subcontracted personnel) present at the workplaces (graph 12).

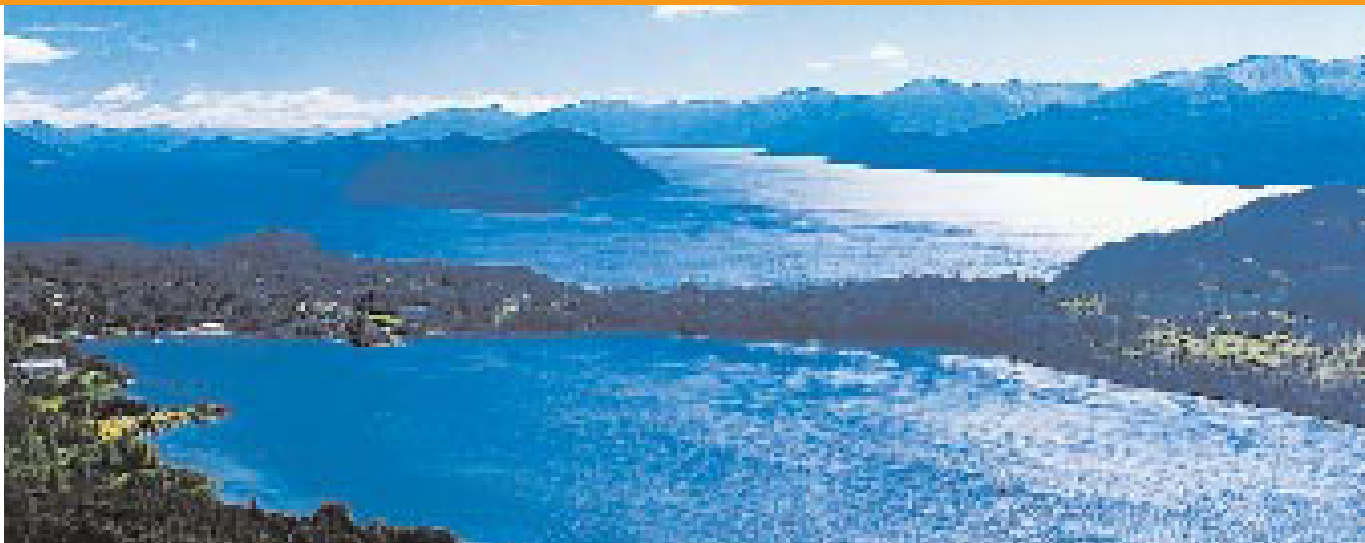
In all other countries, 3,446 t of waste were managed. The increase recorded this business year over the last business year is due to the dismantling of one of the gas tanks in Brazil, for which a specific Waste Management Plan has been set out, and to the implementation of the management system in Puerto Rico.

Paper consumption per customer in Spain
(Graph 11) (kg paper/1,000 customers)



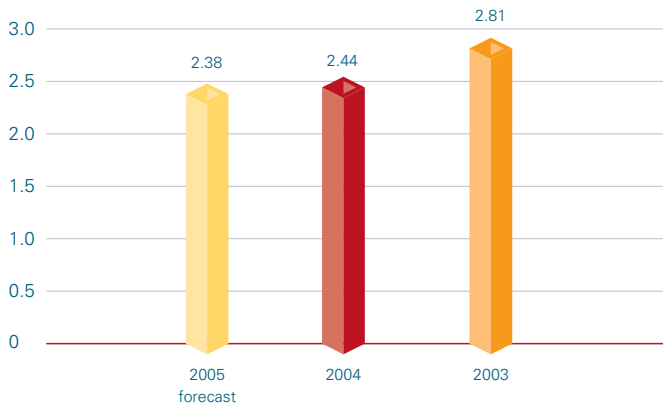
Waste management in Spain
(Graph 12) (kg waste/person)





Emissions from gas transport and distribution (Spain) (Graph 13)

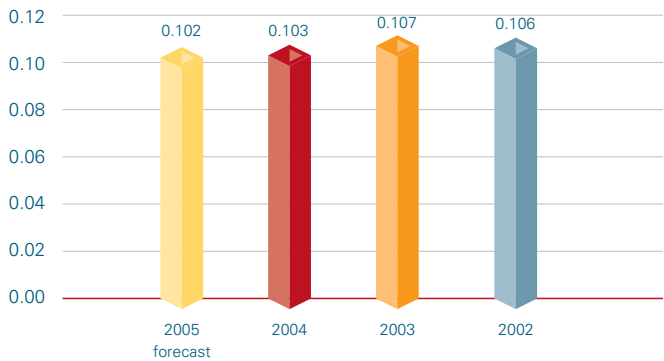
(t CO₂ eq/TJ of vehiculated gas)



Note: includes only CH₄ emissions.

Emissions from the generation of electricity at combined cycle power stations (Spain) (Graph 14)

(t of CO₂/GJe generated)



Greenhouse Effect Gas Emissions (CH₄ and CO₂)

The total emissions of gases having a greenhouse effect on the part of the Gas Natural Group in Spain, given in millions of tons CO₂ eq in 2004 were:

Distribution	0.67 ✓
Power generation	2.04 ✓
Internal consumption	0.0084 ✓

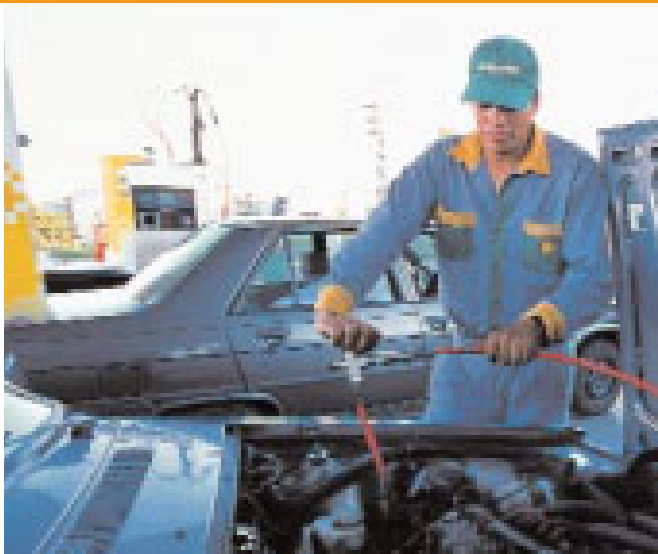
In the interest of promoting sustainable development, the Gas Natural Group is firmly committed to developing and implementing measures which tend to reduce the emission of gases responsible for the greenhouse effect, in keeping with the guidelines of the Kyoto Protocol and those of the European Community, particularly Directive 2003/87/CE relative to Greenhouse Effect Gas Emission Rights and its adaptation to Spanish legislation in the Legislative Royal Decree 5/2004 of August 27.

Emissions from the transportation and distribution of gas

The emissions of CH₄ by the Gas Natural Group are due exclusively to gas leaks due to faulty seals and to operations conducted on the network.

In 2004, the emissions of CH₄ in Spain, expressed as CO₂ eq, were 0.66 millions tons CO₂ eq (graph 13).

At the international level (countries with no restrictions on greenhouse gas emissions according to the Kyoto Protocol), in 2004 the Gas Natural Group registered emissions of 0.62 millions tons CO₂ eq due to a lack of sealing and network operations, resulting in 1.9 Kg CO₂ eq per GJ of vehiculated gas.



Emissions from Electricity

With regard to CO₂ emissions in Spain, the absolute value recorded for 2004 was 2.04 millions of tons ✓.

If we calculate the evolution of the CO₂ emission factor for primary emission sources, i.e. combined cycle power stations in Spain and Puerto Rico, as well as cogeneration plants in Spain, the situation would be that reflected in graphs 14, 15 and 16.

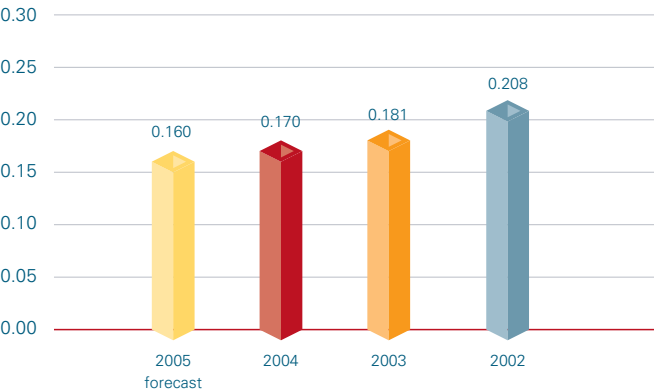
If these combined cycle plants did not exist and if the energy had been produced by the Gas Natural Group (5,375 TWh) in conventional power stations, an additional 2.9 millions tons of CO₂ would have been released into the atmosphere, a calculation which was made using the emission differential between conventional thermal power stations and combined cycle power stations according to the 2003 power generation structure).

However, the forecast for an increase in the absolute value of CO₂ emissions in 2005 is due to the increase in the power produced by the Gas Natural Group in this type of power plant.

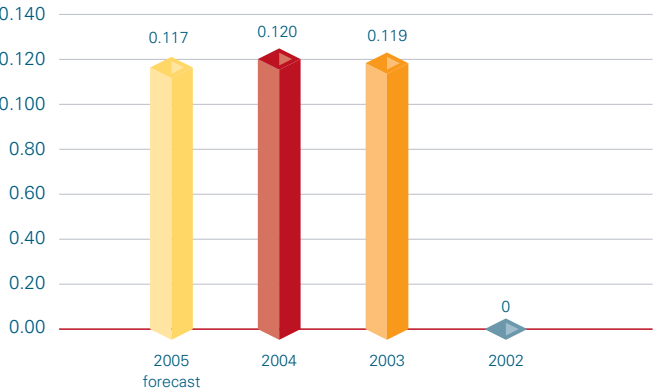
The absolute value of CO₂ released into the atmosphere in 2004 by the cogeneration plants of the Gas Natural Group was 51,733 t CO₂ ✓. The graph 15 shows the emission per GJe generated.

At the international level, the CO₂ emissions from the combined cycle power station in Puerto Rico are reflected in graph 16.

Emissions from the generation of electricity at cogeneration plants (Spain) (Graph 15)
(t of CO₂/GJe generated)

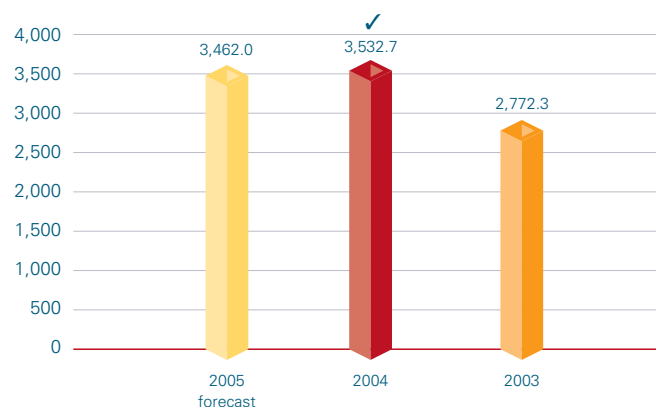


Emissions from the generation of electricity at combined cycle power stations (Puerto Rico) (Graph 16)
(t of CO₂/GJe generated)



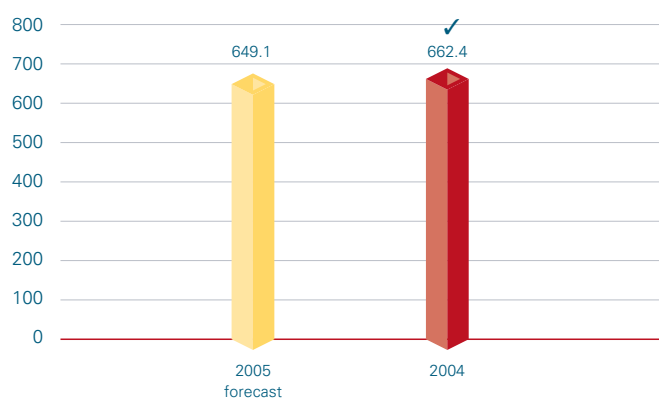
CO₂ emissions from mobile sources in Spain

(Graph 17) (t of CO₂)



CO₂ emissions from stationary sources in Spain

(Graph 18) (t of CO₂)



Internal Use

Included in this section are emissions derived from the use of vehicles belonging to the Gas Natural Group for the transportation of personnel for business purposes, those produced by the use of natural gas, and indirect emissions from energy consumption, the latter two at GNG workplaces.

In 2004, CO₂ emissions in Spain from mobile sources totaled 3,533 t ✓. A 2% reduction is forecast for 2005, partly due to a renewal of the Group's fleet of vehicles in Spain (graph 17).

The emissions from the use of natural gas and power at job centers in Spain totaled 4,854 t of CO₂ ✓ in 2004. The 2005 forecast calls for a 2% reduction of these emissions (graph 18).

At the international level, a total of, 0.89 millions t of CO₂ was released into the atmosphere in 2003, including emissions from moving, fixed and indirect sources. The breakdown is as follows:

Mobile sources	0.14 %
Stationary sources	99.12 %
Indirects	0.74 %

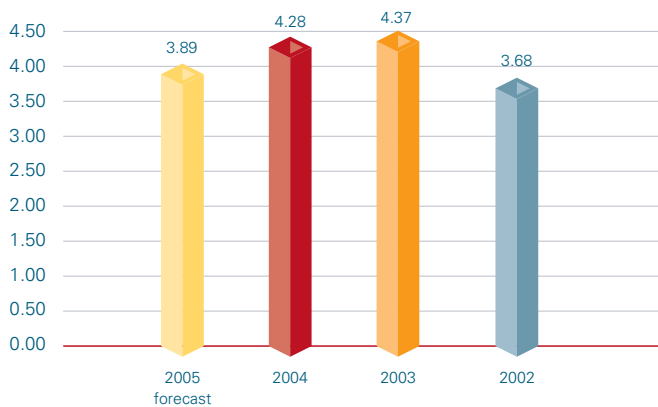
Other Emissions (CO and NO_x)

The remainder of emissions into the atmosphere produced by the Gas Natural Group, CO and NO_x, are produced primarily by power generation processes at combined cycle power stations and cogeneration plants. CO emission from combined cycle power stations is negligible.

The CO emissions in Spain in 2004 totaled 86 t.

CO emissions in Spain from cogeneration plants and combined cycle power stations (Graph 19)

(g of CO/GJe generated)



The amounts, expressed in grams of CO per GJe generated by cogeneration plants and combined cycle power stations, are shown on the graph 19.

NOx emissions in Spain totaled 774 t in 2004.

The amount, expressed in grams of NOx per GJe generated by cogeneration plants and combined cycle plants, is shown in graph 20.

The emissions of NOx per GJe generated by combined cycle power stations shows a downward trend from already low values.

At the international level, the combined cycle power plant in Puerto Rico is one of the sources of CO and NOx emissions. It registered emissions of 11.84 t of CO and 113 t of NOx in 2004, representing values of 2.3 and 22.3g per GJe generated, respectively.

The turbocompressors and industrial boilers at Metragaz in Morocco are another source of this type of contaminating emissions. 974.84 t of CO and 779 t of NOx were released into the atmosphere in 2004, which is equivalent to an emission level per GJ of vehiculated gas of 2.3 and 1.8 g respectively.

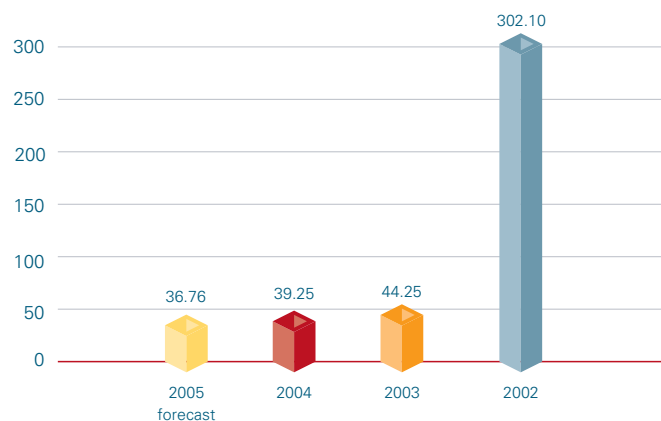
Noise

The Gas Natural Group registered no cases of incompliance with the Company's Environmental Management System owing to noise generated at construction sites or group facilities in 2004.

During fiscal year 2004 only Mexico registered four non-conformities for noise on urban job sites as a result of the noise levels being exceeded at certain times. The highest level recorded was 101 dB(A) when the permitted level was 68 dB(A). Corrective measures were taken in all cases.

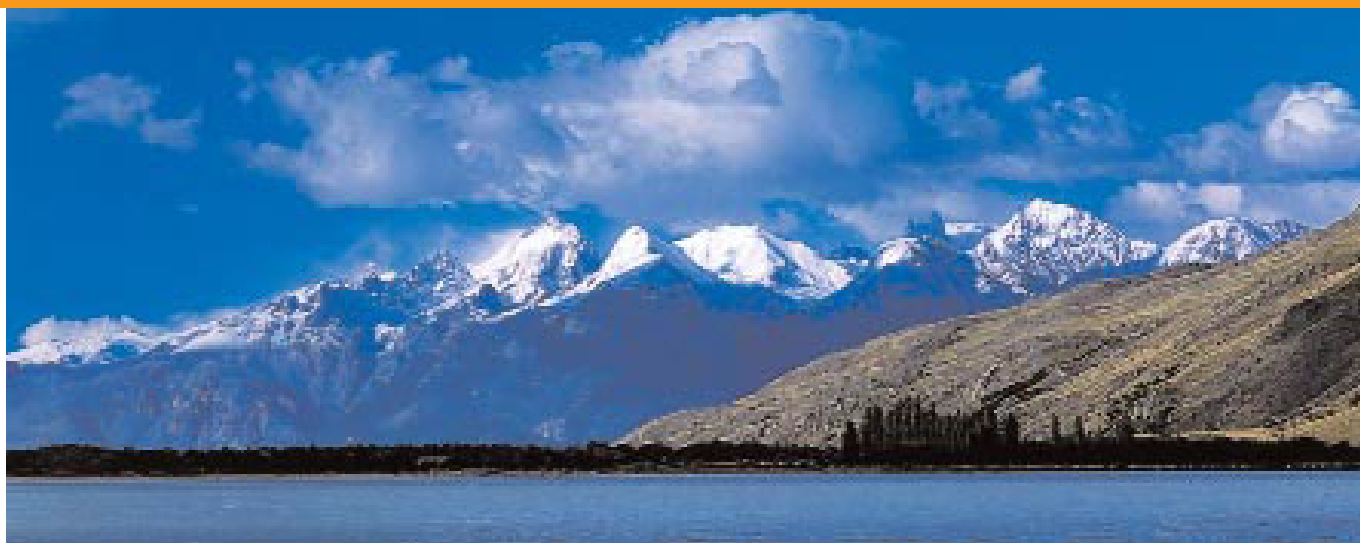
NOx emissions in Spain from cogeneration plants and combined cycle power stations (Graph 20)

(g of NOx/GJe generated)



Brazil exceeded the permitted noise level caused by the compressors at the manufactured gas factories by as much as 4.9 dB(A) in the worst case. However, the employees use ear protection equipment which offers an attenuation of 10.3 dB.

In 2004, the Gas Natural Group conducted a study of the noise generated during each one of the phases of the installation process of gas distribution networks, as well as that of measurement and regulating stations (MRS) and control cabinets. The data obtained is compared with target levels established by various local and regional ordinances and, in the event that these levels are exceeded, noise reduction measures for both duration and volume must be put in place.



■ Environmental Impact Studies

The Gas Natural Group conducted numerous environmental impact studies (EIS) during 2004, some of the most noteworthy of which are as follows:

- Crossing over the Tirón River in Anguciana (La Rioja).
- Project for the supply of natural gas to Escalante (Cantabria).
- AP branch from position IO 15-Betanzos-Miño (catchment area of the Mandeo River and in the Red Natura 2000 protected area) (Galicia).
- Noise pollution during pipe-laying work (Valencia).
- Special pipe-laying project for the Tibidabo in Barcelona (Cataluña).
- Environmental analysis of the combined cycle power station in Cartagena (Murcia).
- EIS of gas distribution projects.
- EIS of supply and regasification projects in Zaule and Taranto, Italy.
- Alfaraque project, river crossing. Project of the company Proincer (Andalucía).
- EIS of the 800 MW combined cycle power station in Sines (Portugal) for the Portuguese Administration.
- There were two reforestation projects on degraded areas of Petrópolis (Brazil) occupying more than 10,000 m².

In 2005, Environmental Impact Studies are planned for the LNG plants in Vinaroz, Benidorm and Gandía, as well as for the new combined cycle power station projects proposed by the Gas Natural Group.

■ Environmental Incidents

In Spain, the only incidents which occurred in 2004 were:

- Oil spills detected during the supervision of pipe-laying and connection work: 203 non-conformities out of a total of 145,409 aspects (0.14%).
- Complaint filed by a customer for the noise produced by sheet metal on a job site.
- Complaint for bad smell.
- Two complaints for noise/vibrations.

All were promptly addressed and corrected.

At the international level, the environmental incidents were related to minor leaks and pressure changes as a result of water getting into the network as a consequence of work unrelated to the Gas Natural Group.

■ Violations and Fines

Two fines were applied in Spain for a total of 60,702 euros for having affected two specimens of wild olive (*Olea Europea Silvestris*), with the disciplinary file opened in 2001 but paid in 2004, and the felling of trees without written permission for the restitution of road. Likewise, a tree was removed without the knowledge of the corresponding Town Council; no disciplinary file was opened and the tree was replanted. Four files remains active for dirtying the public highway in Andalucía.

At the international level, proceedings involving fines in the amount of 57,801 euros levied on Brazil and Mexico are still outstanding.

■ Community Development Carbon Fund

In fiscal year 2004, the Gas Natural Group asked the World Bank for permission to participate in the Community Development Carbon Fund. This Carbon Fund has been especially designed to carry out projects associated with the development of productive processes and habits and with the health and education of the planet's most disadvantage populations.

■ Environmental Outlay

During fiscal year 2004, the Gas Natural Group continued to make progress on the consolidation and development of its Environmental Management System.

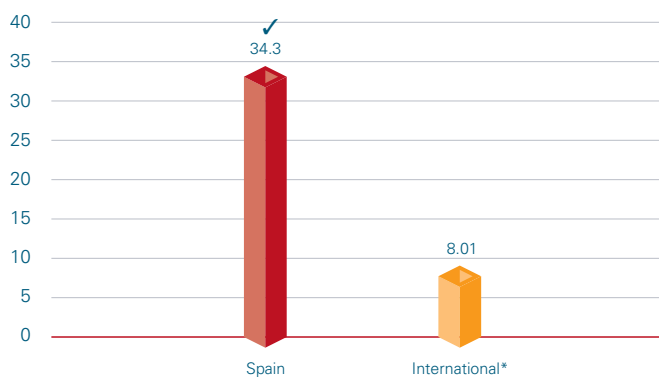
Environmental outlay in Spain stood at 34.3 ✓ million euros, with an outlay on an international level of 8.01 million euros (graph 21).

Environmental outlay has been invested primarily in the following concepts:

- Modernizing grids and connections.
- Channeling of rivers.
- Soil decontamination.
- Air quality monitoring.
- Land restitution.
- Purchase of light industrial vehicles.
- Projects to reduce CO₂ emissions.
- PPI's Programs at construction sites.

■ Environmental Outlay (Graph 21)

(millions of euros)



* Italy and Puerto Rico not included.

Leading Environmental Indicators

Water Consumption (thousands of m³)

Spain	Forecast 2005	2004	2003	2002
Sanitary	61.68	62.42	91.63	UA
Cooling	4,698.65	1,964.04	1,612.37	1,027.42
Process	519.54	437.70	342.54	151.33
International				
Sanitary	260.23	289.32	275.13	270.30
Cooling	1,121.82	1,099.18	255.88	UA
Process	2,866.95	2,803.59	642.00	259.02

Process Water Management (thousands of m³)

Spain	Forecast 2005	2004	2003	2002
Used	519.54	437.70	342.54	151.33
Treated	491.25	409.45	323.64	151.33
Reused or returned to the environment	448.67	397.93	312.93	148.94
International				
Used	2,866.95	2,803.59	642.0	259.02
Treated	2,780.53	2,693.44	516.18	UA
Reused or returned to the environment	2,498.97	2,423.97	463.30	UA

Energy Consumption at Companies Facilities (GJ)

Spain*	Forecast 2005	2004	2003	2002
Natural gas	12,586.78	12,843.65 ✓	UA	UA
Electricity	45,923.16	46,860.36 ✓	77,611.07	UA
International				
Natural gas	33,314.66	37,359.85	29,314.26	20,686.04
Electricity	67,183.80	77,381.41 68,597.29	69,267.35	

Energy Consumption for Processes (TJ)

Spain	Forecast 2005	2004	2003	2002
Gas natural	65,419.80	39,714.32 ✓	30,222.30	15,718.98
Electricity	664.49	385.54 ✓	314.82	127.77
International				
Gas natural	18,890.29	17,009.90	6,322.47	4,030.38
Electricity	221.19	243.85 81.11	67.33	

Total Energy Consumption (TJ)

Spain	Forecast 2005	2004	2003	2002
Totals	66,142.80	40,159.56 ✓	30,614.73	15,846.75
International				
Totals	19,211.98	17,368.49	6,501.49	4,187.67

UA: Unavailable. NA: Not applicable

* The information corresponding to Fiscal Year 2004 has been calculated and/or obtained based on different criteria from those used in previous years. It was not possible to recalculate such data in order to maintain compatibility between fiscal years.

Energy Efficiency (Combined Cycles and Cogeneration) (TJ_e generated)

Spain	Forecast 2005	2004	2003	2002
Combined cycles	32,235.84	19,353.35	14,018.40	7,347.60
Cogeneration	453.56	304.17	234.08	119.60
International				
Combined cycles	5,195.16	5,032.43	964,440	UA
Cogeneration	NA	NA	NA	NA

Paper Consumption (t)

Spain	Forecast 2005	2004	2003	2002
Recycled	159.61	162.87	140.52	179.05
Ecological	6.71	6.85	12.69	15.00
International				
Recycled	811.99	830.70	718.45	264.39
Ecological	3.35	3.28	3.52	4.08

Waste Generation (t)

Spain (workplaces)	Forecast 2005	2004	2003	2002
Hazardous	14.48	14.78 ✓	6.95	UA
Non-hazardous	333.89	340.70 ✓	219.26	UA
International				
Hazardous	14.52	3,226.05	30.77	3.94
Non-hazardous	32.21	220.23	20.24	20.94

CH₄ Emissions (thousands of t CO₂ eq)

Spain	Forecast 2005	2004	2003	2002
Networks	—	663.05 ✓	632.85	598.22
International				
Networks	461.14	620.46	595.14	950.31

CO₂ Emissions (thousands of t CO₂)

Spain	Forecast 2005	2004	2003	2002
Mobile sources	3.46	3.53 ✓	UA	UA
Stationary sources	3,374.61	2,046.74 ✓	1,551.64	810.69
Indirect	4.11	4.19 ✓	6.94	UA
International				
Mobile sources	1.26	1.21	0.85	0.63
Stationary sources	976.01	878.75	327.64	208.87
Indirect	7.85	6.56	6.39	6.52

CO Emissions (t)

Spain	Forecast 2005	2004	2003	2002
Totals	128.02	86.36	62.33	27.50
International				
Totals	1,519.62	1,041.70	583.33	558.98

NOx Emissions (t)

Spain	Forecast 2005	2004	2003	2002
Totals	1,202.17	773.58	640.69	2,255.83
International				
Totals	1,273.08	946.20	774.36	737.17

Noise on Construction Sites and Installations (number)

Spain	Forecast 2005	2004	2003	2002
Non-conformities	0	0	0	0
International				
Non-conformities	0	4	0	0

Environmental Impact Studies (number)

Spain*	Forecast 2005	2004	2003	2002
EIS	NF	27	3	UA
International				
EIS	NF	19	17	7

Environmental Incidents (number)

Spain	Forecast 2005	2004	2003	2002
Incidents	NF	203	UA	UA
International				
Incidents	NF	Various	Various	Various

Non-Compliance and Fines (thousand of euros)

Spain	Forecast 2005	2004	2003	2002
Totals	NF	60.70	UA	UA
International				
Totals	NF	57.80	48.70	24.31

Environmental Conduct of suppliers (number)

Spain	Forecast 2005	2004	2003	2002
e+5	—	5	NA	NA
International				
e+5	NA	NA	NA	NA

Environmental Outlay (thousand of euros)

Spain	Forecast 2005	2004	2003	2002
Outlay	—	34,250.66 ✓	UA	UA
International (except Italy and Puerto Rico)				
Outlay	—	8.006.48	UA	UA

UA: Unavailable

NA: Not applicable

NF: Existence is not foreseen

* The information corresponding to Fiscal Year 2004 has been calculated and/or obtained based on different criteria from those used in previous years. It was not possible to recalculate such data in order to maintain compatibility between fiscal years.

External Verification Report



Edificio Caja Madrid
Avda. Diagonal 640
08017 Barcelona
Tel. centralita: +34 93 253 70 00
Fax: +34 93 405 90 32

FREE TRANSLATION FROM THE ORIGINAL IN SPANISH

ASSURANCE REPORT

To the Management Committee of Gas Natural SDG, S.A.

1. We have performed the procedures described in paragraph 2 below in order to provide assurance on the sustainability indicators identified by a tick "✓" in the Corporate Responsibility Report of Gas Natural SDG, S.A. and its Group Companies for the year ended 31 December 2004 (hereinafter, *"2004 Corporate Responsibility Report"*). These indicators are those deemed most relevant by the Management of Gas Natural SDG, S.A., based on the indications laid down in the Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI), version 2002.

The Management of Gas Natural SDG, S.A. is responsible for the information contained in the *"2004 Corporate Responsibility Report"* and for the design, implementation and maintenance of the processes for preparing such information, as well as the bases and criteria for the preparation thereof.

Based on the aforementioned bases and criteria for the preparation and the review procedures carried out, our responsibility is to assess:

- The adequacy of the internal procedures and controls set up for the preparation, compilation and aggregation of the information relating to the indicators to which our assessment refers.
- Whether the indicators to which our assessment refers were prepared in accordance with the bases and criteria for preparation set down in the *"2004 Corporate Responsibility Report"*.
- The accuracy and consistency of the values obtained for these indicators.
- Whether the *"2004 Corporate Responsibility Report"* follows the table of contents recommended by the Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI), version 2002.

2. In general terms, the procedures we carried out have consisted of:

- Conducting interviews with the personnel of Gas Natural SDG, S.A. and its Group companies who are responsible for the compilation of the information and the preparation of the indicators to which our assessment refers.
- Reviewing relevant documentation and systems used to compile and aggregate the information.



- Performing substantive tests designed to provide evidence, on a sample basis, of the reasonableness of the bases and criteria for preparation set down in the *"2004 Corporate Responsibility Report"* and the information relating to the indicators to which our assessment refers.
 - Comparing the table of contents set down in the *"2004 Corporate Responsibility Report"* with the suggested table of contents recommended by the Global Reporting Initiative (GRI) in the Sustainability Reporting Guidelines, version 2002.
3. There are no generally accepted principles for the preparation or verification of corporate responsibility reports. Consequently, we have based our assessment approach on the best practices known to date and the standards set down in the "International Standard on Assurance Engagements ISAE 3000 (Revised)". We planned and performed our procedures to obtain a basis for our conclusions on the indicators we have assessed which are identified with a tick "✓" in the *"2004 Corporate Responsibility Report"*. On the basis of the procedures carried out, as described in paragraph 2 above, and in accordance with the bases and criteria for the preparation of the indicators set down in the aforementioned Report, we conclude that:
- The procedures and controls set down for the purpose of preparing, compiling and aggregating the information relating to the indicators to which our assessment refers provide a reasonable basis for obtaining such information.
 - The indicators referred to have been prepared in accordance with the bases and criteria for preparation set down in the *"2004 Corporate Responsibility Report"*.
 - Nothing has come to our attention that would lead us to believe that any significant departures exist in respect of the accuracy and consistency of the values of the indicators to which our assessment refers.
 - The *"2004 Corporate Responsibility Report"* follows the table of contents recommended by the Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI), version 2002.

Yours faithfully,

PricewaterhouseCoopers Asesores de Negocio, S.L.

Máximo Ibáñez

Partner

21 March 2005

Barecelona, Bilbao, Las Palmas, Leganes, Madrid, Málaga, Murcia, Oviedo, Pamplona, San Sebastián, Santander, Sevilla, Tenerife, Valencia, Valladolid, Vigo, Vitoria, Zaragoza
Inscrita en el Registro Mercantil de Valencia. Tomo 3.680 del Libro 0, folio 46, sección 6, hoja número 61 - 28171. C.I.F. B5-134806007

Coopers & Lybrand Auditores y Consultores, S.F.L. inscrita en el Registro Oficial de Auditores de Cuentas con el nº 151210

Content Index and GRI Indicators



Content Index and GRI Indicators

The following table identifies the pages of the 2004 Report on Corporate Responsibility for Gas Natural Group which include the various requirements established by the Global Reporting Initiative (GRI, 2002 Guide). Notes are indicated with reference marks and are included at the bottom of the table.

1. Vision and strategy		Pages
1.1	Explanation of the viewpoint related to sustainable development	2-3, 12
1.2	Chairman's Statement	2-3, 3
2. Organization Profile		
2.1	Name of the organization.	2-3, 12
2.2	Main products and services, including brand names, if applicable.	8-11, 25
2.3	Operating structure.	20, 47
2.4	Description of directorates, operating companies, subsidiaries and joint ventures.	8-11, 20
2.5	Countries where operating.	6-11
2.6	Type of legal form of ownership.	6
2.7	Type of markets served.	8-11
2.8	Size of the organization.	6-11, 34, 45, 47
2.9	The list of interested parties, main characteristics and relationship to the organization.	12, 13, 21, 46, 49, 52, 56-59
Scope of the Report		
2.10	Persons to contact for matters related to the Report.	4, 107
2.11	Period covered by the Report.	4
2.12	Date of previous reports (if they are available).	4
2.13	Coverage of the Report and specific limitations in scope.	4, 25-27, 33, 36-41, 45, 62
2.14	Major changes since the publications of the previous Report.	2-3, 11, 13, 20, 24, 29-33
2.15	Bases for preparing reports on subsidiaries, joint ventures...	(1)
2.16	Description of the type, reason for and effect of changes made with regard to the previous reports.	2-3, 28
Report Profile		
2.17	Decisions as to not applying the GRI protocols or principles to the Report.	4
2.18	Criteria employed in cost and business, environmental and fringe benefit accounting.	8-10, 26, 40, 49
2.19	Major changes in the calculation methods as compared to previous reports.	8-9
2.20	Internal policies and measures for ensuring the accuracy, exhaustiveness and veracity of the Report.	4, 12, 16
2.21	Policy and measures for the external verification of the Report.	4, 84-85
2.22	Methods for obtaining additional information related to the Report.	4, 14, 17, 48

(1): This information may be found in the Gas Natural Group's 2004 Annual Report.

3. Company Governance Organization and Management Systems		Pages
3.1	How the Organization's governance is structured.	16-19
3.2	Percentage of independent directors holding no executive post.	19
3.3	Process for determining the need for those serving on the group of experts to guide the organization's strategies regarding environmental and social matters.	16-17
3.4	Executive processes for supervising Organization's prospects and risks.	12, 16-17
3.5	Relationship between executive remuneration and the achievement of the Organization's objectives.	17-19, 39, 45
3.6	Organizational structure and key members responsible for supervision, startup and auditing.	16
3.7	Mission, values, principles, codes of conduct and policies.	12-13, 14, 43
3.8	Mechanisms affording the possibility of making recommendations to the shareholders.	15
Commitment to the Interested Parties		
3.9	Bases for identifying and selecting the main interested parties.	13, 21
3.10	Description and methods for placing inquiries with the interested parties.	25-26, 29-34, 43, 45, 47-48, 51
3.11	Type of information generated by the inquiries made to interested parties.	24, 26-28
3.12	Use of the information obtained as a result of the commitment to the interested parties.	24-25, 43
Global Policies and Management Systems		
3.13	Explanation of the application of the precautionary principle.	40, 44, 61
3.14	Commitments or other initiatives carried out externally which the Organization subscribes or supports.	44
3.15	Main associations to which the Organization belongs.	42, 58, 79
3.16	Policies and/or systems for managing the impacts caused by prior/subsequent processes on the part of the Organization.	13, 25, 29-32, 49-51, 61
3.17	Focus of the management of indirect social, environmental and economic impacts.	55
3.18	Main decisions concerning the position or modification of the operations.	6-11, 24-33
3.19	Economic, environmental and social performance programs and procedures.	25, 34, 36-37, 50, 63-66
3.20	Current status of the certification of economic, environmental and social management systems.	17, 25, 62
4. GRI Indicators and Content Index		
4	GRI Indicators and content.	88-94

Economic Performance Indicators

Aspect	GRI Code	GRI Description	C/A	IRC 2003	Pages
Customers	EC-1	Net sales.	C	*	7-11
	EC-2	Geographic breakdown of markets.	C	*	24
Suppliers	EC-3	Cost of all raw materials and merchandise acquired and all services engaged.	C	*	49
	EC-4	Percentage of contracts paid in accordance with agreed terms.	C		(2)
Employees	EC-5	Total salary costs (wages, pension and other employee benefits, severance packages) broken down by country or region.	C	*	7
Capital Providers	EC-6	Distribution of providers of capital, broken down by interest on debts and loans and dividends on all types of shares, specifying any delay in preferential dividends.	C	*	46
	EC-7	Increase/decrease in retained earnings at the end of the period.	C	*	7
Public Sector	EC-8	Sum total of all taxes paid, broken down by country.	C		7
	EC-9	Grants received, broken down by country or region.	C	*	7
	EC-10	Donations to the community, society or other groups, in cash or in kind, broken down by type of group.	C	*	52-53

C/A: - C: Indicators relevant to the majority of interested parties.

- A: Indicators representing highlighted practices, although their use is not currently widespread among reporting organizations.

IRC 2003: Indicates the presence of the indicator in the 2003 Report on Corporate Responsibility for Gas Natural Group.

(2): Information unavailable due to the lack of data systems to generate this information. The new Purchasing Model put in place by the Gas Natural Group will provide information on this indicator in subsequent editions of the Corporate Responsibility Report.

Social Performance Indicators: Labor Practices

Aspect	GRI Code	GRI Description	C/A	IRC 2003	Pages
Employment	LA-1	Breakdown of employee groups, if possible, by region/country, status, hiring type and contract type.	C	*	34-36, 41, 45
	LA -2	Creation of net jobs and average turnover broken down by region/country .	C	*	36
	LA -12	Employee benefits offered other than those required by law.	A	*	41
Company-Employee Relations	LA-3	Percentage of employees represented by labor organization or other responsible parties, broken down geographically or percentage of employees included in collective bargaining agreements, broken down by region/country.	C	*	34, 39, 44
	LA-4	Policy and procedure for informing, consulting and negotiating with employees on operational changes to be made within the reporting organizations.	C	*	44
Health and Safety	LA-5	Method for recording and reporting occupational accidents and illnesses in reference to the set of practical recommendations of the ILO.	C		40
	LA-6	Description of the joint committees on occupational health and safety composed of management and labor representatives, and in proportion to the staff covered under such committees.	C		(3)
	LA-7	Absenteeism rate, occupational accident and injury rates, days missed and number of work-related fatal accidents (including subcontracted employees).	C	*	40, 44 ⁽⁴⁾
	LA-8	Description of HIV/AIDS policies or programs (in the workplace or other).	C		(5)
Education and Training	LA -9	Average training hours per year and employee by employee category.	C	*	38, 45, (6)
	LA -16	Description of the procedures which foster continuous employee hiring and the management of retirement programs.	A		34-36, 45
	LA -17	Specific policies that focus on the management of practical knowledge or continuing education.	A	*	34, 38-39
Diversity and Opportunity	LA-10	Description of equal opportunity policies and programs and compliance review systems and results of compliance reviews.	C	*	42, 44
	LA-11	Composition of the executive management departments and corporate governance (including the governing board), stating the proportion of men and women and other diversity indicators, where culturally appropriate.	C	*	34-35, 42, 45

⁽³⁾: Information unavailable at the time of concluding the content of the Corporate Responsibility Report 2004, due to the lack of data systems to generate this information; the aim is to inform about this indicator in 2006.

⁽⁴⁾: In 2004, one heart attack fatality was recorded at the workplace in Spain. No fatalities were recorded in the other countries mentioned. Most of the accidents recorded were traffic accidents.

⁽⁵⁾: No specific HIV-AIDS programs were carried out within the Gas Natural Group, given that there is no prevalence of said disease warranting a program of this type.

⁽⁶⁾: This information will be completed by categories in subsequent editions of the Report on Corporate Responsibility.

Social Performance Indicators: Human Rights

Aspect	GRI Code	GRI Description	C/A	IRC 2003	Pages
Strategy and Management	HR-1	Detailed list of the human rights policies, guidelines, corporate structure, and procedures linked to operations as well as tracking systems and results.	C	*	44
	HR-2	Evidence that the impact of operations on human rights are taken into account, as well as tracking systems and results .	C	*	12, 13 ⁽⁷⁾
	HR-3	Detailed list of the policies and procedures needed to evaluate the human rights actions in relation to the supply chain and contractors, as well as tracking systems and results.	C	*	12, 13 ⁽⁸⁾
Non-Discrimination	HR-4	Detailed list of the global policies and procedures/programs intended to avoid any type of discrimination in operations, as well as tracking systems and results. .	C	*	12, 44
Freedom of Association	HR-5	Analysis of the policy regarding freedom of association and its application (other than local laws) and the related procedures/programs .	C	*	13, 44
Child Labor	HR-6	Description of the policy against child labor.	C	*	13, 44
Forced Labor	HR-7	Description of the policy against forced or compulsory labor.	C	*	13, 44

⁽⁷⁾ ⁽⁸⁾: The Gas Natural Group's Code of Conduct, currently in the approval process, includes the ten principles of the United Nations Worldwide Agreement and sets out specific measures for guaranteeing full compliance with these indicators.

Social Performance Indicators: Society

Aspect	GRI Code	GRI Description	C/A	IRC 2003	Pages
Community	SO-1	Description of policies in place for managing the impact on communities in the regions affected by activities and the procedures/programs related to this subject, as well as the tracking system and results.	C	*	(9)
	SO-4	Acknowledgements in relation to social, environmental and ethical conduct.	A	*	44, 49, 51, 58
Corruption	SO-2	Description of the policy, management systems/procedures and compliance mechanisms relative to corruption and bribery applicable to both companies and employees.	C	*	44
Political Contributions	SO-3	Description of the policy, management systems/procedures and compliance mechanisms relative to political contributions and lobbying instruments.	C	*	(10)

(9) (10): The Gas Natural Group's Code of Conduct, currently in the approval process, includes the ten principles of the United Nations Worldwide Agreement and sets out specific measures for guaranteeing full compliance with these indicators.

Social Performance Indicators: Product Responsibility

Aspect	GRI Code	GRI Description	C/A	IRC 2003	Pages
Customer Health and Safety	PR-1	Description of the policy regarding customer health and safety during use of products and services, extent of information and application and the ratio of procedures / programs related to this matter, as well as monitoring systems and results.	C		29-33
Products and Services	PR-2	Description of policies, management systems / procedures and compliance mechanisms regarding product labeling and information.	C		29-33
Respect for Privacy	PR-8	Analysis of policies, management systems / procedures and compliance mechanisms regarding customer satisfaction, as well as the results of customer satisfaction surveys.	A	*	24-28
	PR-3	Description of policies, management systems / procedures and compliance mechanisms regarding customer privacy.	C	*	30

Environmental Performance Indicators

Aspect	GRI Code	GRI Description	C/A	IRC 2003	Pages
Raw Materials	EN-1	Total consumption of raw materials other than water, by type.	C		73, 81
	EN-2	Percentage of raw materials used which are waste (processed or not) from sources external to the reporting organization.	C		81
Energy	EN-3	Direct energy usage broken down by primary source.	C		60, 68, 80
	EN-4	Indirect energy usage.	C		69-71
	EN-17	Initiatives for the use of renewable energy sources and for increasing energy efficiency.	A		60-61, 69-70
Water	EN-5	Total water usage.	C		71-72, 80
Biodiversity	EN-6	Location and size of land owned, leased or administered in rich biodiversity habitats.	C		(11)
	EN-7	Analysis of the main impact on biodiversity as a result of the activities and/or the products and services in terrestrial, saltwater or fresh water environments.	C		(12)
Emissions, Dumping and Waste	EN-8	Emissions of greenhouse effect gases.	C		60, 74-76, 81
	EN-9	Use and emission of ozone-reducing substances.	C		(13)
	EN-10	NOx, SOx and other serious atmospheric emissions, broken down by type.	C		76-77, 81-82
	EN-11	Total quantity of waste, broken down by type and destination.	C		60, 73, 81
	EN-12	Significant water dumping, by type.	C		N.A.
	EN-13	Significant dumping of chemical substances, oils and fuels, expressed in figures and total volumes.	C		N.A.
Products and Services	EN-14	Significant environmental impact of main products and services.	C		60-82
	EN-15	Percentage of products sold which can be recycled at the end of their useful life and the percentage of such products actually recycled.	C		N.A.
Compliance	EN-16	Episodes and fines associated with the violation of internationally-applicable conventions / treaties / declarations, as well as local, regional, subnational, and national environmental regulations.	C		79, 82
Suppliers	EN-33	Actions of suppliers in relation to the environmental aspects of the programs and procedures prepared in response to the section entitled "Governance Structure and Management Systems".	A		50-51, 61, 62
Transport	EN-34	Significant environmental impact associated with logistical shipments.	A		70
General	EN-35	Total environmental cost by type.	A		60, 79, 82

(11) (12): There is no occupied owned land in natural areas. When selecting the sites of the different Gas Natural Group infrastructures, aspects of an environmental type are taken into account, avoiding the protected or sensitive areas. When works are carried out which, due to the nature thereof, require specific environmental studies, the corresponding Environmental Impact Study or Summary Reports are made thereon, depending upon each individual case, precisely as requested by the competent agency. The Group takes the fitting measures in each case resulting from the pertinent Environmental Impact Studies (EIS's).

(13): The cooling systems and fire extinguishing systems throughout all of its facilities fully comply with the environmental laws and regulations in force with regard to not using chlorofluorocarbon substances (CFC's). Additionally, the use of absorption cooling systems employing natural gas facilitates taking measures to eliminate ozone-reducing substances used in compression cooling cycles. Absorption employs coolants with a zero Ozone Depletion Potential on the ozone layer. The gas-based absorption cooling cycles (using ammonia-water or lithium bromide-water mixtures) contribute to the international policy of reducing the use of CFC's.

N.A.: Not applicable.

Glossary



Definition of Terms

AENOR. Acronym which stands for the Asociación Española de Normalización (Spanish Standardization Association). This association is in charge of developing the standardization and certification for all industrial and service sectors. Its objective is to contribute to improving the quality and competitiveness of businesses and environmental protection.

Aldama Report. Published in January 2003, this is a Report on Fostering Transparency and Security on Markets and in Publicly Traded Companies. It is a complement to the "Olivencia Report", published in February 1998.

Alternative energy. A substitute energy for classical energy types (coal, oil, natural gas, nuclear, hydraulic etc.) such as those known as renewable energies and others like fuel cells that work with hydrogen, which is practically inexhaustible.

Animal waste. An organic waste product of the pork farming industry. Since it is biodegradable, it is used in treatment plants to obtain biogas.

Business objective. The business activity which is the reason why a company is founded.

Cash flow. Figure which reflects the resources (profits, amortizations and provisions) generated by a company over a certain period of time.

CCGT. Combined cycle power station with gas turbine.

CCP. Combined cycle power station fueled by natural gas, with gas and steam turbines connected to electric generators.

CeRMAE. Acronym which stands for Materials Reference Center of the Generalitat de Catalunya Energy Agency.

CH₄. Methane. The smallest of the hydrocarbon molecules composed of one carbon atom and four hydrogen atoms. This is the primary component of natural gas, although it is also present in layers of coal and is produced by animals and by plant decomposition. It is a light, colorless, odorless gas.

Clean Development Mechanism (CDM). With the aim of facilitating and offsetting the economic cost of compliance with the agreements for the limitation of greenhouse gas emissions in developed countries, The Kyoto Protocol establishes what are known as mechanisms of flexibility, of which there are three: emissions trading, joint implementation and a clean development mechanism.

As provided for in the Kyoto Protocol, the Clean Development Mechanism allows those countries included in annex I (developed countries and eastern Europe) to invest in sustainable projects which lead to a reduction in emissions or to increased absorption of said emissions through drains.

The resulting difference between actual emissions and those which could be expected had the project not been in place are translated into credits (CERs, or Certified Emissions Reductions) which the investing countries can use to fulfill their commitment to limit emissions.

The Clean Development Mechanism thus fulfills a three-part objective: on the one hand, investing countries can use these credits to comply with their obligations; secondly, developing countries receive investment for sustainable projects; and thirdly, a contribution is made to fulfilling the ultimate objective of the United Nations Framework Convention on Climatic Change.

CNE. Acronym for the National Energy Commission, which regulates energy systems in Spain.

CNMV. Acronym for the Comisión Nacional del Mercado de Valores (National Securities Market Commission) which is in charge of overseeing compliance with stock market rules and regulations.

CO. Carbon monoxide. A toxic, colorless, odorless gas which is released from the incomplete combustion (poor efficiency) of carbon, present in all organic materials.

CO₂. Carbon dioxide, or carbonic anhydride. The gas with the greatest influence on the greenhouse effect. It is a byproduct of all combustion processes involving carbon, which is present in all organic substances, both in natural processes (e.g. human respiration) as well as in artificial (e.g. the use of fuel in industrial processes, car engines, etc.).

CO₂ eq. Carbon dioxide equivalent.

Cogeneration. Production of power and heat through a combined process (CHP) using certain energy sources which is much more energy-efficient than traditional systems and can be used in many different kinds of installations, from thermal power plants to heating stations in buildings.

Compression station. A facility for raising gas pressure in a gas pipeline composed of compressors and auxiliary measurement, control and regulation devices.

Conventional thermal power station. A power station which uses natural gas as a boiler fuel to generate steam. The station includes a steam generator-steam turbine-alternator unit.

dB. Decibel. Unit used in measuring the intensity of sound.

dB (A). The intensity of sound is usually measured through a filter with specific characteristics. The A filter is most commonly used due to its similarity to the human ear.

Desalination plant. A facility where seawater or brackish continental water is treated to reduce the salinity and make it suitable for certain uses.

Dividend. The part of a company's profit that is paid to shareholders in proportion to the number of shares they possess. An interim dividend is a dividend paid on account of the profits which are expected to be earned in a fiscal year.

Dow Jones Sustainability Index (DJSI). An Index created by Dow Jones, STOXX and SAM, which includes companies already listed on the Dow Jones STOXX 600 Index. The companies are some of the world's best positioned in terms of compliance with sustainability and corporate responsibility standards.

Ebit. Operating results. The operating revenues less operating expenses, depreciation allowances, goodwill and provisions for operating risks.

Ebitda. Gross operating results. Earnings before interest, amortization and provisions.

ECO/3722/2003 Order of 26 December. Standard which establishes a series of criteria to be fulfilled relative to annual corporate governance reports and other information instruments issued by publicly-traded and other companies.

EFQM. European Foundation Quality Management.

Environmental Impact Assessment (EIA). Evaluation of the conditions of a potential project site to analyze the possible impact and determine the compensatory measures which are necessary.

Environmental Management System (SGMA). Part of a company's management system which includes the organizational structure, the responsibilities, practices, procedures, processes and resources for determining and

implementing environmental policy.

e-Procurement. Automated, electronic procurement of data or processes. Used equally for Internet business transactions and for internal corporate communications. The objective of e-procurement is to increase efficiency, i.e. streamline routine processes and free employees up from bureaucratic data approval and confirmation tasks.

e-Sourcing. Generic term used to describe the full range of a company's sourcing management processes carried out over the Internet, including logistics, supplies, warehousing and purchasing management.

Eurogas. Acronym which stands for Unión Europea de la Industria del Gas.

Fossil fuel. A combustible substance found inside the earth's core formed by the burial and subsequent transformation, over geological ages, of organic material. Fossil fuels include coal, oil, natural gas and carbonous and bituminous slate.

FTSE4Good. An index created by FTSE (Financial Times Stock Exchange) which lists the companies with the strongest commitment to compliance with their corporate social responsibility obligations.

Fundibeq. Acronym which stands for Latin American Foundation for Quality Management.

Gas carrier. An individual or legal entity that owns storage facility, regasification plants or gas pipelines (pressure higher than 16 bar). Purchases the natural gas on the international market for sale to distributors for the regulated market and also permits third parties (carriers, traders and qualified consumers) access to its facilities upon request, in exchange for the payment of a fee.

Gas distributor. An individual or legal entity which owns natural gas distribution facilities (pressure equal to or less than 16 bar or which supplies only one consumer). The gas distributor buys the gas from the carrier at a regulated price and also sells the gas to its customers at a regulated rate. Like carriers, distributors must allow third parties access to their facilities.

Gas pipeline. A pipe through which combustible gas is transported at high pressures and over great distances. Can be connected to international networks and supply just one or several different regions.

Gas pressure regulation station. An automatic facility for reducing the gas pressure to a lower, more constant value.

Gas producer. A company that explores, researches and operates hydrocarbon deposits.

Gas system. The system which includes the gas facilities that are part of the basic network, secondary transportation network, distribution networks and other facilities.

Gas System Technical Manager. The entity responsible for the technical management of the basic network and secondary transportation of natural gas. In Spain, the Manager is Enagás, S.A. Its objective is to guarantee the continuity and safety of the natural gas supply and the correct coordination between access points, storage locations, transporters and distributors adhering to the principles of transparency, objectivity and independence.

GJ. Gigajoule. Unit of energy.

GJe. Electric gigajoule. Unit of energy.

Global Reporting Initiative (GRI). An independent European organization created in 1997 whose mission is to draft guidelines which can be followed voluntarily by all kinds of entities and which report on the economic, social and environmental dimension of their activities, services and products. The criteria established by this prestigious association in its annual guide are internationally recognized.

GLP. Acronym for Liquid Petroleum Gas. The fraction of light hydrocarbons obtained by distilling crude oil which is composed primarily of propane and butane and a mixture of the two in different proportions. It remains in a gaseous state under normal temperature and pressure conditions, and changes to liquid state when the pressure is increased or the temperature decreased. It is used as a domestic fuel.

GNL. Acronym for Liquefied Natural Gas. A natural gas composed primarily of methane and ethane which, to make it easier to transport, is converted to liquid phase by lowering the temperature.

Greenhouse effect gases. A group of natural or anthropogenic gases which cause the green house effect. The six gases are carbon dioxide, methane, nitrous oxide, halofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF6).

GW. Gigawatt. Unit of power equivalent to one thousand million Watts.

High pressure (HP). High pressure. There are two types: HPA, which covers 4 bar to 16 bar, and HPB, covering pressures upwards of 16 bar.

Ibex 35. The leading index on the Spanish stock market which lists the 35 stocks with the highest stock market capitalization. It is revised every six months and it is a weighted index.

ISO 14001. International standard specifying the requirements which an environmental management system must meet and which enables the organization to improve the way it manages the environmental impact of its activities, comply with legal requirements and facilitate the attainment of environmental objectives.

ISO 9001. International standard that specifies the requirements of an environmental management system.

Kg. Kilogram. Unit of weight.

kWe. Electric kilowatt.

kWh. Kilowatt-hour. Unit of work or energy equivalent to the energy produced or consumed by the power of one kilowatt during one hour.

kWh/m². Kilowatt-hour per square meter. The ratio of energy to surface unit.

Kyoto Protocol. An international accord signed in 1997 to reduce the average greenhouse gas emissions 5.2% compared to 1990 levels during the period from 2008 through 2012.

Liberalized market. A model in which the qualified customer signs a supply agreement with a trading company at a freely set, competitive price.

Liquefaction plant. A facility where natural gas from a treatment plant undergoes different stages of compression-refrigeration until certain temperature and pressure conditions are reached so that when expanded to its initial pressure, the corresponding temperature is lower than that of the vapor-liquid equilibrium point at that pressure.

Marketer. An individual or legal entity that accesses gas transportation or distribution networks and sells gas to qualified consumers or other agents under freely agreed conditions. Uses the transportation and distribution networks to transport and supply the gas to customers, in exchange for the payment of a fee.

Methane tanker. A storage ship characterized by the type of tanks it holds, which transports liquified natural gas at a temperature of -160 degrees Centigrade and a relative pressure slightly higher than the atmospheric pressure.

MW. Megawatt. Unit of power equivalent to one million watts and used to express the capacity of large power stations.

MWh/year. Megawatt hour per year. Ratio of energy to time unit.

Natural gas. A mixture of gaseous hydrocarbons formed in sedimentary rock in dry beds or along with crude oil. It is composed primarily of methane (86%), liquified oil gases, nitrogen and carbon dioxide. Because of its calorific power and the virtual absence of polluting effects, its use in the generation of electricity and in the urban residential sector is on the rise.

NOx. Nitrous Oxide. Oxides which are generated and released by all ordinary high temperature combustion processes. It originates from the oxidation of the nitrogen contained in the air as well as from that contained in fuel. It is harmful to the human respiratory apparatus as well as to plants, and is present in the 'acid rain' phenomenon.

OPA. A public and indiscriminate offer to purchase shares in order to acquire majority ownership in a company. The price offered is usually higher than the market value in order to encourage voluntary acceptance, which must be set in a previously-established period.

Peak-shaving. Term used to describe cryogenic gas storage plants which are used to ensure supply during critical periods or to cover peak demand cycles.

Qualified consumer. A consumer that purchases gas from traders either directly or under freely agreed conditions.

Quality. The group of actions designed to achieve customer satisfaction and build their loyalty by means of economic efficiency.

R-22. Chlorodifluoromethane. Cooling gas used in air conditioning units.

Rated or regulated gas market. The traditional relationship model between gas customers and gas companies. The customer buys the gas from the distributor at a regulated price or rate.

Rating. The classification assigned to the debt issues of companies, organizations, institutions or states to indicate their credit risk level. Ratings are issued by rating agencies and are intended to measure the debtor's solvency; in other words, the debtor's ability to meet its payment obligations.

Regasification plant. The facility where the liquified natural gas from ships is received for storage and regasification.

Renewable energy. Energy that is found in nature on a continuous basis and which is practically inexhaustible, e.g., solar and wind energy and almost all alternative energies.

Satellite plant. Facility for the supply of gas to consumption centers which do not have access to distribution networks and which are supplied by tankers. In other words, a limited capacity liquified natural gas regasification plant.

SIEGA. Acronym which stands for Integral environmental management assessment system.

Stakeholders. This term encompasses all third parties, including individuals, legal entities or other groups affected directly or indirectly by the activities of a company, its products or services (customers, shareholders, employees, suppliers and the company, among others).

Sustainability. The economic activity which satisfies the needs of the present generation without affecting the ability of future generations to satisfy theirs.

Sustainable development. The use of resources which satisfies current needs but protects the environment, without jeopardizing the ability of future generations to satisfy their needs.

t. Ton. Unit of weight.

THT. Tetrahydrothiophene. Odorant for natural gas.

TPA. Acronym which stands for Third Party Access to the network. Use of the gas network by external entities by paying a fee based on the service in question: connection fee, regasification fee, transport and storage fee.

Trading. The purchase and sale of liquified natural gas.

Treatment plant. The plant located next to a natural gas deposit where the gas is dried, stripped and the carbon dioxide and hydrogen sulphide are eliminated.

Turbocompressor. A unit composed of a turbine, gas compressor and all of the auxiliary systems and equipment. In the gas industry, they are installed in compression stations to push the fluid through the pipes.

UN Global Compact. A UN initiative to foster the adoption of universal principles in the areas of human rights, labor standards and the environment as a way of improving the working conditions of the most disadvantaged groups and protecting the environment.

Unqualified consumer. A consumer that purchases gas from a distributor at a regulated rate.



Grounds and Preparation Criteria of Indicators Subject to Independent External Verification

Indicator	Grounds and Preparation Criteria
Good governance	
Meetings of the Board of Directors and Committees	Number of meetings held by the Board of Directors and Committees of Gas Natural Group throughout 2004, registered in the relevant meeting minutes in the official book of the Group.
Environment	
Energy consumption	Self-consumption in terms of m ³ (n) of natural gas and KWh of power consumed at workplaces (lighting, heating and air conditioning, power) and in processes (combined cycles, cogeneration, gas network, ERMs, LNG plants) of Gas Natural Group in Spain in 2004, obtained through direct counter readings, invoices issued by third parties or based on internal estimates.
Waste generation	Amount in kg of hazardous and non-hazardous waste, according to legal specifications, generated by Workplaces pertaining to Gas Natural Group in Spain in 2004, calculated according to kg invoiced or, when said information was unavailable, according to internal estimates.
CO ₂ emissions	Kg of carbon dioxide released into the atmosphere as a result of fuel consumption by mobile sources (fleet of vehicles) and of energy consumption in the form of natural gas at stationary sources (combined cycles, cogeneration, heating and air conditioning boilers and sanitary hot water), as well as that released indirectly (from power consumption by the Group) by Gas Natural Group in Spain in 2004. This figure was obtained by applying internal emission factors and/or standards to the values on energy consumption.
CH ₄ emissions	Leaks of m ³ (n) of methane into the atmosphere originating from Gas Natural Group distribution system connections, piping and cabinets in Spain in 2004, calculated according to internal emission factors applied to the length of piping.
Environmental expenditure	Total investment plus expenses required in order to make a positive impact on the environment, made by Gas Natural Group in Spain in 2004 (including updating or renovation of networks and connections, carrying out EIAs, development and implementation of EMS, land restitution, reforestation, waste management, purchase of new vehicles, etc.).
Commitment to Society	
Sponsorships by Gas Natural Spain	Expenses incurred by Gas Natural Group in Spain in 2004 in social, cultural and environmental undertakings in which the company is present, thereby obtaining publicity.

Indicator	Grounds and Preparation Criteria
-----------	----------------------------------

Human Resources

Average age of staff members	Overall average age of personnel employed by Gas Natural Group as at 31 December 2004.
Training hours per year and employee, by category	Number of training hours (on site and on-line) received by employees of Gas Natural Group in 2004.
Total proportion of men and women on staff	Overall percentage of men and women employees over the total number of employees of Gas Natural Group as at 31 December 2004.
Number of suggestions contributed to the employee suggestion box	Number of suggestions deposited by employees of Gas Natural Group in the employee suggestion box in 2004.
Percentage of staff with a university degree	Number of employees with a (3- or 5-year) university degree over the total number of employees of Gas Natural Group as at 31 December 2004.

Quality

Satisfaction Index	Percentage of customers on an annual basis who, in the survey carried out daily by an outside agency, claim to be satisfied or very satisfied with the Quality of Service, Telephone Service, Emergency Service, New Customer Registration, Inspections, Maintenance, Billing and Supply offered by Gas Natural Group in Spain in 2004.
--------------------	---

Commercial

Number of customers	Number of current billable contracts of Gas Natural Group in Spain as at 31 December 2004.
Sales of gas and power	GWh of gas and power billed to customers of Gas Natural Group in Spain in 2004.
Market share of gas and power customers	Percentage of Gas Natural Group customers in Spain as compared to the national global supply points published by the National Energy Commission (CNE) as at 31 December 2004.
Market share of gas and power sales	Percentage of gas and electric power supplied to Gas Natural Group customers in Spain in 2004 as compared to the global volume supplied in Spain and published by the National Energy Commission (CNE) in 2004.
Number of maintenance service contracts	Maintenance contracts in portfolio as at 31 December 2004, including SME, home and community maintenance.
Number of inspections and maintenance visits	Actual standard inspections in the regulated market carried out by Distributors and maintenance carried out for customers holding Servigas contracts.
Number of calls to Customer Service Hotline	Calls received by Gas Natural Group Customer Service platforms in Spain as at 31 December 2004.
Kilometers of network followed-up	Km of pipeline inspected in Spain in 2004 with the aim of analyzing whether it is in good condition or if adjustments are required. Data obtained from the geographic information system.
Kilometers of renovated network and connections	Km of pipeline and number of connections replaced by Gas Natural Group in Spain in 2004 due to wear, changes in flow or leaks. Data obtained from the geographic information system.

Economic

Economic indicators	These indicators have been prepared in accordance with the current assessment regulations of the Consolidated Annual Accounts of the Gas Natural Group as at 31 December 2004.
---------------------	--

Annex. Main Group Companies

Annex – Main Group Companies

Company	Country	Activity	% Total Participation
Sagane, S.A.	Spain	Gas supply	100.0
Gas Natural Aprovisionamientos SDG, S.A.	Spain	Gas supply	100.0
A.I.E. Ciudad Sanitaria Vall d'Hebrón	Spain	Cogeneration	81.3
La Energía, S.A.	Spain	Cogeneration	100.0
Sociedad de Tratamiento Hornillos, S.L.	Spain	Cogeneration	80.0
Sociedad de Tratamiento La Andaya, S.L.	Spain	Cogeneration	45.0
UTE La Energía-SPA	Spain	Cogeneration	60.0
AECS Hospital Trias i Pujol AIE	Spain	Cogeneration	50.0
AECS Hospital Bellvitge AIE	Spain	Cogeneration	50.0
Gas Natural Servicios SDG, S.A.	Spain	Gas marketing, electricity and services	100.0
Smedigas, S.r.L.	Italy	Gas distribution	100.0
Impianti Sicuri, S.r.L.	Italy	Gas distribution	100.0
Nettis Gas Plus, S.p.A.	Italy	Gas distribution	100.0
SCM Gas Plus, S.r.L.	Italy	Gas distribution	100.0
GEA, S.p.A.	Italy	Gas distribution	100.0
Congas, S.p.A.	Italy	Gas distribution	100.0
Gas Natural Commercialisation France, S.p.a.S.	France	Gas distribution	100.0
Gas Natural Vendita Italia, S.p.A.	Italy	Gas distribution	100.0
Natural Energy, S.A.	Argentina	Gas distribution	49.9
Gas Natural Comercializadora, S.A.	Spain	Gas distribution and industrial electricity	100.0
CH4 Energía, S.A de C.V.	Mexico	Transmission and gas distribution	43.4
Transnatural, S.R.L. de México, C.V.	Mexico	Transmission and gas distribution	43.4
Kromschroeder, S.A.	Spain	Meters	42.5
Gas Natural Cegas, S.A.	Spain	Gas distribution	99.7
Gas Natural Andalucía, S.A.	Spain	Gas distribution	100.0
Gas Natural Castilla-La Mancha, S.A.	Spain	Gas distribution	95.0
Gas Galicia SDG, S.A.	Spain	Gas distribution	62.0
Gas Natural Castilla y León, S.A.	Spain	Gas distribution	90.1
Gas Natural La Coruña, S.A.	Spain	Gas distribution	56.4
Gas Navarra, S.A.	Spain	Gas distribution	90.0
Gas Natural Rioja, S.A.	Spain	Gas distribution	87.5
Gas Natural Murcia SDG, S.A.	Spain	Gas distribution	99.9
Gas Natural Cantabria SDG, S.A.	Spain	Gas distribution	90.4
Gas Natural Distribución SDG, S.A.	Spain	Gas distribution	100.0
Gas Natural de Álava, S.A.	Spain	Gas distribution	10.0
Gas Aragón, S.A.	Spain	Gas distribution	35.0
Companhia Distribuidora de Gás do Rio de Janeiro, S.A.	Brazil	Gas distribution	54.2
CEG Rio, S.A.	Brazil	Gas distribution	72.0
Gas Natural São Paulo Sul, S.A.	Brazil	Gas distribution	100.0
Gas Natural, S.A. ESP	Colombia	Gas distribution	59.1
Gases de Barrancabermeja, S.A. ESP	Colombia	Gas distribution	32.2
Gas Natural del Oriente, S.A. ESP	Colombia	Gas distribution	32.2
Gas Natural Cundiboyacense, S.A. ESP	Colombia	Gas distribution	45.8
Gas Natural BAN, S.A.	Argentina	Gas distribution	50.4
Gas Natural México, S.A. DE C.V.	Mexico	Gas distribution	86.8
Comercializadora Metrogas, S.A. de C.V.	Mexico	Gas distribution	86.8
Smedigas, S.p.A.	Italy	Gas distribution	100.0
Nettis Gestioni, S.r.L.	Italy	Gas distribution	100.0
SCM, S.r.L.	Italy	Gas distribution	100.0
Gasdotti Azienda Siciliana, S.p.A.	Italy	Gas distribution	100.0
Agragas, S.p.A.	Italy	Gas distribution	100.0

Company	Country	Activity	% Total Participation
Normanna Gas, S.p.A.	Italy	Gas distribution	100.0
Gas Natural Distribución Eléctrica, S.A.	Spain	Electricity distribution	100.0
Electra de Abusejo, S.L.	Spain	Electricity distribution	100.0
Distribución Eléctrica Navasfrias, S.L.	Spain	Electricity distribution	100.0
Portal Gas Natural, S.A.	Spain	e-Business	63.2
Gas Natural Finance, B.V.	The Netherlands	Finance	100.0
Gas Natural International, Ltd.	Ireland	Finance	100.0
Ecoeléctrica L.P., Ltd.	Bermuda	Generation of electricity	47.5
Central Térmica la Torrecilla, S.A.	Spain	Generation of electricity	50.0
Corporación Eólica de Zaragoza, S.L.	Spain	Wind farm	65.6
Montouto 2000, S.A.	Spain	Wind farm	49.0
Explotaciones Eólicas Sierra Utrera, S.L.	Spain	Wind farm	50.0
Enervent, S.A.	Spain	Wind farm	26.0
Burgalesa de Generación Eólica, S.A.	Spain	Wind farm	20.0
Gas Natural Electricidad SDG, S.A.	Spain	Generation and distribution of electricity	100.0
Gas Natural do Brasil, S.A.	Brazil	Generation and distribution of electricity	100.0
UTE Dalkia-GN Servicios	Spain	Energy management	50.0
Iradia Climatización AIE	Spain	Energy management	100.0
Gas Natural Informática, S.A.	Spain	Information systems	100.0
Torre Marenostrum, S.L.	Spain	Real Estate Company	45.0
Compañía Auxiliar de Industrias Varias, S.A.	Spain	Services	100.0
Natural Servicios, S.A.	Argentina	Services	79.3
Serviconfort Colombia, S.A.	Colombia	Services	100.0
Gas Natural Servicios, S.A. de C.V.	Mexico	Services	86.8
Sistemas Administración y Servicios, S.A. de C.V.	Mexico	Services	87.0
Energía y Confort Admón. de Personal, S.A. de C.V.	Mexico	Services	87.0
Administradora de Servicios Energía, S.A. de C.V.	Mexico	Services	86.8
Serviconfort Brasil, S.A.	Brazil	Services	100.0
Gas Natural Soluciones, S.L.	Spain	Services	100.0
Portal del Instalador, S.A.	Spain	Services	47.4
Gas Natural Distribuzione Italia, S.p.A.	Italy	Investment company	100.0
Gas Fondiaria, S.p.A.	Italy	Investment company	100.0
Gas Natural Servizi e Logistica, S.p.A.	Italy	Investment company	100.0
Gas Natural Puerto Rico Inc.	Puerto Rico	Investment company	100.0
Gas Natural Corporación Eólica, S.L.	Spain	Investment company	100.0
SINIA XXI, S.A.	Spain	Investment company	100.0
La Propagadora del Gas, S.A.	Spain	Investment company	100.0
Holding Gas Natural, S.A.	Spain	Investment company	100.0
Gas Natural Internacional SDG, S.A.	Spain	Investment company	100.0
Invergas, S.A.	Argentina	Investment company	72.0
Gas Natural SDG Argentina, S.A.	Argentina	Investment company	72.0
Invergas Puerto Rico, S.A.	Spain	Investment company	100.0
Buenergía Gas & Power, Ltd.	Cayman Is.	Investment company	95.0
Ecoeléctrica Holdings, Ltd.	Cayman Is.	Investment company	47.5
Ecoeléctrica, Ltd.	Cayman Is.	Investment company	47.5
Nettis Impianti, S.p.A.	Italy	Investment company and gas distribution	100.0
Desarrollo del Cable, S.A.	Spain	Telecommunications	100.0
Grupo Enagás	Spain	Gas transmission	26.1
Europe Maghreb Pipeline, Ltd. (EMPL)	UK	Gas transmission	72.6
Metragaz, S.A.	Morocco	Gas transmission	72.3
Gas Natural Transporte SDG, S.L.	Spain	Gas transmission	100.0



The Reader's Opinion

General impression of this Report

☐ Uninteresting ☐ Somewhat interesting ☐ Interesting ☐ Very interesting

Has it helped you to understand the activities of the Gas Natural Group in the area of Corporate Social Responsibility?

☐ Not at all ☐ A little bit ☐ Quite a bit ☐ Very much so

How would you rate the information contained in the following sections of the Report?

	Insufficient	Sufficient	Excellent
Letter from the Chairman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Group Profile	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mission, Vision and Values	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate Social Responsibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate Governance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shareholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Society	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments or Suggestions

Name

Company

Address

Relationship to the Gas Natural Group:

☐ Customer ☐ Shareholder ☐ Employee ☐ Supplier

☐ Other (please specify)



Gas Natural s.d.g., s.A.

Registered Office

Av. Portal de l'Àngel, 22
08002 Barcelona
Tel.: 902 199 199
Fax: 93 402 58 70

The Madrid Head Office

Avenida de América, 38
28028 Madrid
Tel.: 902 199 199
Fax: 91 726 85 30