2015

Corporate Responsibility Report

gasNatural fenosa

Done and said

Done and said

First ‘do’ then ‘say’, that is our way

At Gas Natural Fenosa we look to focus on what really matters, on what always drives us forward: the facts. We strive to ensure that our commitments are embodied in specific facts that benefit our customers and society in general.

We believe that what is important is not what is said or promised, but rather what is done and demonstrated. That’s why our communication is based on sharing those facts with our public. To this end we have built an easily accessible microsite that showcases the facts that provide value and which benefit our audiences.

So, with this report, we invite you to discover our facts. At the start of each chapter we highlight a relevant fact for which the company is responsible. And, using a QR code, you can enter the microsite where you will find further information about each fact.

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www.informesanuales.gasnaturalfenosa.com

2015

Corporate Responsibility Report

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2015 Corporate Responsibility Report

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2015 Corporate Responsibility Report

Letter from the Chairman

Dear shareholders,

In 2015, Gas Natural Fenosa has completed its 2013-2015 Strategic Plan with an Ebitda of over 5,000 million euros and net profit of over 1,500 million euros.

Our group operates in more than 30 countries and provides services to more than 23 million customers, with a balanced business model between gas and electricity activities, of which Ebitda outside Spain already accounts for 48%. The acquisition of CGE and the consolidation in the Chilean market ensures we remain as the leading company in energy distribution, with a presence in seven of the largest Latin American cities. In addition, we have undertaken major investments in renewing the gas networks in Argentina, Brazil and Mexico, along with standardisation and improvement to the electricity grids in Colombia and the underground burial of medium -and low-voltage grids in Panama.

And within the sphere of corporate responsibility, 2015 has been a decisive year for Spanish businesses with the entry into force of the new Good Governance Code of Listed Companies, and the changes to the Corporate Enterprises Act. Gas Natural Fenosa has approved the appropriate new items, as well as agreements to adapt the internal rules to the recommendations of the Good Governance Code.

In line with these adaptations, the Corporate Responsibility Policy has been renewed and approved by the Board of Directors in December 2015. The group has revised its action principles and commitments, and extended their scope of application in order to adopt to international best practices. Furthermore, the Board of Directors and the Management Committee have defined responsibilities in the design, management, supervision and control of corporate responsibility policies and commitments.

The customer remains the focal point for all our management, and through our Customer Experience project we strive to ensure that excellence in customer service forms part of our culture and is a core feature of all the company's activities. A good example is the new customer service model, which has been designed so that

it is more versatile, simple, direct and decisive, and can cover customer's needs. Our efforts are also focused on investments to offer efficient and innovative services that contribute to making more efficient use of energy.

In the field of talent and diversity, in 2015 we made further progress on the human and social development model, and we set up an integral diversity plan focused on the drivers of gender, age and disability. Our ceaseless efforts prompted by our interest in people have been recognised by the good results in the work environment survey and employees' positive feedback about the company's corporate responsibility. Indeed, proper management of the supply chain is vital in helping Gas Natural Fenosa continue to be a benchmark in corporate responsibility issues.

During 2015, significant progress was made in improving supplier assessment by deploying a new rating and certification process in Spain, one that is expected to be extended to other countries in 2016. The group remains a member of the Bettercoal international initiative, which is designed to include social, environmental and ethical practices in the coal supply chain.

After three years of activity with the Safety and Health Commitment Plan, it is evident that there has been a major shift in the way the safety culture is perceived in the company. It has evolved towards a new approach based on safe individual conduct and the identification and anticipation of hazardous situations. Progress continued in 2015 with activities geared towards training, information, and raising awareness about health and safety at all levels and throughout the company.

In the environmental sphere, the efforts in the three key areas -climate change, biodiversity and water- took the form of a number of different activities, such as Water Plan initiatives, in which indicators which can be implemented in businesses and facilities are identified. Gas Natural Fenosa also played an active role in the 21st annual meeting of the Conference of the Parties (COP), held in Paris, interacting with other companies in the sector, administrations and stakeholders.

We maintain our commitment towards ethics and transparency, renewing our membership of the United Nations Global Compact, and adding new integrity and transparency commitments which are set out in the corporate responsibility policy, including express compliance with international standards and laws, fair competition and responsible and transparent reporting.

It is gratifying to see how for yet another year, these and other achievements in corporate responsibility are confirmed through external awards. In 2015, the company was acknowledged as leader of the Utilities sector (gas, electricity and water) and was awarded the category of Gold Class within the Gas Utilities sector in the RobecoSAM Yearbook; for the 14th year running we were included on the FTSE4Good index, and we maintained our presence on other indices such as the Euronext Vigeo and STOXX ESG Leaders Indices.

In 2015, Gas Natural Fenosa was once again awarded a high score by the Carbon Disclosure Project, and was also included again in the MSCI Global Climate Index, a list of leading companies which actively mitigate factors contributing to climate change in the short and long term.

This report has been drawn up following the parameters of GRI G4 Guidelines. For human rights information, it uses the United Nations Guiding Principles Reporting Framework, which has the purpose of ensuring that companies report all information in line with the UN Guiding Principles on Business and Human Rights.

I encourage you to explore all the details of our activities through this Corporate Responsibility Report and the equivalent documents drawn up by our teams in Argentina, Brazil, Chile, Colombia, Italy, Mexico, Moldova and Panama. All of them strongly reflect the commitment, dedication and the collective energy of a human team which strives for excellence.

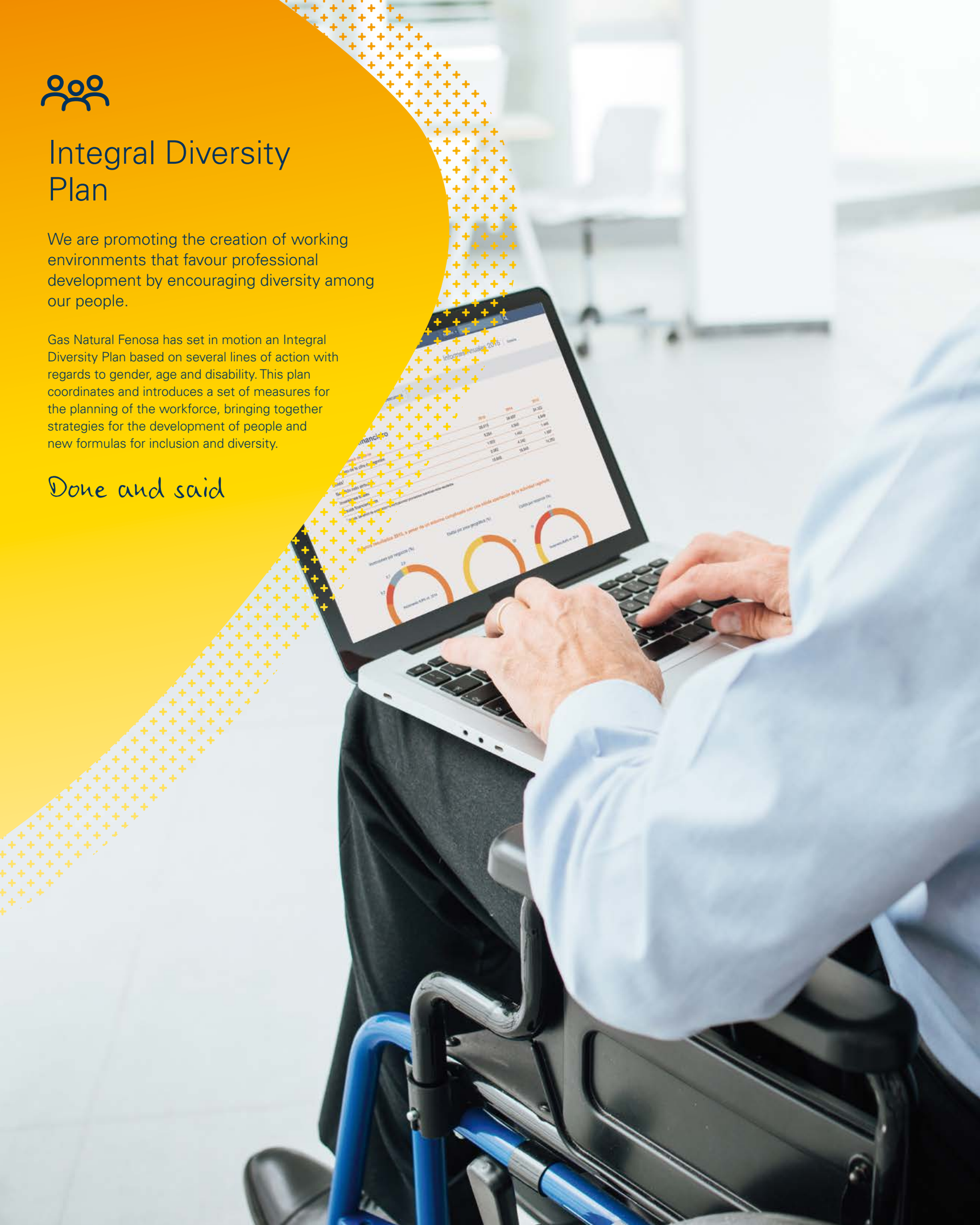
Salvador Gabarró Serra
Chairman of the Board of Directors

Integral Diversity Plan

We are promoting the creation of working environments that favour professional development by encouraging diversity among our people.

Gas Natural Fenosa has set in motion an Integral Diversity Plan based on several lines of action with regards to gender, age and disability. This plan coordinates and introduces a set of measures for the planning of the workforce, bringing together strategies for the development of people and new formulas for inclusion and diversity.

Done and said



2015 Corporate Responsibility Report

About this Report

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About this Report

For the third year running, in the 2015 Corporate Responsibility Report, Gas Natural Fenosa follows the criteria, principles and contents defined in the G4 framework for preparation of the Global Reporting Initiative (GRI) sustainability reports. The company believes that the report has been prepared in accordance with the comprehensive level of G4.

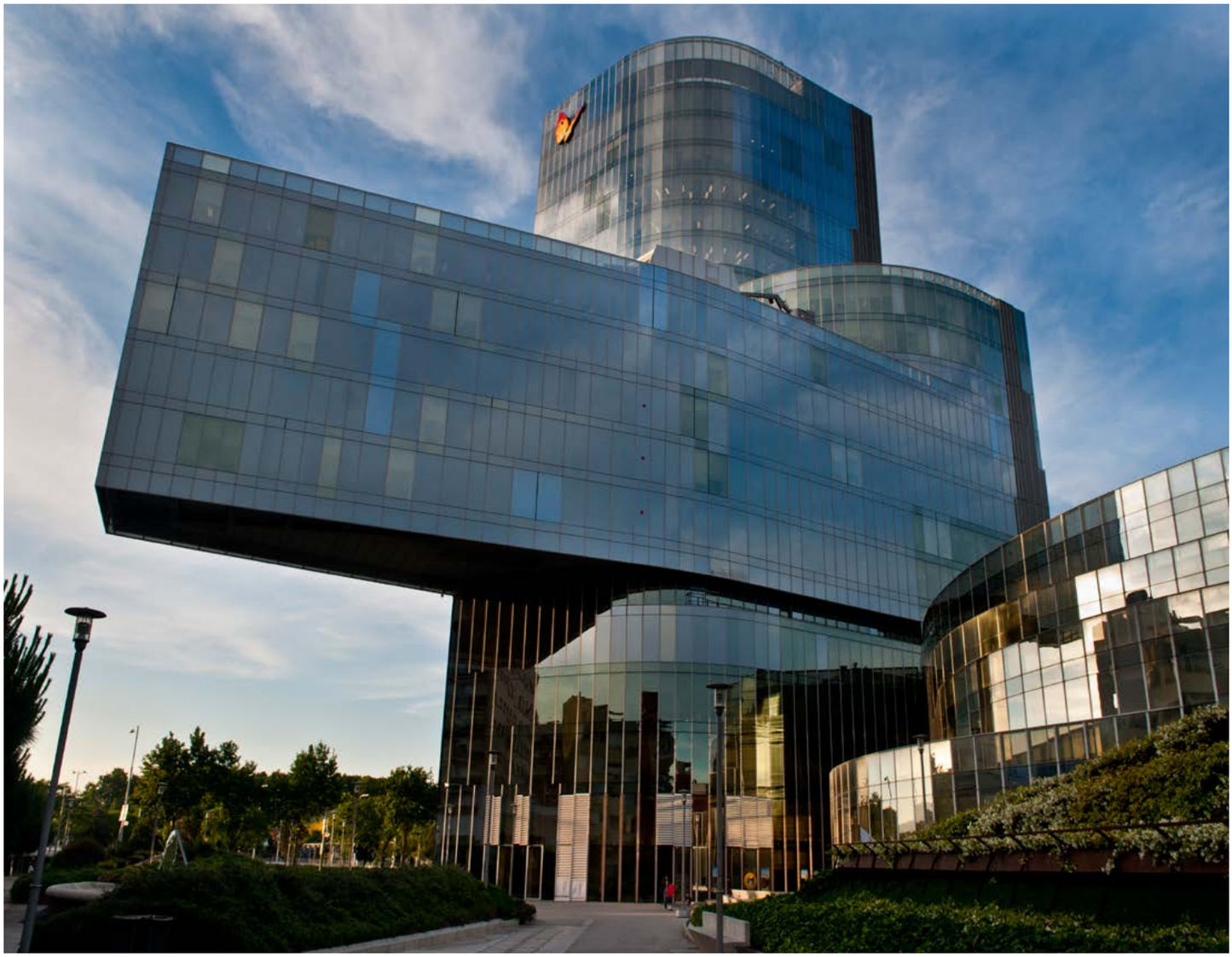
The Corporate Responsibility Report of Gas Natural Fenosa, updated in December 2015, determines the structure of a large part of this report. The issues identified in the materiality analysis, which is the baseline for compiling the report, set the specific content of the same.

For Gas Natural Fenosa, the materiality study represents an ongoing procedure that focuses on those items of a social, environmental and/or economic nature that are relevant to the company's business and which have an influence on its stakeholders' decisions.

It began with a new focus in 2013, and is enriched every year with additional nuances from new sources and consultations with stakeholders.

Ongoing development of the materiality analysis

2013			2016
Identification and definition of material aspects.	**Definition of material aspects according to value chain and sector-wide nuance.**	**Prioritisation of material aspects in each country.**	**Identification of expectations by consulting stakeholders.**
• Context study, prescribers for corporate responsibility. • Interviews with executives. • Internal prioritization and validation.	• Gas and electricity business value chain study, assignment of material aspects by activity. • Consultation of sector experts. • Refining and validation.	• Country risk analysis. • Corporate responsibility agenda in countries in which the company operates. • Relation of material aspects by country of operation and company activity.	• Selection of representative prescribers of shareholders by country. • Carrying out of interviews for perception and identification of expectations (in progress).



First of all, to identify the material issues we performed an in-depth analysis based on public sources of international benchmark organisations in issues of corporate responsibility and on interviews with external stakeholders, which were then contrasted with internal interviews.

We subsequently worked on the material issues to define them with greater granularity, focusing the material issues on the gas and electricity value chain, giving it a more sectoral emphasis, add supplementing this with a thorough analysis of the country risk.

We are currently delving further into the external consultations, by identifying expectations and by checking with stakeholders.

Savings for businesses

We analyse the needs of each business and apply the most appropriate energy solution.

At Gas Natural Fenosa, we work alongside small and medium-sized Spanish enterprises to help them make day-to-day savings. We offer consulting and energy solutions for their business, allowing them to renovate their premises so that they can make financial and energy savings from day one.

Done and said

2015 Corporate Responsibility Report

Business Model

A brief look at Gas Natural Fenosa. Page 12

A competitive and integrated business model. Page 19

For detailed information on this project, scan this QR code with your mobile device or visit the 2015 Annual Report microsite.

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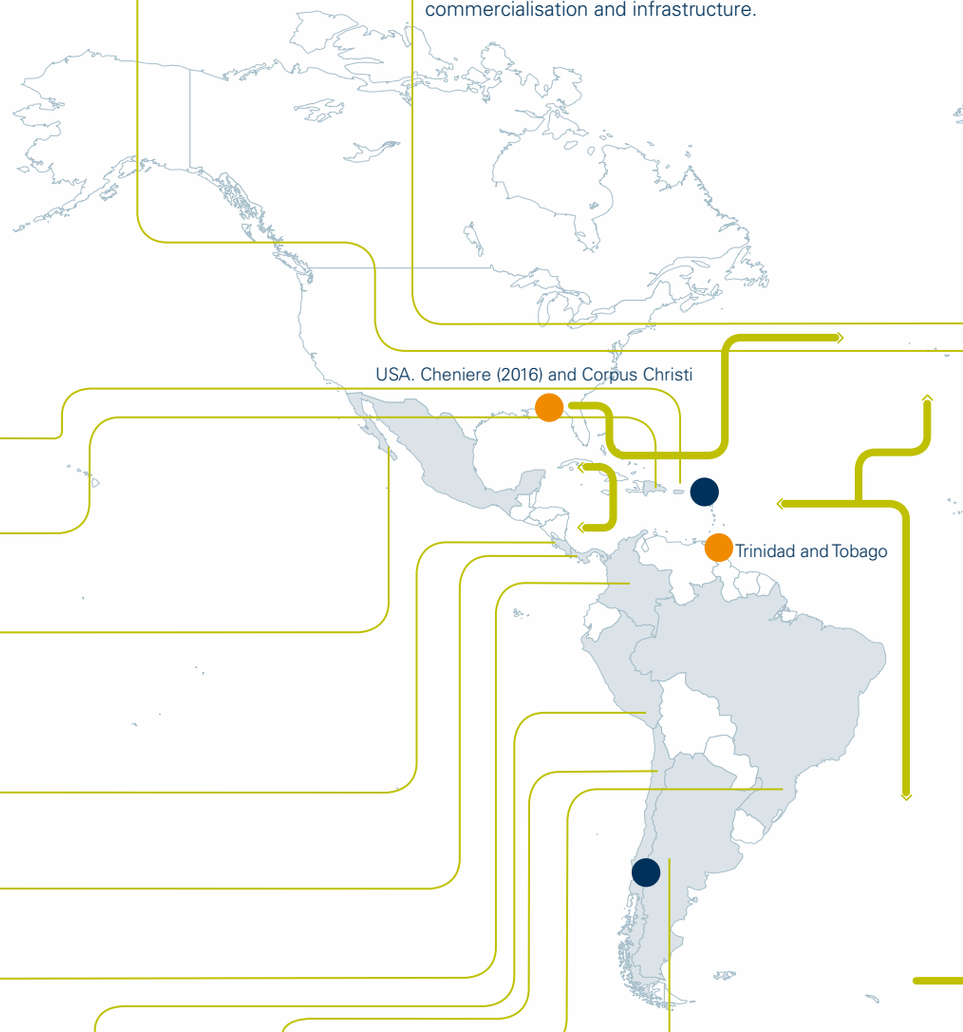
A brief look at Gas Natural Fenosa

[G4-6], [G4-8], [G4-13] and [G4-DMA] [Economic Performance]

Gas Natural Fenosa operates in over 30 countries with more than 23 million customers, and almost 60% of its employees work outside Spain. Its international presence puts it in an ideal position to be able to capitalise on the growth of new regions which are in the process of economic growth, making it one of the world's most important operators.

- Gas flow.
- Liquefaction plant.
- Regasification plant.
- Leased regasification plant.
- Long-term gas contracts.
- Maghreb-Europe gas pipeline (Empl).
- Medgaz pipeline.



Portugal
NG/LNG and electricity commercialisation.

Spain
Gas and electricity exploration, transportation, distribution and commercialisation.
Generation combined cycles, nuclear, hydraulic, coal, co-generation, small hydro and wind.
NG/LNG regasification, upstream, commercialisation and infrastructure.

Puerto Rico
NG/LNG infrastructure and electricity generation.

Dominican Republic
Generation (198 MW, fuel).

Mexico
Gas distribution (ten states including Mexico City and 1.4 million customers) and generation (2,035 MW, combined cycle and 234 MW, wind).

Costa Rica
Generation (101 MW, hydraulic).

Panama
Electricity distribution (Panama Centre, West, Interior, Chiriquí and 0.6 million customers), and generation (22 MW, hydraulic).

Colombia
Gas distribution (Bogota, Soacha and 2.6 million customers), LPG and electricity distribution (Atlantic coast, 2.5 million customers).

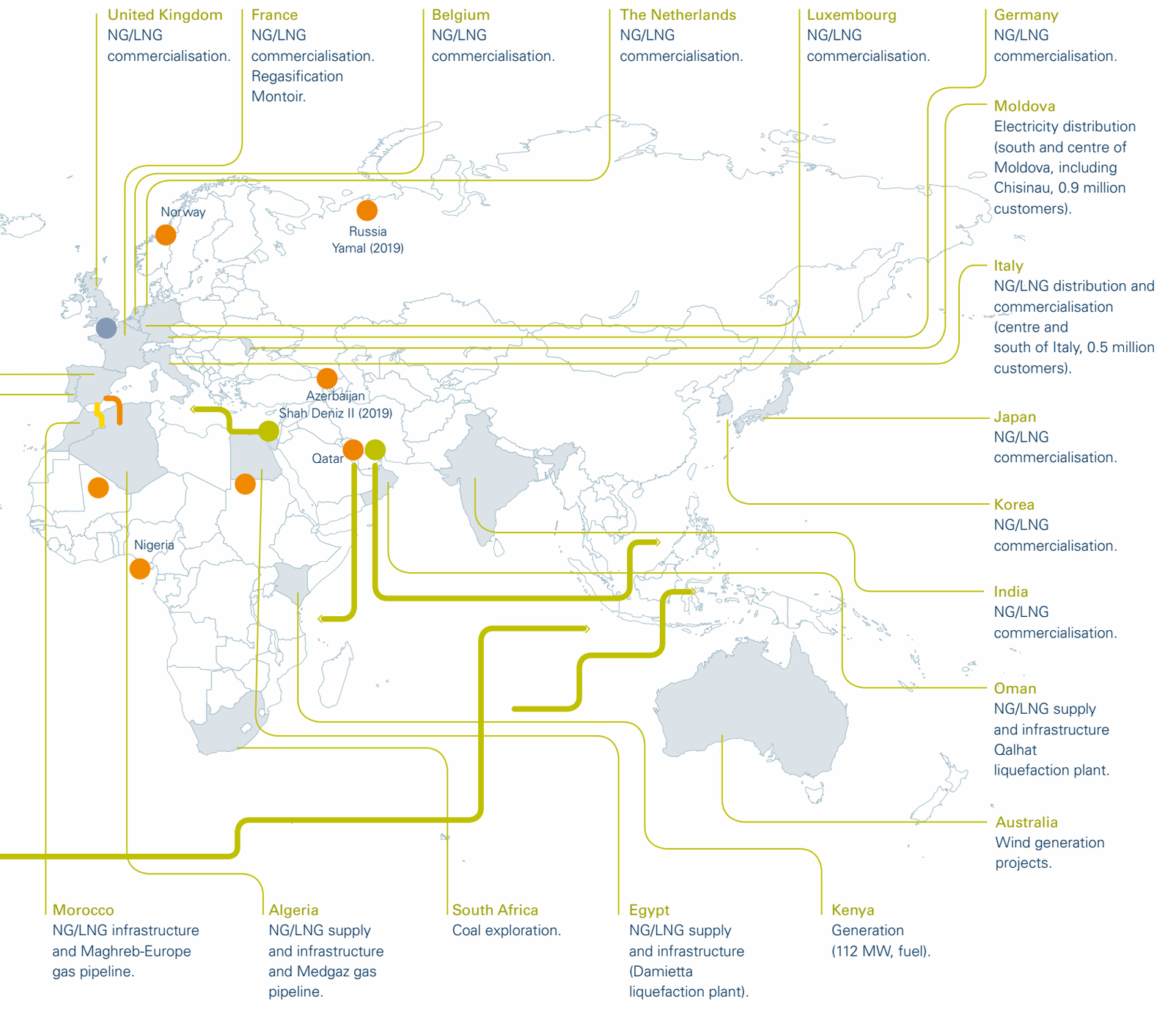
Peru
Gas distribution. Beginning of gasification (Arequipa and South-West area).

Chile
Gas distribution (18 provinces and 0.6 million customers), electricity distribution and transport (13 provinces and 2.7 million customers) and GN/LNG infrastructures (GNL Quintero plant).

Brazil
Gas distribution Rio de Janeiro state, São Paulo Sur and 1 million customers). NG/LNG commercialisation.

Argentina
Gas distribution ((30 municipalities in the north and west of the province of Buenos Aires, 1.6 million customers) and electricity distribution (0.2 million customers). NG/LNG commercialisation.

For further information on the group's corporate structure by business activities, refer to Annex 1 of the 2015 Consolidated Annual Accounts.



NB: Commercialisation and distribution of LPG in Chile and Colombia are not included as these activities are considered suspended as of 31/12/2015.

Presence in the world

Spain

Gas Natural Fenosa is the largest integrated gas and electricity company in Spain. It is a leader in gas distribution, where it distributes gas to over 1,000 municipalities in nine autonomous regions and has over 5 million customers. In the electricity business, it is the third largest company in Spain, with 3.7 million customers and a major presence in different technologies: combined cycle, hydroelectric, coal-fired, co-generation, wind and nuclear power stations.

Rest of Europe

- **Germany, Belgium, France, Netherlands and Luxembourg. The company** has its headquarters **in Paris** and operates in these countries through its subsidiary Gas Natural Europe, which engages in energy sales in the European market. In France, the Montoir regasification plant is of particular note.
- **Italy.** Since 2002, the company has had a presence in the central and southern regions of the country. It distributes and commercialises gas to almost half a million customers in 223 municipalities.
- **Moldova.** The company provides service to more than 0.8 million customers through its subsidiary Red Unión Fenosa, which engages in electricity distribution in the central and southern regions of the country, including its capital (Chisinau).
- **Portugal.** It operates in the gas and electricity markets, through its subsidiaries Gas Natural Comercializadora and Gas Natural Servicios SDG.

Presence in the world

America

Gas Natural Fenosa is the leading gas distributor in Latin America, with almost 7.5 million customers, twice as many as its nearest rival. As regards the electricity business, it distributes electricity to 6 million customers. It operates in seven of the ten most important cities in Latin America.

- **Argentina.** The company distributes natural gas in 30 municipalities in the north and west of the province of Buenos Aires and to four provinces in the north-east, catering to 1.6 million customers.
- **Brazil.** The company has operated since 1997 through the companies Ceg, Ceg Río and Gas Natural SPS, which distribute gas to more than 0.9 million customers in the state of Rio de Janeiro and in the south of Sao Paulo.
- **Chile.** Gas Natural Fenosa has taken over 96.5% of the country's largest electricity and gas distributor: CGE. It distributes gas in 18 provinces, catering to almost 0.6 million customers, and performs electricity distribution and transport in 13 provinces, where it has 2.7 million customers. CGE also has a stake in the LNG plant in Quintero.
- **Colombia.** The company is present in the Colombian market through Gas Natural ESP and Electricaribe ESP. It has 2.7 million customers for its natural gas distribution and commercialisation service, inland, and almost 2.5 million electricity customers along the Atlantic coast.
- **Costa Rica.** It boasts a presence in the electricity production market of Costa Rica, where it has two hydroelectric plants: La Joya and Torito, with installed power of 51 MW and 50 MW, respectively.
- **Mexico.** The company is the leading gas distribution operator in Mexico. It provides services to eight of the country's states, including Mexico City, accounting for a total of 1.5 million customers. It also takes part in the country's electricity production sector, with installed power of 2 GW in combined cycles and 234 MW in wind energy.
- **Panama**. The company has a presence in the electricity distribution market in the areas of Panama Central, West, Inland and Chiriquí, with more than 0.5 million customers, as well as in the electricity production market, through hydroelectric and thermal power stations with installed power of 33 MW.
- **Puerto Rico.** It operates in this country through the company Ecoeléctrica, which has a combined cycle power plant with 263 MW of installed power (which cannot be consolidated in accordance with the new accounting methodology) and a regasification plant.
- **Peru.** We continue to make progress in the development of works with the aim of starting commercial operations during 2016.
- **Dominican Republic.** The company is present in the production market through two thermal power plants with installed electricity power of 198 MW.

Presence in the world

Africa

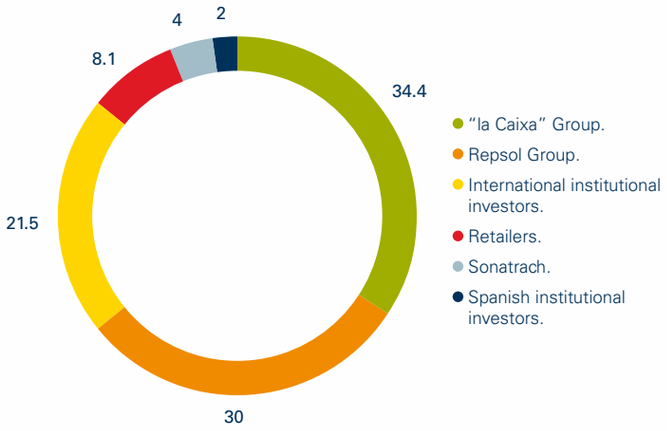
- **Algeria.** This is the group's main supplier of natural gas, and it also has a stake in the Medgaz pipeline.
- **Egypt.** The company participates in the energy sector through the Damietta liquefaction and regasification plant, where it has a 14% stake through its subsidiary Unión Fenosa Gas.
- **Kenya.** It participates in the electricity production market in Kenya through a power plant that has 112 MW of installed capacity.
- **Morocco.** Business focuses on operation of the Moroccan section of the Maghreb-Europe pipeline.
- **South Africa.** In 2007, the company acquired a 70% stake in the company Kangra Coal, owner of the Savmore coalmine.

Asia and Oceania

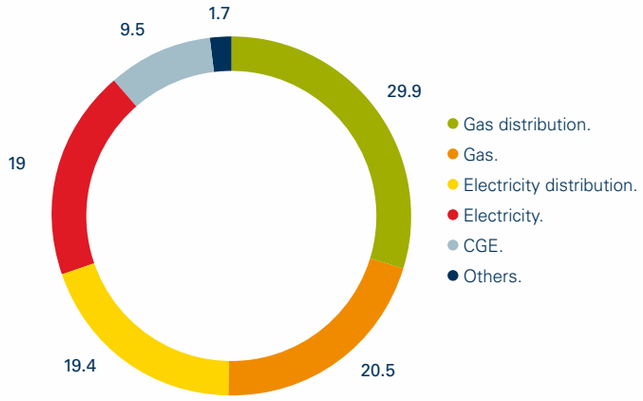
- **Australia.** It operates through the company Unión Fenosa Wind Australia Pty, which has currently no commercial activity, although the company is developing different wind energy projects.
- **Korea , India and Japan.** The company has a presence in these three countries through the sales of liquefied natural gas (LNG).
- **Oman.** Its subsidiary Unión Fenosa Gas has a 3.7% stake in the Qalhat liquefaction plant, in the Sultanate of Oman.

Shareholders and investors of Gas Natural Fenosa (%)

[G4-7] and [G4-9]

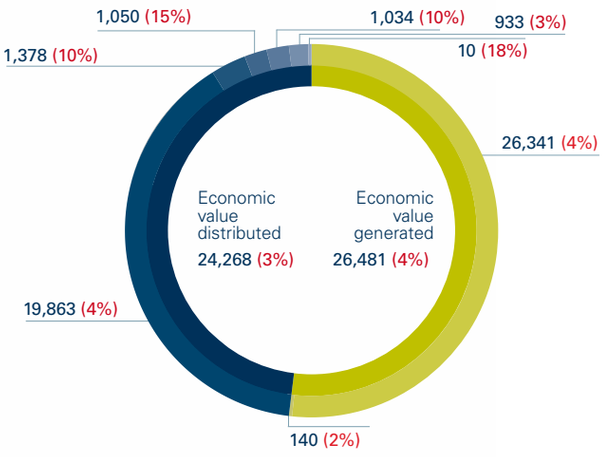


Contribution to Ebitda by activity (%)



Contribution to society

[G4-EC1]



- Economic value generated.
- Operating income.
- Financial income.
- Economic value distributed.
- Suppliers.
- Public administrations.
- Employees.
- Financial expenses.
- Shareholders.
- Social action.

Change against 2014
Economic value retained: 2,213 (15%)

Main figures of Gas Natural Fenosa [G4-9]

Operations	2015	2014	2013
Gas distribution sales (GWh)	473,831	427,462	422,352
Gas transportation/Empl (GWh)	112,861	120,558	122,804
Gas distribution supply points (thousands)	13,172	12,816	11,948
Electricity distribution supply points (thousands)	10,622	10,415	7,439
Gas distribution network (km)	138,219	133,741	123,689
Length of electricity distribution and transportation lines (km)	302,705	228,808	231,978
Electricity generated (GWh)	49,548	48,282	51,080

Personnel	2015	2014	2013
Number of employees	20,641	22,652	14,982

Financial (millions of euros)	2015[1]	2014[1]	2013
Net turnover	26,015	24,697	24,322
Gross operating profit (Ebitda)	5,264	4,845	4,849
Total investments	2,082	4,342	1,597
Net profit	1,502	1,462	1,445
Dividend	933	909	898

Stock information (euros/share)	2015	2014	2013
Share prices as at 31 December	18.82	20.81	18.69
Profit	1.57	1.46	1.44

[1] The 2014 and 2015 income statements are restated through the discontinuance of the LPG business in Chile, without any effect on the net result.

NB: from 1 January 2014, through mandatory application of the IFRS 11 "Joint arrangements", there is a change to the consolidation method applicable basically to Unión Fenosa Gas, Ecoeléctrica (combined cycle power plant located in Puerto Rico), Nueva Generadora del Sur (combined cycle power plant in Spain) and several joint ventures that operate renewable and co-generation power plants, in Spain, and which are now consolidated using the equity method instead of the proportional consolidation method.

The application of this standard has required us to restate, for comparison purposes, the balance sheet at 1 January 2013 and 31 December 2013, and the profit and loss statement for 2013, an event that also affects certain financial ratios.

A competitive and integrated business model

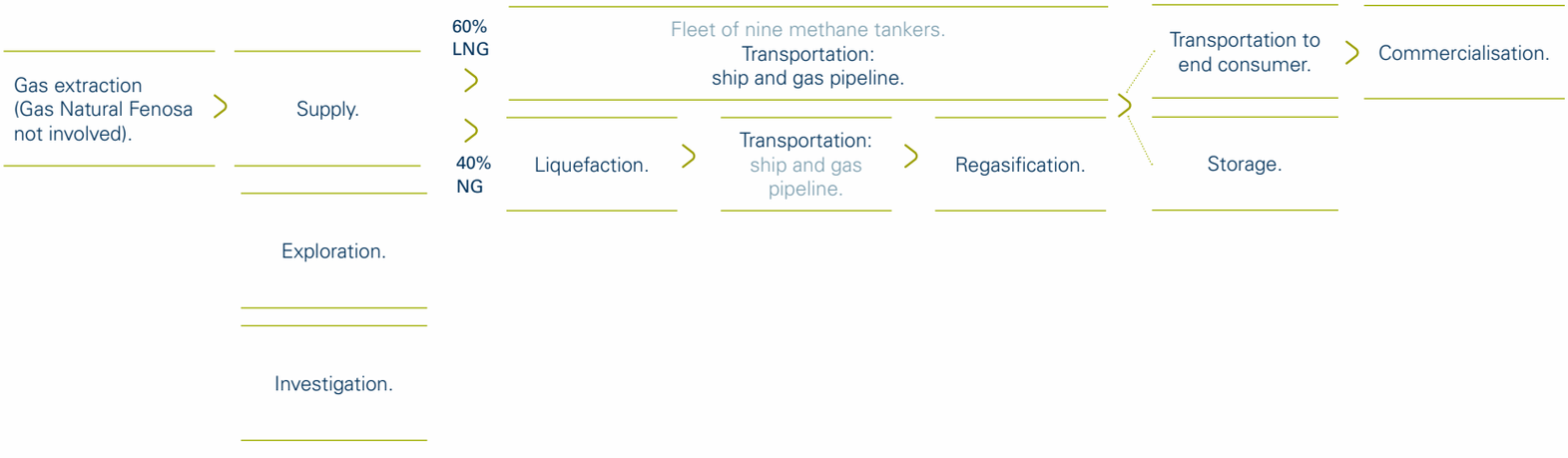
[G4-4] and [G4-8]

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

Gas Natural Fenosa is an integrated gas and electricity company whose business model is supported on four fundamental strengths.

The company's business focuses on the complete life-cycle of gas, from supply through to commercialisation, as well as on the generation, distribution and commercialisation of electricity, activities that account for more than 97% of the company's Ebitda. Then there are other business areas, such as trading on the gas and electricity markets, the O&M services rendered, the provision of engineering services and the construction of energy facilities, as well as operation of the Savmore coal mine.

The gas business at Gas Natural Fenosa



The electricity business at Gas Natural Fenosa

Gas supply and transportation

The company acquires natural gas, in its gaseous state as well as in the form of liquefied natural gas (LNG), and it manages sections of pipelines and its own fleet of methane tankers. It also has a range of regasification and liquefaction plants required to move the gas from one state to the other, and thus facilitate transportation and reintroduction into the gas system. The company also develops a range of worldwide projects that involve drilling, research, production and transport of hydrocarbons. All this enables the company to guarantee coverage of the needs of different businesses in a flexible and diversified way.

The system's reliability is backed by storage facilities comprising underground tanks, which guarantee a constant supply of natural gas unaffected by factors such as the seasonal nature or occasional demand peaks.

Gas Natural Fenosa has a flexible, diversified and competitive 30 bcm portfolio of supply. The company has unique and integrated gas infrastructure featuring a fleet of nine methane tankers; it is one of the largest LNG operators worldwide and a benchmark in the Atlantic and Mediterranean basins. It has a privileged position to develop new markets, in the Mediterranean area, Latin America and Asia.

The system's reliability is backed by storage facilities comprising underground tanks, which guarantee a constant supply of natural gas

Supply guarantee

Guaranteeing a regular gas and electricity supply to Gas Natural Fenosa customers is essential in providing a quality service and fulfilling the company's social function.

It also manages a balanced gas procurement portfolio, with approximately 40% of supplies in the form of natural gas and another 60% of supplies in the form of liquefied natural gas. These supplies offer the company, respectively, a great deal of flexibility in terms of the volume and destination where the gas is to be positioned.

As regards the source of the gas, the company has supply contracts with many countries, including Algeria, Qatar, Egypt, Oman, Nigeria, Norway, Trinidad and Tobago, and South Africa, among others. Furthermore, the company's relations with suppliers are built around stable, long-term contracts. This guarantees a regular supply, and means we only have to access the spot market (where the assets purchased are obtained immediately) on specific occasions and fundamentally to take advantage of market opportunities.

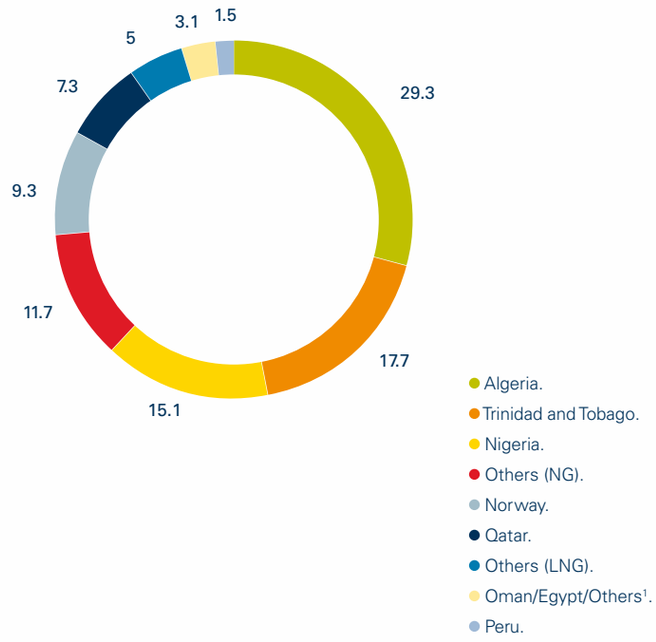
Furthermore, in order to cope with short-term changes in demand or supply issues, it has contracts for the use of underground storage space in most of the countries where it operates. In Spain, it develops underground storage plants and operates the Marismas (Huelva) underground storage facility.

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

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

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

Diversification in the sources of supply

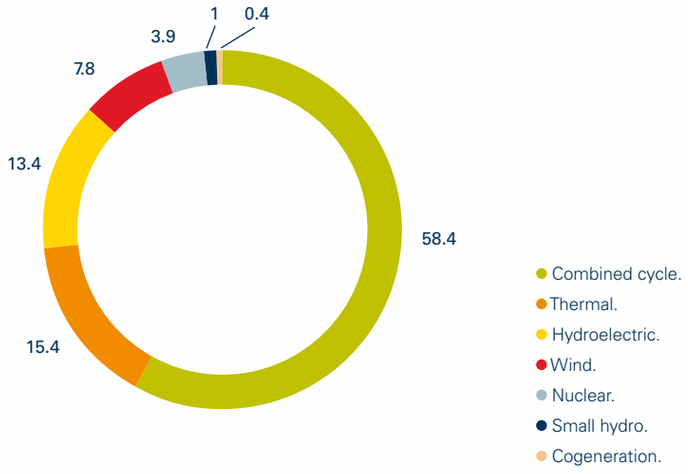


[1] Gas deriving from Unión Fenosa Gas.

Generation of electricity

The electricity production capacity of Gas Natural Fenosa (15.47 GW) is based on a balanced, competitive and environmentally-friendly generation mix, mainly comprising combined cycles of natural gas, which represent the cleanest fossil fuel power plants that exist. Moreover, the company has nuclear power plants, coal-fired and oil/gas-fired power plants, hydroelectric and windfarm plants.

Energy mix of Gas Natural Fenosa (%)



Installed capacity by source of energy and regulatory regime (MW) [EU1]

	2015	2014
Power installed in ordinary system. Spain	11,624	11,220
Hydraulic	1,954	1,948
Nuclear	604	604
Coal-fired	2,065	2,065
Combined cycle	7,001	6,603
Power installed in special system. Spain	1,145	902
Wind	978	738
Small hydro	110	107
Cogeneration	57	57
Total installed power. Spain	**12,769**	**12,122**
Power installed in ordinary system. International	2,702	2,663
Hydraulic	123	73
Fuel-oil	310	321
Combined cycle	2,035	2,035
Wind	234	234
Total power	**15,471**	**14,785**

Net energy production by energy source and regulation system (GWh) [EU2] and [OG3]

	2015	2014	2013
Production in ordinary system. Spain	29,468	28,465	30,545
Hydraulic	2,457	4,275	4,434
Nuclear	4,544	4,425	4,287
Coal-fired	7,973	5,622	5,430
Combined cycle	14,494	14,143	16,394
Production in special system. Spain	2,100	2,077	2,352
Wind	1,601	1,556	1,642
Small hydro	448	434	362
Cogeneration	51	87	348
Total production. Spain	**31,568**	**30,542**	**32,897**
Production in ordinary system. International	17,980	17,740	18,183
Hydraulic	481	233	320
Fuel-oil	1,130	1,356	1,670
Combined cycle	15,519	15,898	16,193
Wind	850	253	0
Total production	**49,548**	**48,282**	**51,080**

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

	2015	2014	2013
Costa Rica	408	159	239
Spain	4,506	6,265	6,438
Mexico	850	253	–
Panama	73	74	81
Total	**5,837**	**6,751**	**6,758**

Average efficiency by technology and regulation system [EU11]

System	Technology	Efficiency* (%)
Ordinary. Spain	Coal thermal	33.95
	Combined cycle	52.59
International	Combined cycle	53.90
	Fuel-oil	40.40

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

Average availability factor by technology and regulation system [EU30]

System	Technology	2015 (%)	2014 (%)	2013 (%)
Ordinary. Spain	Hydraulic	91.97	91.85	92.61
	Coal thermal	93.87	94.70	98.37
	Nuclear	91.94	89.18	87.69
	Combined cycle	91.61	94.90	94.61
Special. Spain	Wind	96.84	97.03	96.62
	Small hydro	99.14	98.90	97.11
	Cogeneration	97.56	97.30	94.53
International	Hydraulic	94.15	92.76	97.75
	Diesel engines	93.40	89.20	88.56
	Combined cycle	91.19	95.88	95.67

Gas and electricity distribution

Gas Natural Fenosa performs distribution activities in the electricity and in the natural gas sectors.

The company distributes natural gas in the commercial domestic market and the industrial market of major customers, both in Spain and abroad. It is leader in the Spanish and Latin American market, and has a major presence in Italy. The company is currently focusing on the development of infrastructures and the expansion of the network to new markets in Europe and America.

In addition, it performs electricity distribution activities in Spain, Moldova and Latin America. This business line includes the distribution of electricity to small and to major users: from residential consumers and SMEs through to corporations. Electricity distribution in Spain includes both the regulated activity of electricity distribution as well as the network services actions with customers.

General gas distribution indicators

	Argentina	Brazil	Chile	Colombia	Spain	Italy	Mexico	**Total**	Variation 2014/15 (%)
Gas activity sales (GWh)	68,699	103,408	44,083	26,832	177,391	3,821	49,597	**473,831**	10.85
Network renewal (km)	10	46	6	0	4	0	48	**108**	(17.21)
Distribution network (km)	24,656	7,147	6,850	21,469	51,016	7,167	19,914	**138,220**	8.99
Increase with regard to 31/12/2014 (km)	269	366	30	770	2,085	67	891	**4,479**	38.58
Regulatory inspections	0	0	0	326,662	997,588	0	121,052	**1,445,302**	(10.89)
Network overhauled (km)	14,503	4,543	3,331	5,703	24,791	2,258	12,477	**64,275**	1.86
Renewal of connections (units)	12,045	2,037	49	0	1,747	0	3,974	**19,803**	(3.68)

Electrical distribution facilities by country [EU4]

	Step-down transformers		Length of power lines (km)
Countries	Number	Capacity (MVA)	
Chile	76,730	3,999	70,570
Colombia	89,964	6,818	56,214
Spain	40,475	14,276	104,135
Moldova	8,877	1,971	33,045
Panama	47,115	3,006	22,985
Total low- and medium-voltage	**263,161**	**30,070**	**286,949**
Chile[1]	288	4,040	3,783
Colombia	243	5,434	1,713
Spain	872	26,971	8,290
Moldova	180	1,618	1,820
Panama	118	1,326	149
Total high-voltage	**1,701**	**39,389**	**15,756**
Total	**264,872**	**69,459**	**302,705**

Electrical energy losses in transport and distribution (%) [EU12]

	2015	2014	2013
Ordinary regime. Spain	8.57	8.70	8.57
Chile[1]	8.26	–	–
Colombia	17.23	16.65	16.89
Moldova	8.16	9.43	10.75
Panama	11.63	10.16	10.01

[1] Chile includes CGE electricity distribution in Argentina.

Gas and electricity commercialisation

Gas Natural Fenosa is present in the gas and electricity commercialisation activities, both in Spain as well as in the international market. As regards gas commercialisation, the company consolidates its presence in the international market through the operation in new markets in the Mediterranean area, Latin America and Asia.

In the sphere of energy efficiency in the residential, tertiary and industrial markets, the company continues to work on the development of energy solutions and services that provide value-added, actively taking part in the promotion of energy efficiency and savings, in line with energy policies.

Other lines of business

- **Trading:** Gas Natural Fenosa is superbly positioned in the upstream and downstream gas and electricity markets, enabling it to extract additional margins in the markets through an appropriate trading activity, which is present throughout the value chain and for all commodities. As regards electricity, the generation capacity of more than 12.1 GW installed in Spain allows the company to have assets on which to base a trading strategy that optimises these assets to the utmost.

- **Operation and maintenance:** the company provides operation and maintenance services for electricity production facilities and industrial plants focused on the management of assets and their service life.

- **Engineering and construction services:** the company performs services of engineering and the construction of energy facilities in the fields of generation, transport and distribution of gas and electricity. It has built these kinds of facilities in more than 45 countries on five continents, and integrates all development stages of a project of this kind: from their conception and design through to putting them into operation, and subsequently the development of operational enhancements or the decommissioning of the facilities.

- **Operation of the Savmore coalmine:** Gas Natural Fenosa has a 70% stake in the company Kangra Coal, owner of the Savmore coalmine in South Africa, where it is responsible for the operation of this mine, located in the Mpumalanga region, 315 kilometres to the south-east of Pretoria.

Value creation and sustainable management

The company focuses its efforts on satisfying society's energy requirements, providing its customers with quality environmentally-friendly services and products, offering its shareholders a growing and sustainable return, and its employees the chance to develop their professional skills.

Its main goal is to supply society with energy so it can increase its levels of development and well-being, building on cornerstones of innovation, energy efficiency and sustainability.

The defining characteristics of Gas Natural Fenosa

> Experienced company. > Efficient company. > Responsible company. > Innovative company.

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

- **Efficient company:** its success is based on achieving more with less. Efficiency constitutes the company's watchword and defines the way in which it acts, enabling it to achieve the desired objectives through optimum use of human, financial, physical and technological resources available.

- **Responsible company:** for the company, it is essential to contribute towards the development and well-being of all the communities with which it is in contact, and it does so by offering an energy supply that is sustainable, safe and environmentally-friendly, and which respects human rights.

- **Innovative company:** innovation has been one of the driving forces of the company since its founding. In addition to R&D projects, it carries out technology watch activities, technological transfer and promotion of innovative culture activities.

Key Corporate Responsibility Indicators

Service excellence	2015	2014	2013
Global satisfaction with service quality (0-10)			
Spain[1]	6.92	7.01	7.09
Latin America	7.83	8.07	8.21
Chile[2]	5.31	–	–
Italy	7.88	7.81	7.75
Moldova	8.06	8.32	8.00
Portugal	7.22	6.53	6.92
Italy, Moldova and Portugal	7.99	–	–

Commitment to results	2015	2014	2013
Net turnover (millions of euros)[3 and 4]	26,015	24,697	24,322
Gross operating profit. Ebitda (millions of euros)[3 and 4]	5,264	4,845	4,849
Total investments (millions of euros)[3 and 4]	2,082	4,342	1,597
Net profit (millions of euros)[4]	1,502	1,462	1,445
Dividend (millions of euros)[4]	933	909	898
Evolution of Gas Natural Fenosa's classification on the DJSI	89	86	88

Responsible management of the environment	2015	2014	2013
Direct greenhouse gas emissions (GHG) ($MtCO_2e$)	22.4	19.8	20.8
Emission factor (tCO_2/GWh)	445	406	399
Methane emissions in transportation and distribution (tCO_2e/km grid)	10.1	9.9	9.9
Emissions of NO_2/electricity produced (g/kWh)	0.55	0.51	0.37
Emissions of NO_x/electricity produced (g/kWh)	0.83	0.71	0.64
Emissions of particles/electricity produced (g/kWh)	0.05	0.04	0.04
Generation of hazardous waste (t)	8,078	7,171	8,212
Recycling of fly ash (%)	40	34	38

Interest in people	2015	2014	2013
Staff rate (number of employees)	20,641	22,652	14,982
Men/Women (%)	72/28	73/27	71/29
Women in management posts (%)	25.1	24.0	25.25
Personnel costs (millions of euros)	973	828	827
Training hours per employee	61.4	57.4	55.7
Annual investment in training (euros)	10,493,080	11,525,099	10,332,184
Employees covered by collective bargaining agreements (%)	79.6	72.5	79.6

Health and safety	2015	2014	2013
Accidents requiring medical leave	125	118	152
Days lost	3,674	3,035	4,184
Mortalities	1	1	0
Frequency rate	3.08	3.93	5.07
Severity rate	0.09	0.10	0.14
Incident rate	6.33	8.32	10.56
Absenteeism rate (%)	2.02	1.86	1.70

Key Corporate Responsibility Indicators (continuation)

Responsible supply chain	2015	2014	2013
Suppliers with contracts currently in force	7,370	8,035	8,815
Total purchase volume awarded (millions of euros)	3,009	2,956	2,930
Purchasing budget targeted at local suppliers (%)	92.3	92.9	91.9
Suppliers assessed according to environmental, social, and working practice criteria (number)	6,997	–	–

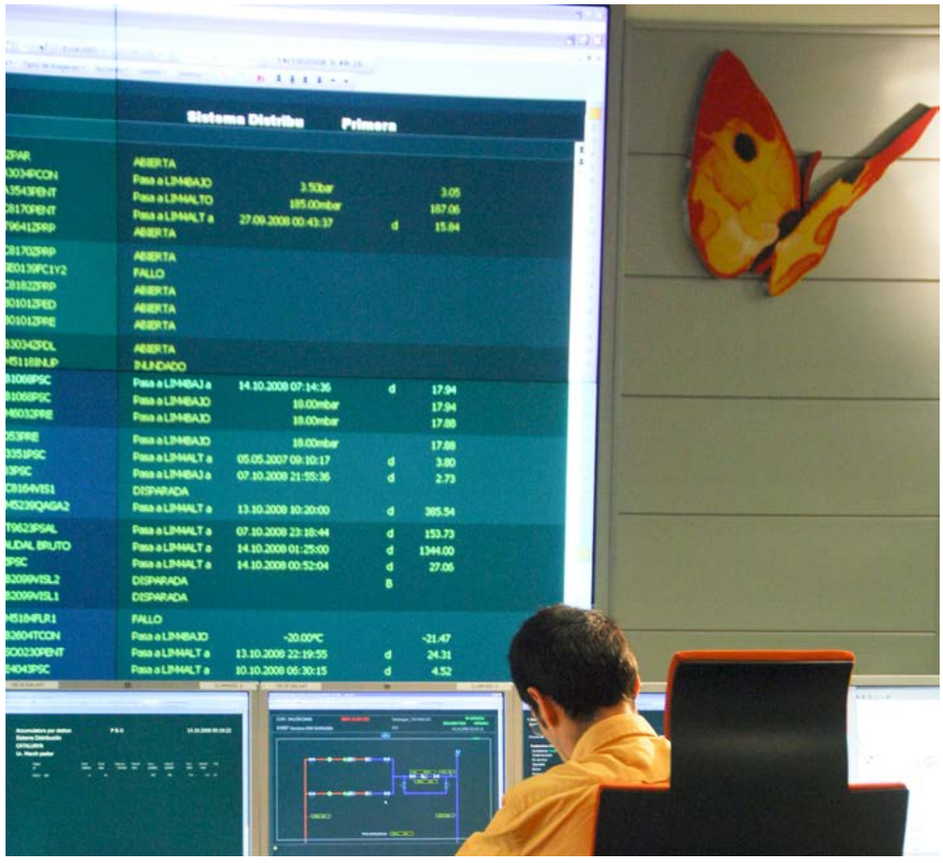
Commitment to society	2015	2014	2013
Evolution of the contribution (millions of euros)	9.89	11.64	14.07
Breakdown by type of action (%)			
Social	33.34	40.44	45.50
Environmental	14.71	12.66	12.94
Cultural	51.95	46.90	41.56
Sponsorship and social action activities	437	444	470

Integrity and transparency	2015	2014	2013
Correspondence received by the Code of Ethics Committee	135	89	79
Correspondence received per 200 employees	1.37	1.20	0.97
Geographical origin of correspondence (%)			
Argentina	4	7	1
Australia	–	1	–
Brazil	3	–	13
Chile	24	–	–
Colombia	13	7	5
Spain	38	60	57
France	1	–	–
Italy	3	–	1
Kenya	–	–	–
Morocco	–	1	–
Mexico	5	20	15
Moldova	1	3	4
Panama	1	–	4
Puerto Rico	–	1	–
South Africa	8	–	–
Average time for resolving correspondence (days)	47	38	34
Audit projects analysed on the basis of the risk of fraud	94	34	36
Communications received in the area of human rights	0	0	0
Number of persons trained on the Human Rights Policy	13,883	12,568	11,360

[1] Figures for residential customers.
[2] Figures measured on a scale of 1 to 7.
[3] The 2014 and 2015 income statements are restated through the discontinuance of the LPG business in Chile, without any effect on the net result.
[4] Indicators from the Group's audited Consolidated Financial Statements.

Integrated Management System

Gas Natural Fenosa is committed to the implementation and certification of its integrated management system for quality, the environment and health and safety, pursuant to the ISO 9001, ISO 14001 and OHSAS 18001 standards.



Integrated Management System

In 2015, Gas Natural Fenosa incorporated the gas distribution activities of Argentina into its integrated management system (IMS). It also completed certification of the retail businesses in Spain and extended the certifying scope of engineering in Brazil, Colombia, Mexico and Panama.

Moreover, in 2015 the company improved the focus on the multisite certification model by adapting the scopes certified to the process map.

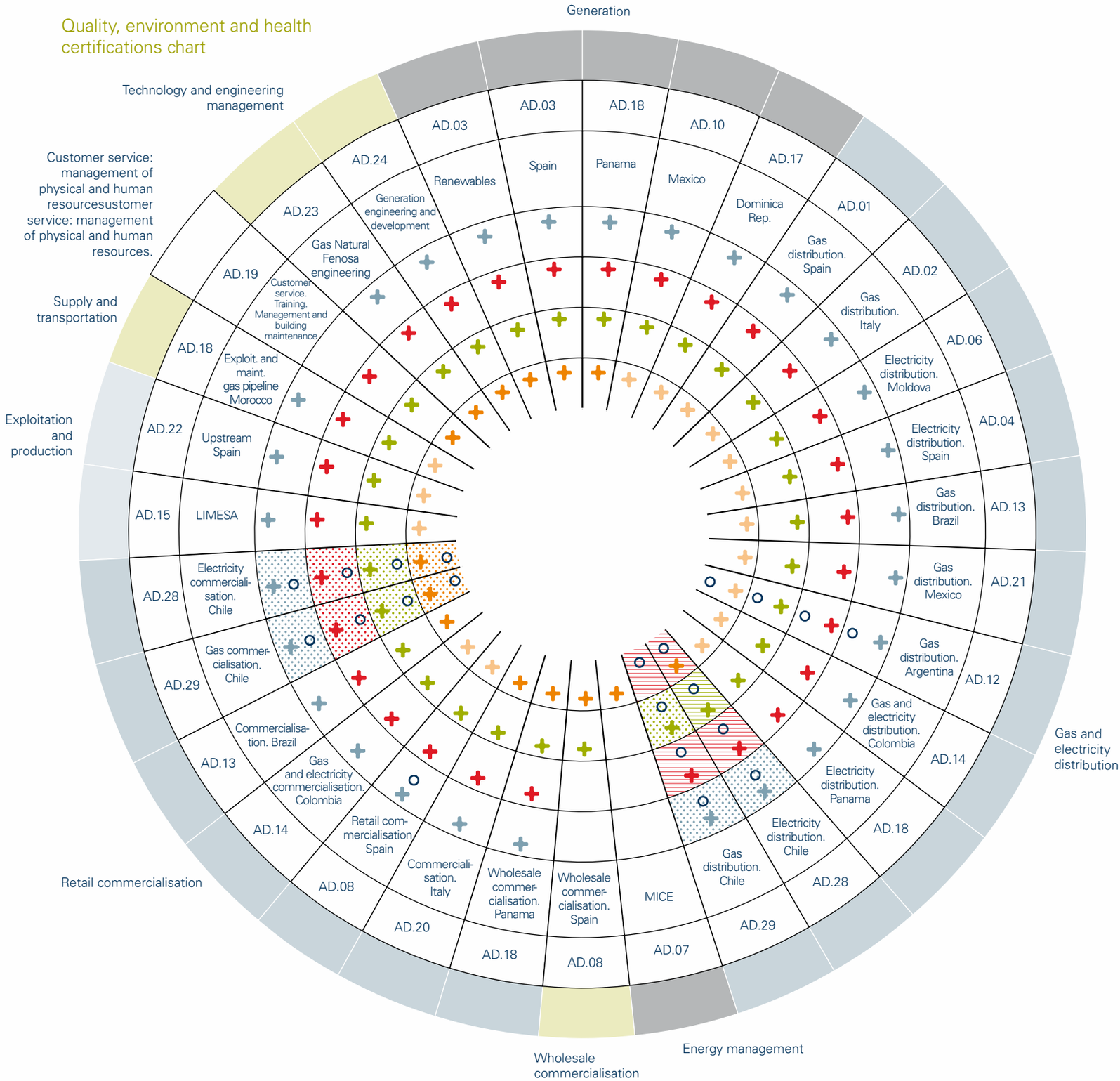
The company also commenced the project for optimisation of documentation (OPTDOC), and the management of nonconformities, corrective and preventive actions and improvement at group level have been made uniform through the introduction of the findings module in the Prosafety tool, which replaces all of the tools used in the different businesses and geographical areas. The new model for management of audits is expected to be introduced in 2016.

Furthermore, in 2015 the certification of the group's businesses in Chile and their incorporation into the IMS over the 2016-2017 period was planned. In 2016, following the business reshuffle of the international generation businesses in 2014, belonging to Global Power Generation, these will once again be integrated into the company's IMS, as they are currently certified separately. In addition, customer service will be certified in accordance with the benchmark OSHAS 18001 to complete IMS certification.

In 2016, the IMS will be reviewed and improved to adapt it to the new approved versions of the ISO 9001 and ISO 14001 standards.

Certified processes included in the Integrated Management System

Quality, environment and health certifications chart



NB: light colours, implantation process underway.
O Recent changes.

Sustainable Mobility Solutions

We encourage the use of natural gas and electricity in transport as a viable alternative for both the environment and the economy.

Gas Natural Fenosa is the only company with over 20 years' proven experience offering sustainable mobility solutions. It offers an integral and personalised service with real alternatives that are more affordable and more ecologically responsible.

This commitment to the environment and to people's well-being leads to a focus on research and development for clean and renewable energy projects.

Done and said

2015 Corporate Responsibility Report

Strategy

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www.informesanuales.gasnaturalfenosa.com

In 2013, Gas Natural Fenosa presented the review of the company's strategic lines for the 2013-2015 period and the strategic overview through to 2017, to adapt these, using realistic criteria and realisable objectives, to the current macroeconomic and energy context.

The review of the strategic plan of the company was conducted following compliance with the 2012 targets, which reveals the company's solidity and the credibility that it offers the market, despite an adverse economic and regulatory context.

The strategic guidelines during the 2013-2015 period focused on:

1. Introduction of cost-efficiency plans, where the main areas affected are operations and maintenance, commercialisation and corporation.

2. Managing each business line in accordance with market conditions and the regulatory situation.

3. Management of the portfolio of businesses in accordance with their strategic fit, through ongoing reassessment.

Targets of the 2013-2015 Strategic Plan achieved

Target	Result
Ebitda in excess of 5 billion euros.	Ebitda of 5.264 billion euros.
Profit of close to 1.5 billion euros.	Net profit of 1.502 billion euros.
Net debt/Ebtida close to x 3.0.	Net debt/Ebitda x 3.0.
Dividend payout close to 62%.	Dividend payout of 62.1%.

Efficiency plans

The continuity of the efficiency plans has enabled the company to save 306 million euros in 2015, exceeding the target set in the 2013-2015 Strategic Plan and representing a saving of 642 million euros since 2013. These achievements are mainly the consequence of the reduction of services and discretional costs, the streamlining of commercial and operational costs and cost optimisation in corporate areas.

Business forecasts and regulatory impact

The regulatory measures, with new legislation on gas distribution in Spain, has had an impact of 59 million euros on the Ebitda in 2015.

Some of the company's efforts were targeted at partially reducing these regulatory impacts using efficiency plans, at managing the investment plans over these years in accordance with the return, and the portfolio of businesses based on their strategic fit.

This will enable the Ebitda generated outside Spain to continue growing at a quicker rate.

Strategic priorities

<table>
<tr><th>Gas supply and transportation</th><th>Electricity generation</th><th>Gas distribution</th><th>Electricity distribution</th></tr>
<tr><td>Increasing the international market share.</td><td>Reducing the impact of the regulatory reform in Spain through actions of the Efficiency Plan.</td><td>Capturing the potential for organic growth in both Europe and Latin America.</td><td>Reducing the impact of the regulatory reform in Spain through actions of the Efficiency Plan.</td></tr>
<tr><td>Taking advantage of the LNG platform to capture growth opportunities.</td><td>Managing cover of electrical generation and commercialisation.</td><td rowspan="3">Continue managing business regulatory aspects.</td><td rowspan="3">Manage business investment in accordance with criteria of return.</td></tr>
<tr><td>Continue capturing dual-fuel opportunities, energy services and energy efficiency.</td><td rowspan="2">Developing new opportunities in international generation.</td></tr>
<tr><td>Managing efficiency in the commercial process.</td></tr>
</table>

Opportunities for growth

Proper management of the businesses worldwide will enable the company to be ready to continue growing from 2016 onwards.

Future outlook

Gas supply and transportation	Electricity generation	Gas distribution	Electricity distribution
2016 will see the commencement of the supply contract with Cheniere (USA) for 5 bcm of LNG with unrestricted use and a 20-year term.	Developing the international generation business and the opening of new markets, through the company Global Power Generation, created in 2014 and which pool the international electricity generation businesses and assets of the group.	Commencement in Arequipa (Peru) with 60,000 supply points and a 20-year duration.	Consolidation as the main electricity distribution operator in Chile following the acquisition of CGE.
2019 will see the commencement of the contract supply with Yamal LNG (Russia) for 3.2 bcm of LNG.			
2019 will see the commencement of the supply contract with Shah Deniz II (Azerbaijan), for 1 bcm of natural gas delivered by pipeline in Italy.			
2019 will see the commencement of the supply contract with Cheniere (USA) for 2 bcm of LNG with unrestricted use and a 20-year term that can be extended.			

Planned capacity to satisfy forecast future demand (MW) [EU10]

Technology	Planned capacity
Projects at an advanced stage	**(43)**
Cogeneration and others	(43)
Projects at a permitting stage	**1,030**
Wind	898
Small hydro	17
Hydraulic	115

Environmental awareness

We encourage the conservation of the environment and of biodiversity among our employees and their families.

The conservation of the environment and of biodiversity, both within the vicinity of our facilities and in protected areas and areas of high biodiversity value, remains an especially relevant issue for Gas Natural Fenosa. This is why, in addition to our own actions in this regard, we have developed an environmental volunteer work scheme, so that employees and their families can develop a culture for the conservation of the environment and of biodiversity.

Done and said

2015 Corporate Responsibility Report

Sustainable Innovation

Innovation. Page 38

Smart grids. Page 45

Sustainable mobility. Page 51

Energy services. Page 55

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Innovation

Technology and innovation: the company's commitment

Gas Natural Fenosa defines the operating bases and principles in technology and innovation, seeking an alignment with the company's general strategy.

This general framework of operating allows us to coordinate the technology and innovation activity within the company, optimising the resources targeted at this and focusing the company's activities in accordance with its priorities. This facilitates the search for operational improvements and the take-up of those technologies that lend greater value to the company.

For several years now, the energy sector has been embroiled in a huge technological challenge to find a response that simultaneously addresses the triple objective of environmental compatibility, cheap supply of energy, and the reliability and robustness of this supply.

Sustained development is leading to growing complexity and diversity of the energy systems, which differ depending on the geographical environment.

In this context, both as a consequence of the wide range of activities as well as its growing international presence, the technological and innovation activities of Gas Natural Fenosa are marked by a focus of close collaboration with the innovative ecosystem.

Within this spirit of collaboration we can highlight the technological drive function for the purpose of fostering the complete value chain of innovation, and focusing this on results with an authentic impact on the aforementioned targets.

Technology support and transfer

In technology support and transfer matters, the securing of the most current knowledge and technology is a constant requirement to support the group's businesses in the permanent optimisation of their performance.

To do this, we have maintained the trend of intensifying relations with technological enterprises and institutions. Worthy of mention in this area, and because it is new, is the Gas Technology Institute, specialising in R&D&I related to the efficient distribution and use of natural gas. Gas Natural Fenosa is the first non-US member of this institution.

Elsewhere, within the realm of relations maintained with the Electric Power Research Institute (EPRI), we can highlight the technology transfer award, given every year by this institute and which serves to acknowledge the leaders and innovators that have been best able to transfer and apply the knowledge developed in collaboration with the EPRI.

The winning project, "Combustion Turbine and Combined Cycle Plant Maintenance Basis", focuses on advanced application of the Plant Maintenance Basis Database (PMDB) of the EPRI to improving the maintenance activities at the company's combined cycle power station. This has enabled us to obtain a cost reduction of 5% in these activities, whilst maintaining operational reliability.

Technology watch

Technology watch continues to be a key element at the company, as it allows us to capture relevant technological information from outside and integrate it as own knowledge, to be able to take decisions on management of those technologies we have identified as key.

The watch activities enable the company to anticipate changes, appropriately assess the importance of new technologies and absorb them in a fluid way, optimising means and resources.

The automatic search, storage and distribution of information system, the watch groups created to monitor the different technological lines and conduct data mining studies allow company's professionals to take part in developing a technological culture. All of this helps create a rapid response support to changes, as well as creating a major knowledge base of our own.

Fostering a culture of innovation

Gas Natural Fenosa still has the objective of increasing the capability to share and to generate knowledge and innovation throughout the company. To this end, it promotes and drives innovation as follows:

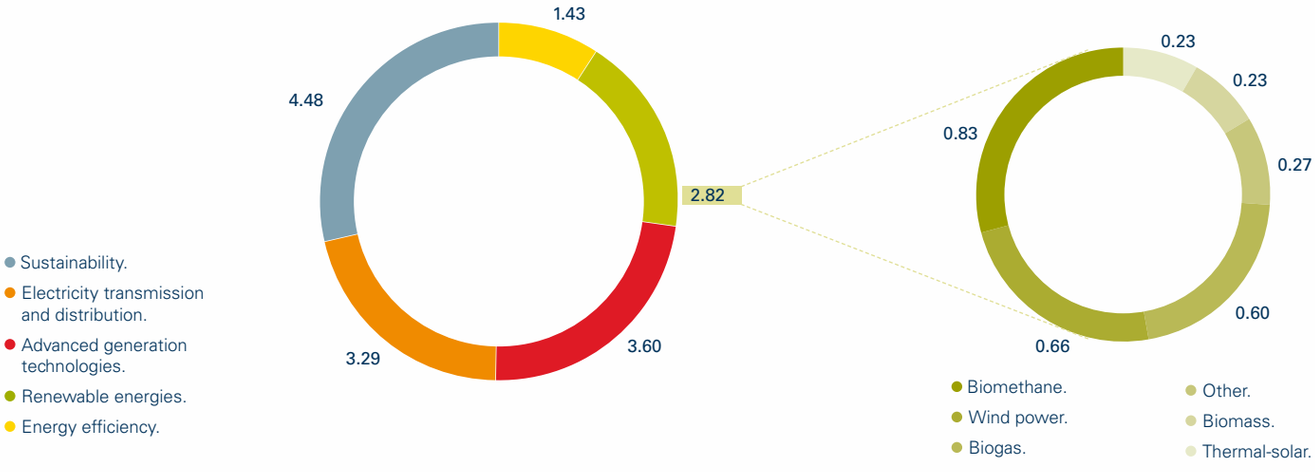
- Motivating and raising awareness with regard to the importance of innovation.
- Creating capabilities within the company that foster collaboration of all its members in the process of innovating.
- Recognising the capability to generate ideas and put them into practice.

In this regard, Our Energy Awards play a major role, as they represent acknowledgement of the best ideas that can be applied to the company's activities and businesses. The fourth awards took place in 2015, featuring 95 ideas of which 25 were introduced. As regards the benefits reaped, we can highlight the improvement in safety and the enhancement in the speed of operations, among others.

R&D&I investment (millions of euros) [OG2]

The overall figure in 2015 for investment in sustainable projects and updates increased 15% year-on-year, and totalled 15.62 million euros, divided as follows:

Investment in R&D&I by areas



Priority technological lines

Advanced solutions of electricity networks

Within the sphere of automating operation and the maintenance of electricity infrastructures, we are driving different initiatives that place Gas Natural Fenosa among the most innovative companies in this regard.

The company's activity in the area of smart grids is mainly targeted at optimising the distribution grid, with a special focus on improving reliability, safety and quality of the electricity system.

Advanced solutions of the gas networks

The aim is to achieve greater automation of the network and better interaction with the customer. The main actions carried out are:

- Smart measuring with the remote management of meters.
- Optimisation of maintenance of the lines through monitoring of equipment.
- Application of information and communication techniques through the use of GPRS technology.
- Optimisation of the distribution system to make it more feasible to transport gas to a larger number of customers.

Energy storage

Development of activities focused on increasing the quality and reliability of supply, as well as optimising management of energy distribution networks and the renewable energy facilities.

Renewable natural gas

The aim is to obtain renewable gases through a range of processes, often based on biogas, with suitable quality to enable the gas to be injected into the natural gas distribution network.

We are currently promoting the use of biomethane as a renewable natural gas. To this end, the company actively partners a range of Spanish and European projects in which different production, measurement and conditioning of biomethane technologies are developed, to make it possible to inject this gas into the network or use it as vehicle fuel.

LNG logistics

Participation in the development of infrastructures that improve the transfer and use of LNG on a small and medium scale, and which represent an opportunity to open new markets where demand can be driven.

The adaptation and application of new technologies for the regasification and liquefaction at small plants represents a major aspect in improving the flexibility of these operations.

Sustainable mobility

Gas Natural Fenosa believes the use of natural gas in transport is an alternative that is feasible in the short term as well as beneficial, both for the environment as well as the economy.

The company is developing a natural gas loading infrastructure for public use on the Iberian Mainland for the purpose of bringing this technology to a wider public. The company is also taking part in a range of EU programmes for the purpose of providing Europe with transport corridors that make it possible for road transport using lorries that run on LNG.

We can also highlight the actions targeted at driving the use of natural gas as a fuel at different port areas of Spain.

Efficiency and energy services

The company is focused on improving procedures to increase energy efficiency in all links of the value chain, and is determined to provide customers with information and services to enable them to reduce their energy consumption.

The ICTs make it possible to have information on the use of energy necessary to design solutions for improvement and the application of energy efficiency measures.

Priority technological lines (continuation)

Advanced solutions of gas and coal-fired power stations

In the sphere of coal-fired and combined cycle power stations we are implementing our own projects or incorporating the commercial or quasi-commercial knowledge and technology into the assets in service through technology transfer.

The improvements in 2015 have mainly addressed at:

- Improving performance: introducing new materials and techniques that enable them to work at higher temperatures. We are also studying improvements to ancillary equipment.
- Emissions: adapting the gas purification systems to the most demanding regulations or extending knowledge in new technologies for the capture of CO_2.
- Flexibility in start-ups, shutdowns and cycling: dealing with new market requirements due to the introduction of renewable energies that are less foreseeable and the impact these changes have on the service life of facilities.
- Water consumption: introducing improvement since the cooling system to reduce consumption.

Renewable energies

The company's objectives include the development of new technologies that increase the percentage of renewable energy of its portfolio.

The company is therefore working on innovation projects to demonstrate the technical-economic feasibility of introducing these kinds of technologies at the group's facilities, in particular in the wind farm area to increase the level of efficiency and safety.

In the area of hydraulic energy, we can highlight the inauguration of the permanent site of the International Centre of Hydraulic Excellence (CIEH) in Vigo. This centre focuses its strategy on R&D&I initiatives in the sphere of using conventional and marine hydraulic energy that can be transferred, either at the development or operational stages, to the company's facilities.

Innovation projects

Advanced solutions of the gas networks

Greenhouse Gas Emissions (2014 - 2015)

Its main aim is to have a common focus for calculation of methane emissions from the gas distribution network, within the European sphere. Thus far, we have analysed the methodologies used in different countries and have identified the best practices in each case. A European standard for the calculation of emissions will be compiled during the second stage of the project.

CNG-LNG (2015-2016)

This project addresses the search for solutions to supply gas to new population hubs with more reduced consumption levels. Based on a market analysis in which we identified different solutions, and the study into the structure of distribution costs of both CNC and LNG, we have developed a model that assesses the best technical-economic solution of supply, in accordance with market characteristics, and practical case studies. Several pilot demo tests are scheduled to take place in 2016.

PE100RC (2014-2015)

We are standardising the accelerated tests of a new material for the manufacture of pipes made from PE100RC, a type of polyethylene that is more resistant than those normally used. Once these pipes can be certified and installed, we will be able to achieve a cost reduction in the deployment of the network and improved safety of supply.

Self-sufficient satellite plant (2015-2016)

The aim of the project is to develop efficient co-generation solutions that enable satellite plants -suppliers of natural gas in areas where there is no supply by networks that use this piped fuel- to operate without a supply of external electricity. Thus far we have selected a series of satellite plants of different sizes (modules <60 m^3, plant >60 m^3) and have analysed their electricity and heat consumption for the purpose of finding more appropriate solutions for each case. Lastly, we will be introducing a pilot test to verify some of the solutions found.

Raf-Eco-Flex (2014-2016)

This project has two main objectives: firstly, optimisation of the protective sheet that is resistant to water and fire (Raf) and, secondly, the development of new flexible multilayer pipes to reduce the number of accessories needed at the connections. In 2015, different modifications took place with the sheet and we developed a pipe with the specified flexibility. We expect to carry out demonstrations and field tests in 2016 to verify the appropriateness of installing these pipes.

Energy storage projects

Li-ion battery for grid services (2014-2018)

During 2015, as part of the collaboration between Gas Natural Fenosa and Toshiba, a system for the storage of Toshiba Li-ion batteries (BESS) was installed at the Alcalá de Henares substation. The solution was designed in a modular way to facilitate their transportation and connection to other locations of the distribution grid. The aim of this pilot project is to reduce the variability of demand and, consequently, the maximum demand. This functionality enables better use to be made of the distribution assets by raising their effective capacity and level of occupation.

Innovation projects (continuation)

Renewable natural gas projects

Smart Green Gas (2014-2018)
The main aim is the development of new technologies to produce biogas and biomethane, and new systems that allow continuous measurement of the quality of biomethane and remote control of the injection of this into the grid. In 2015, we began to design and to construct systems based on the different biogas and biomethane production technologies that are going to be tested. We have also defined the specifications of the equipment required to measure the quality of the biomethane, and this is currently under development and acquisition for subsequent integration and field tests.

Góngora (2014-2016)
Pilot project for cleaning biogas from the Góngora landfill site (Navarre) for production of biomethane with the quality required for injection into the natural gas network or for use as vehicle fuel. In 2015, the upgrading plant was installed at the landfill site and the biogas started to be cleaned with satisfactory results. The plant will come into continuous operation in 2016 to assess the stability of production and the appropriate nature of the technology employed.

Renovagas (2014-2016)
The object of this pilot project is to develop a 15 kW synthetic natural gas production plant under the "power to gas" concept that converts surplus electricity into synthetic natural gas, producing hydrogen which, when combined with carbon dioxide, results in methane. The equipment necessary was purchased in 2015 and we designed and built the methanation reactor and the most appropriate catalyst for the reaction. Integration of all of the equipment is taking place and, in 2016, it will be transferred to a wastewater treatment plant (WWTP) for operation under real conditions.

LNG logistics projects

Vessel unloading measurer (2015-2016)
Development of a new LNG measurer for the unloading of methane tankers. Several major players from the international gas sector are taking part in this initiative.

Innovation projects have been focused on advanced gas solutions, energy storage, renewable natural gas, LNG logistics and other renewable energies

Innovation projects (continuation)

Projects for advanced solutions of gas and coal-fired power stations

Less H_2O v2.0 (2015-2017)
Continuation of the Less H_2O project that began in 2014 and which encompasses all actions targeted at optimising consumption and treating water from combined cycle power stations, and studying the possible effects of emerging pollutants.

In this new stage, the aim is to optimise water consumption of these power stations. To this end, we are analysing possible actions using new technologies such as direct osmosis and membrane distillation.

HiperCap-High Performance Capture (2014-2018)
A European project for the purpose of developing new and better technologies to capture post-combustion CO_2, some of which could have industrial application, in the short term, with a reduced energy penalisation with regard to prevailing technologies. One key element in this project is the analysis of the potential of the different technologies for capture developed in the project, and the preparation of a methodology for comparison purposes based on equal criteria of efficiency, costs and the environment.

Renewable energy projects

Lidar Nacelle (2015-2016)
The aim of this initiative is to validate the use of Light Detection and Ranging or Laser Imaging Detection and Ranging (LIDAR) technology on the wind turbine nacelle to calibrate any misalignment that a wind turbine could have with regard to the wind direction.

In 2015, we installed different units of the LIDAR technology and we also conducted measurement campaigns on several machines, thus identifying different levels of misalignment in accordance with the age and type of sensor used for the orientation. We finally concluded that use of the LIDAR is suitable.

Economic, operational and safety supervision (EOSS) (2013-2015)
The project is focused on supervising and controlling the development of the maintenance works carried out at wind farms, to reinforce safety, improve the response and operational control in resolving downtime, and optimising the times and resources spent on works.

Smart grids

Smart grids are considered a key component in achieving the targets of reducing CO_2 emissions, improving energy efficiency and reducing exterior energy dependency. This role involves integrating a growing quantity of generation using renewable sources and making consumption more flexible to enable greater efficiency in the electricity system as a whole.

The main feature of smart grids is their capability for real-time management of the participation of all agents that connect to the grids and thus achieve sustainable, efficient and safe supply.

The introduction of smart grids into the electricity system enables consumption to be reduced through more efficient management of energy, greater integration of renewable energies into the grid and a more active role of users in consumption management.

The consolidation of smart grids as a benchmark model for cities of the future is already a fact in Spain. Growing numbers of municipalities are committed to a model of a sustainable and connected city which, through the use of more innovative technologies, improve their efficiency in planning, building and mobility, among a great many other aspects.

Our focus

In 2015, Gas Natural Fenosa increased its efforts in innovation projects related to smart grids, both in Spain as well as the rest of Europe. The most relevant activities have focused on optimising the distribution network, in particular safety, the environment and improving the quality of the supply.

After several years of research and development into different aspects of smart grids, we now have suitably mature solutions ready to be installed in real environments.

In 2015, the activities conducted into innovation in this area have mainly addressed:

- Remote reading of meters.
- Automation of grids.
- Integration of distributed energy resources.
- Optimisation of the development and maintenance processes.

The common aim of all these is to evolve the distribution network towards a smarter grid, optimising the electricity distribution business processes.

This smart grid incorporates different technologies and new models of management that will be gradually introduced. Given its complexity and magnitude of the investments required, we are currently making great efforts on research, innovation and demonstration to bring the different technologies and tools included in the grid closer to the market.

Remote reading of meters

Projects launched in 2015

PLC-NOISE (2015-2016)
The smart meters that are being installed in homes communicate with the transformation centre and, consequently, with the company's servers, through the power cable using Power Line Communication (PLC) technology over a range of frequencies reserved for electrical uses (42 kHz – 89 kHz).

Because of the activity involved, different interferences or noises are produced on the equipment connected to the electricity network that can affect the band used by the meters, causing communication with these meters to be lost. In this project we seek to characterise these interferences, assessing the level to which different equipment is affected by these noises and seeking solutions to avoid the communications loss.

Automation of networks

Projects launched in 2015

Active Grid[1] (2015-2018)
In this project we are seeking to strengthen the remote smart management assets by providing two-way capacity for the generation distributed.

The targets are:

- To improve and deploy devices that solve the grid operation problems identified on the medium- and low-voltage distribution grid.
- To maximise use of the information obtained through the elements deployed on the distribution network.

In this context, it is very useful to have a test environment in which to develop the projects on which the technology is based, and to use field testing for prior validation. With this in mind we created the Grid Integration Laboratory (LINTER), to support innovation and smart grid deployment projects.

[1] Innovation in isolated neutral grid.

Automation of networks (continuation)

Projects that finalised in 2015

SEPS[2] (2013-2015)
The purpose of this project is to assess the likelihood and severity of incidents on the distribution network, based on information from the electricity network itself, weather data and knowledge of social events.

It represents a step forward in the prediction of incidents and electricity demand. In turn, this improves the quality of supply, reduces the social and media impact of incidents and network restrictions, and maximises integration of renewable energy in the grid.

RedNA[3] (2013-2015)
The aim of this project is to improve the quality of supply of electricity networks with an isolated neutral, as this reduces the time required to detect a fault, resolve it and re-establish network supply.

The RedNA project benefits both end users as well as businesses that manufacture the electrical guards.

The final stage of testing was completed in 2015, with trials conducted on the medium-voltage network, specifically configured for the pilot project, which has recorded the response of the equipment of different manufacturers.

Projects underway in 2015

Osiris[4] (2014-2016)
This project serves to develop knowledge, tools and equipment to optimise supervision of the smart grid infrastructure that is being rolled out, for the purpose of maximising communication between the elements that make up the grid. This allows us to make full use of the functionalities provided by the new smart grids with regard to availability of information.

IDE4L[5] (2013-2016)
A demo project to define and develop the concept of active management of the distribution network, encompassing aspects such as grid automation, information systems and management applications of electricity networks.

The methodology involves:

- Defining the concept of an active distribution networks that facilitates large-scale penetration of renewable energies, over three timelines: 2015, 2020 and 2050.
- Developing advanced applications that enable planning, monitoring and control of the entire grid and of the distributed energy resources, to anticipate the future of distribution networks.
- Testing applications developed in real environments: Denmark, Spain and Italy.

[2] Expert system of likelihood and severity of grid incidents.
[3] Innovation in the isolated neutral grid.
[4] Optimisation of smart supervision of the distribution network.
[5] Ideal Grid for All.

Integration of distributed energy resources

Projects underway in 2015

IGREENGrid[1] and DISCERN[2] (2013-2016)
Projects aimed at objectively measuring improvements through application of smart grid solutions using efficiency indicators, and comparing these measurements between different demonstrations in Europe and trying to transfer solutions or best practices from these.

These projects concern the integration of renewable energies and grid automation, respectively.

OVI-RED project, virtual operator of micro-grids (2013-2015)

The control of electricity systems is currently made up of a small number of centralised generators that are operated centrally.

The OVI-RED project, co-funded by the Ministry of Economy and Competitiveness of Spain and the ERDF, through the INNPACTO 2012 programme, has a budget of 1.5 million euros.

The main objective of the OVI-RED project is to design and develop a centralised system of control that enables management of energy flows of four micro-grids located in Álava, Madrid, Soria and Valencia. These micro-grids have a strong presence of distributed systems of generation and small-scale storage.

This key objective is tied to three specific aims:

- To improve stability of the electricity network and the quality of signals.
- To analyse the different systems of energy storage and the integration of these into the micro-grid systems.
- To optimise the commercialisation of energy, whether consumed or generated in the micro-grid.

The main achievement of the project has been to develop a versatile technical solution for centralised control of different micro-grids, able to monitor and control the different distributed resources in each of these grids.

Moreover, we have developed a local control system for each micro-grid capable of being adapted to the different communication protocols used in the micro-grids, and centralised control that globally communicates and manages the different micro-grids through a higher communication system.

During 2015 the developments finalised and we carried out control demos at two levels.

[1] Integrating Renewables in the European Electricity Grid.
[2] Distributed Intelligence for Cost-Effective and Reliable Distribution Network.

Optimisation of the development and maintenance processes

Projects underway in 2015

I2L[1] (2013-2016)
The purpose of the project is to develop a new system of supervising high-voltage lines based on overhead platforms and automatic image analysis and interpretation technologies. By carrying out integration with IMS and grid management, this system will enable the maintenance cost of grids to be reduced to provide a quicker response.

[1] Smart inspection of lines.

Example of massive deployment of a very new technology

Smart meters

Gas Natural Fenosa has deployed 1.9 million smart meters in the residential sphere using PoweRline Intelligent Metering Evolution (PRIME) through the low voltage electricity network.

We have also modernised and installed new devices at the transformation centres affected for the purpose of improving the supervision of medium- and low-voltage networks as a whole.

Smart meters improve the quality of the service provided to users in a safer and more sustainable way. The key benefits for users are:

- It enables consumption in accordance with each user's needs. The consumer can obtain more competitive prices and greater possibilities of choosing and managing energy.
- It allows daily operations to be carried out quickly and remotely, such as subscribing, unsubscribing, changing power levels or re-connections.
- It helps to improve service quality, meaning that incidents can be discovered and resolved more quickly.
- It encourages more efficient and sustainable habits by offering new products and services.

In addition to the benefits that the new meters provide to end consumers, the features of this equipment enable:

- Optimisation of the existing grid capacity to integrate distributed generation.
- Monitoring the level of use of network assets, improving maintenance and the service life of these assets.
- Improving the identification of anomalies detected and the sending of preventive alarms that help decrease the time required for detection and resolution of incidents.
- Carrying out a check on the supply quality (changes of voltage and power cuts) on a higher number of network points.
- Detecting losses and imbalances.

Lastly, we should mention the Smart Grids Project (PRICE), in the Henares Corridor, which encompasses the majority of the aforementioned aspects.

Finalised in 2015, its objective was to create a global solution for the deployment of smart grids that can be replicated on a large scale in different geographical areas, on both the national and international stages.

Furthermore, during the project we were able to generate results from the analysis of the improvement of network operation and maintenance, such as optimisation of the connection of distributed renewable generation, the integration of electric vehicles into the grid, and the analysis of behaviour of end users with regard to active management of demand.

In 2015, innovation initiatives in smart grids were focused on: remote reading of meters, network automation, integration of distributed energy resources and optimising development and maintenance processes

Sustainable mobility

The global population growth estimates bring with them mobility needs to cater to the population's ever-increasing economic and social activity. Satisfying these needs presents two major challenges. Firstly, greater demand infrastructures, and secondly, the need for new models of transport that are safe, clean and which favour economic development.

In 2014, the European Commission approved an ambitious package of measures from Directive 2014/94/EU to guarantee the creation of an infrastructure of alternative fuels, through the installation of vehicular natural gas stations, more specifically compressed natural gas (CNG) and liquefied natural gas (LNG), as well as electricity charging points, throughout Europe, with common standards of design and use.

The aim is to introduce alternative fuels, achieve a more efficient economy, reduce Europe's dependency on oil and develop a transport industry that is ready to respond to the current needs of our society.

Work took place in 2015 on the introduction of Directive 2014/94/EU in Spain. To this end, a consortium of companies involved in the introduction and operation of vehicular natural gas (VNG) filling stations and promoting demand for VNG was created for the purpose of raising funds and obtaining European subsidies in the creation of an infrastructure for this fuel on the Spanish mainland.

Spain is also committed to the development of alternative fuels in transportation, through the MOVEA Plan. This involves a set of public strategies to promote and provide aid to vehicles that run on natural gas and electricity.

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

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

In summary, what is required is an attitude of ongoing adaptation, technological development and the fostering and promotion of new forms of sustainable mobility, all of which Gas Natural Fenosa is completely committed to.

Our focus

For more than 20 years, the company has had an unswerving commitment to sustainable mobility. To this end, the company continues working on the development of alternative solutions to conventional fuels. In 2015, we undertook different actions to continue to encourage sustainable mobility with natural gas, biomethane and electricity.

Moreover, the company continues to be a pioneer in driving growth in the use of natural gas, to develop this fuel within the sphere of land and sea transportation, thus becoming the leading Spanish company in gas mobility services.

This positioning involves both training and information actions as well as R&D&I actions through products and services for its customers.

The company is currently supporting different natural gas initiatives for mobility in land transportation. These European initiatives present natural gas as an alternative for road transport in the area of trans-European networks, either as compressed natural gas (CNG) or liquefied natural gas (LNG).

In a parallel fashion, work is being carried out on introducing LNG into the maritime sector, which has huge potential as it is the only technically and economically feasible alternative, as a consequence of the demanding regulatory restrictions.

The Natural Gas for Mobility Association (Gasnam), co-funded and chaired since its creation by Gas Natural Fenosa, has extended its scope to the entire Spanish mainland, and now has 80 partners. It has become the main point of liaison for Public Administrations in the vehicular natural gas sector.

Furthermore, the application of natural gas to railway propulsion is in full development around the world, and Gas Natural Fenosa has revealed its interest by taking part in some proposals that analyse the technical, legal and economic feasibility of railway traction with LNG in Spain.

Our action

Gas Natural Fenosa currently has 26 public charging stations and 16 private stations. Seven of these offer both LNG and CNG. The stations are located on the main highways and are principally designed to supply fuel to heavy vehicles that carry out inter-urban journeys. As regards the more consolidated business, construction, operation and management of charging stations for captive vehicle fleets, the company continues to work on promoting this business model, extending it to town councils with a low number of inhabitants.

In 2015, the company continued to develop a range of projects with the main vehicle manufacturers, as well as transformation companies, to achieve a larger range of more efficient vehicle models and technologies that run on natural gas. We should highlight the successful commercialisation of the duel fuel transformation kits (mixtures of natural gas and diesel) for heavy vehicles. The aim is to extend the experiment to delivery vans and light vehicles in the near future.

LNG and CNG sales at service stations (MWh)

2015	2014	2013
697,055	584,092	536,150

In the maritime sphere, in 2015 Gas Natural Fenosa commissioned the first two LNG-propelled ferries that operate in Spain. Seven natural gas tankers for other countries are also under construction.

Moreover, in 2015 the mobility study conducted at Vigo Port was presented. This study analysed the feasibility of introducing new propulsion systems for vehicles and machinery that operate at the port, proposing measures to achieve sustainable mobility in the port environments.

We also signed a joint partnership agreement with the Regional Government of Catalonia and the Catalan Energy Institute, to promote and foster the introduction and use of VNG as a fuel for private and public vehicles, as well as to increase the number of recharging points. In addition, we aim to work jointly on the gradual introduction of VNG in the maritime transport sector.

Lastly, with regard to electric mobility, the company continues to manage charging points and mobility solutions, and has a technology watch position that enables it to determine the point at which it could be an alternative for areas of the market larger than at present.

Sustainable mobility projects

Land mobility projects

LNG Blue Corridors (2013-2017)
The LNG Blue Corridors project, which commenced in 2013, aims to develop four European corridors through the construction of 14 new LNG or CNG-LNG stations and the introduction of 100 LNG lorries.

During 2015 we carried out the operational monitoring of the station, and have obtained monthly reports with the analysis of the number of LNG refuellings, and the analysis of operation or safety incidents.

CEF-BESTWay (2014-2017)
This project has a budget of 7.7 million euros and forms part of the Connecting Europe Facility programme of the European Commission. Its objective is to build nine CNG-LNG stations along the Spanish and French Atlantic corridor (five in Spain and four in France).

As an innovative measure, the project will identify and deploy value-added ICT services for hauliers that will allow a quicker increase in the number of natural gas vehicles for road transport, based on a competitive alternative fuel (such as CNG or LNG).

LIFE–Methamorphosis (2015-2018)
Using an industrial prototype scale, the project seeks to demonstrate two innovative systems for treating slurry to obtain low-cost biomethane for the purpose of using it as a vehicle fuel.

The project, which involves participation by Seat, will test the engine response of CNG vehicles over 20,000 km using renewable gas obtained from the anaerobic digestion of animal slurries of a similar quality to natural gas.

Pilot test of transforming a van to dual fuel
We have addressed the development of a kit with a manufacturing company, to enable the transformation for dual use with natural gas, due to the large number of vans there are in Spain, most of which run on diesel, and the lack of natural gas vehicles produced directly at the manufacturing plant.

We have therefore looked at the fleet of existing vans, assessing the most common models and analysing the potential saving that would be obtained by a transformed vehicle.

Once the transformation kit has been approved, there will be a pilot test with a van to assess actual consumption and emissions.

Pilot test on railway traction with liquefied natural gas (2014-2016)
In 2014 we set up a work team with representation from the gas, railway and technological sectors. This team defined a pilot test for introducing railway traction with LNG into the Spanish network and tested its actual feasibility.

The aim of the project is to verify the technical, legal and economic feasibility of railway traction with LNG on the Spanish railway network, to draw conclusions on the possibility of extending this new traction solution to the commercial sphere in Europe and the rest of Europe.

Sustainable mobility projects (continuation)

Maritime mobility projects

CEF-CleanPort and Abel Matutes (2014-2017)
In the maritime area, we continued with the development of the Abel Matutes project, which had a budget of 4.7 million euros, for the conditioning of the first regular-route Spanish ferry to run on natural gas.

In 2015 the motor was fitted on the vessel and shortly it will begin to receive fuel from the gas network or as LNG, which would achieve a major decrease of polluting emissions, such as nitrogen oxides (NO_x), in the port areas. This project, known as CleanPort, was submitted to the European Commission programme, Connecting Europe Facility (CEF).

A pioneer in Spain, it will enable this kind of auxiliary motor to be installed in the maritime sphere with the aim of reducing emissions and improving air quality in both urban as well as port areas.

Core LNG Hive (2014-2019)
This project focuses on the supply of LNG for the maritime and port transport in the main Spanish and Portuguese ports within the central corridors of the Atlantic and Mediterranean of the Trans-European Network of Transport.

To achieve this objective, there will be coordination between all owners of LNG terminals on the Spanish mainland and the major players from the LNG sector, which includes Gas Natural Fenosa and the main Public Administrations.

Energy services

Energy efficiency is the priority objective for today's society, as it represents an essential step in the development of a sustainable energy model that reduces environmental emissions and helps guarantee the energy supply.

2015 was a decisive year in driving energy efficiency and sustainability, and technology and innovation became their leading allies.

All this is possible thanks to the consolidation of new technologies and the potential they are showing to improve energy efficiency and sustainability through the capture and analysis of data, and the automation of processes.

Meanwhile, the European Union is firmly committed to improving energy efficiency by 20% by 2020, with regard to the 1990 levels, and this is even more ambitious for 2030.

The European energy efficiency directive sets a target saving of 15,979 ktep/year during the 2014-2020 period, and energy efficiency is one of the main levers to achieve this saving.

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

Our focus

Gas Natural Fenosa continues to increase its commitment to energy efficiency by adopting a more mature focus in different action areas:

- The development of projects to improve energy efficiency in the management of customers' energy, to reduce consumption of primary energy, to reduce polluting and greenhouse gas emissions, and to generate financial savings. To achieve this aim, we are introducing technological projects that provide comprehensive and customised solutions for the customer's needs.
- The contribution to a more efficient use of energy by consumers, providing them with solutions that help them improve their energy efficiency and to reduce the environmental impact of their energy consumption and habits.
- The introduction of energy control and monitoring systems for the residential and tertiary sectors.
- Efficient solutions for the refurbishment of buildings, efficient communities, zero energy buildings and districts. The zero energy buildings and districts are those that have distributed generation and which have a net zero balance of energy on adding up the energy generated and consumed over a defined period of time.

The company contributes to a more efficient use of energy by consumers, providing them with solutions that help them improve their energy efficiency and to reduce the environmental impact of their energy consumption and habits

Energy services projects

Robur (2015-2016)
Installation of an absorption heat pump (Robur GAHP-WS) to analyse, through monitoring over a year, the energy performance and savings that can be obtained with this technology.

The absorption heat pump allows greater efficiency versus the conventional pump as it uses up to 40% renewable energy, and it also enables savings in maintenance and better use of available space.

Gas Natural Fenosa intends to carry out a pilot test at its own facilities before including the equipment in its portfolio of products.

YoLeoGas (2014-2015)
Mobile app available to involve the customer in the gas reading process.

The company has developed and introduced a new image recognition system to read customers' meters. This system automates the process of reading and storage of the meter reading.

Cofast (2014-2017)
This project proposes a new concept of rapid charging stations for electric vehicles based on cogeneration technology, thus reducing dependency on charging stations and increasing energy efficiency.

This technology permits cost reduction and improves energy efficiency with regard to the standard solution.

A market study took place in 2015 and the findings were presented to KIC Innoenergy, revealing the feasibility and viability of the project.

Dc4Cities (2013-2016)
The aim of this project is to achieve energy optimisation of data centres (DPCs) and to maximise their consumption of renewable energies, introducing demand management mechanisms in accordance with the availability of renewable energy or other restrictions.

In this European project, Gas Natural Fenosa is responsible for the energy management of the DPCs, as well as for defining the strategic base of this, coordinating collaboration within the sphere of the smart city between different European projects.

GrowSmarter (2014-2019)

This project forms part of the Horizon 2020 call of the European Commission, the aim of which is to apply a combination of technologies for energy saving, decrease the environmental impact and improve the life quality in smart city environments, through a pilot test, for the purpose of making these replicable in other districts and cities in the future.

The cities chosen to spearhead this project are Barcelona, Cologne and Stockholm, which will act as lighthouse cities, with the introduction of 12 solutions, in the field of energy rehabilitation of buildings and self-sufficient districts, the integration of urban infrastructures and sustainable urban mobility.

The project aims to reduce energy consumption and transport emissions by 60% by 2020. It also has the potential to create 1,500 jobs in Europe.

Gas Natural Fenosa participates in the analysis of feasibility, design, performance and assessment of different measures of improving energy efficiency, contributing the experience and know-how of different units of the group.

Promotion of efficient products

As an energy services company, Gas Natural Fenosa places technological knowledge and the means required to maximise comfort at the lowest cost at the disposal of its customers.

It performs comprehensive energy management of its customers. Not only is the company their gas and electricity supplier, but it also takes responsibility for the initial analysis of the energy situation through to the design, introduction, financing and management of the measures introduced.

The variety of services available in this field is extremely broad, adapting to the technological and economic needs of each customer. To respond to these needs, the company has created a large portfolio of energy products and solutions, based on innovative application of efficient technologies.

In 2015, the company launched a new advisory service for photovoltaic facilities, Photovoltaic Option, which aims to assist businesses to analyse the feasibility of generating their own energy with solar power.

Gas Natural Fenosa continued to support a business model based on in-depth analysis of the most efficient technologies available in the market, and a process of selecting those most appropriate for those most appropriate for each type of customer.

Standardised solutions [G4-4]

Renewal and comfort solutions

Gascomfort
Consolidated service from the company, providing integral energy management that enables transformation or renovation of boiler rooms that run on diesel or natural gas propane. This service is targeted at both the industrial and tertiary sector as well as communities of homeowners.

Distribution and Comfort
A service which enables individual reading of each neighbour's heating and hot water consumption, so that they only pay what they actually consume. According to figures from the Spanish Institute for Energy Diversification and Savings (IDAE) and the Spanish Association of Heating Cost Distributors (AERCCA), the distribution formula increases the uniformity of heat in all flats and makes it possible to save up to 20% through the user's change of habit when they discover their actual consumption. From 1 January 2017 onwards, individualised billing will be compulsory. In this regard, Gas Natural Fenosa will present itself to the market with a mature solution that has been in place for two years.

Climatecomfort
Electric air conditioning service developed by the company that enables the customer to renew their old air conditioning equipment for the best systems available in the market (heat pumps, coolers, etc.) which give better performance rates and do not use R22 coolants, which were banned in 2015.

Refurbishments&comfort
In 2015 we worked on developing a new product to improve the insulation of buildings, which will be commercialised in 2016. The improvement in heat insulation will enable savings of up to 20% in heat energy.

Energy efficiency solutions

Ledplus
Since the launch of this product, more than 1,500 customers have introduced it. In 2015, we conducted more than 900 lighting renewal service projects in different businesses, with savings that in some cases exceed 75% on lighting consumption.

Special supplies solutions

LNG option
The company provides a service that enables natural gas to be taken to customers that are some distance from this fuel distribution network. LNG is the best option in these cases as the cost per kWh is up to 35% less than that of other fossil fuels.

Bio+a option
Since 2014, Gas Natural Fenosa has offered the Bio+a Option to customers that are some distance from the natural gas distribution group, making it possible to renew the installations so that they work with biomass. This is a competitive solution that helps the company's customers to save money, and it is also renewable. Furthermore, Gas Natural Fenosa takes charge of the transportation and logistics, guaranteeing the continuous supply of top-quality certified fuel.

Customised solutions [G4-4]

Public lighting solutions

Lighting of municipalities

Public lighting energy efficiency projects were carried out, to enable the replacements of outside lighting for more efficient technologies such as streetlamps, luminaires and control systems, to guarantee major energy savings for the municipalities where they are located.

Gas Natural Fenosa is able to propose solutions based on an energy performance contract model that can guarantee savings of up to 85% compared to traditional solutions.

District heating solutions

Urban or district heating

The introduction of urban or district heating, which involves the heat being distributed through an urban network, in the same way as with gas, water, electricity or telecommunications.

As the hot water is produced centrally, the process is more efficient and households reduce their heating and hot water bills.

Gas Natural Fenosa is working on two major district heating projects in the Catalan municipalities of Manresa and Olot.

Solutions in the tertiary and industrial sector

Energy savings at companies

Technological projects that the company carries out in accordance with the customer's needs. This involves analysing all possibilities to achieve the best possible performance of the installations.

The importance of raising public awareness for a more efficient energy model

One of Gas Natural Fenosa priorities is to promote and disseminate energy efficiency. For many years now, the company has been working together with social institutions to provide information about this awareness and in application of technologies related to energy services.

The company takes part in seminars and conferences to provide information on products and services that best adapt to customers' needs. The company also promotes cooperation agreements with major consumer and business associations to achieve a more efficient use of energy.

The company also continues to devote its efforts and resources to raising awareness among customers of the need for efficient use of energy.

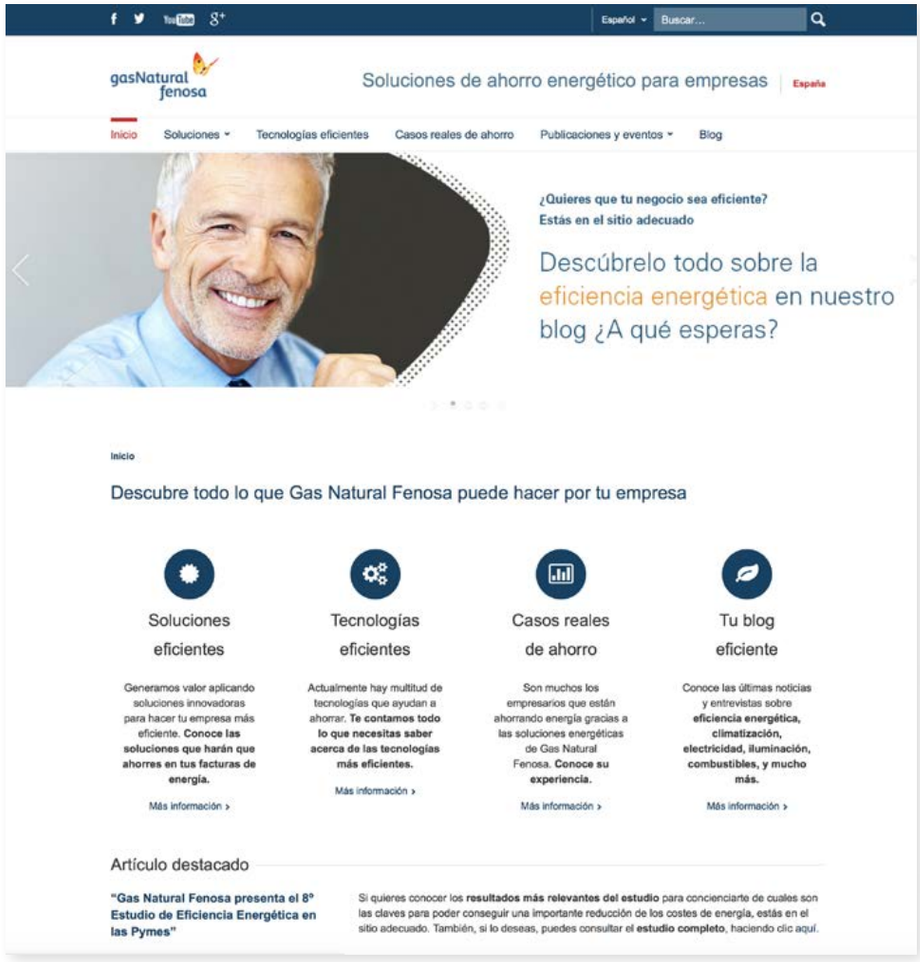
Residential customers are provided with advice through campaigns, and can also benefit from the www.gasnaturalfenosa.es. site on how to save energy in the home and the benefits this brings to the environment. For businesses and industries, the company has the portal www.empresaeficiente.com.

In 2015, the company compiled the eighth index on energy efficiency at SMEs, which redefined the analysis methodology and included more specific consumption savings. The company also compiled the ninth energy efficiency in the home study.

These statistical studies mean the company can analyse the level and efficiency evolution in Spain and find out the savings potential in these sectors. Spanish households therefore have an energy savings potential of 23.2% in their energy bill. In the case of SMEs, the latest study showed that the savings potential is around 25.9% of the total consumed, with a potential saving of 10.8% in lighting and 15.1% in remaining consumption.

In 2015 we also compiled the efficient lighting index, the aim of which was to find out the technological reality of companies in the issue of lighting, the potential for saving, the penetration of efficient technologies and professionalisation of the market.

Furthermore, since 2015 we have monitored electric heating and cooling systems in the tertiary sector. We have introduced advanced techniques that enable us to check the operation and performance per minute of large heating and cooling systems that are more than 10 years old, with average potential savings of 50% of the energy consumption.



For example, this enabled us to have detailed knowledge with actual figures on improved energy efficiency using the company's Climatecomfort service.

Lastly, we should highlight the launch of the application for mobile devices, Mi Consumo (My Consumption) that enables domestic users to check their hourly electricity consumption using remote reading.

In 2015, we compiled the efficient lighting index, the aim of which was to find out the technological reality of companies in the issue of lighting, the potential for saving, the penetration of efficient technologies and professionalisation of the market

Health and safety

For Gas Natural Fenosa, nothing is more important than health and safety.

Health and safety is a priority issue that occupies the company's daily agenda and has been inwardly digested in all areas through global strategies in this regard. The principles of the company's business culture are based on the motto "nothing is more important than health and safety".

In order to extend this to the rest of the company, the Health and Safety Commitment Plan was developed. This project began in 2012 and is based on four drivers: leadership, employees, collaborating companies, and installations and processes. These four pillars guide cultural transformation in this area.

Done and said

2015 Corporate Responsibility Report

Governance at Gas Natural Fenosa

Good governance for efficient and transparent management. Page 64

Risks and opportunities. Page 78

Internal Auditing, Compliance and Control. Page 86

For detailed information on this project, scan this QR code with your mobile device or visit the 2015 Annual Report microsite.

www.informesanuales.gasnaturalfenosa.com

Good governance for efficient and transparent management

[G4-34]

Governance at Gas Natural Fenosa is based on the principles of efficacy and transparency established in accordance with the main existing recommendations and standards on the world stage. Good governance fosters these principles in decision-taking, contributing towards profitability and the sustainable growth of the company.

To this end, through the Board of Directors, we perform a key good governance action, which is the yearly analysis and approval of the company's risk profile. This includes ethical, social and environmental issues in the planning of the company's activities and which, together with the search for profitability, guarantees responsible projects and operations with the capability to generate long-term value.

Internal control is another fundamental pillar in the good governance model of the company. To this end, the company frequently reviews its internal audit and compliance procedures and uses its internal regulations to set out those practices that should lead to greater knowledge of the company's way of working. By the same token, the governing body regularly assesses the quality and efficacy in processes, through the different reports that it issues.

The success of the business culture of good governance, fulfilment and a focus on preventing risks is best reflected in the Gas Natural Fenosa's 170-year history of sustained growth. Management transparency also provides confidence to shareholders, potential investors and third parties that deal with the company. Consequently, the company will continue to develop its activities and to focus its decision-taking processes pursuant to the very highest standards.

*Reports to Rafael Villaseca in his capacity as CGE Chairman.

Value actions

Proposed actions 2015	Planned actions 2016
Adaptation of the company's internal regulations to the new corporate government standards.	Follow-up of new items in issues of corporate governance and analysis of the evolution of the company's adaptation to new recommendations of the 2015 Good Governance Code of Listed Companies.
Review of the company's risk appetite, focusing on the presence in new markets and the current energy context.	Introduction of the risk control and management methodology at certain subsidiaries, to speed up the control of risks at local level.

Level of fulfilment: Finalised. Major progress. Intermediate progress. Little progress. Not started.

Good governance, in constant evolution

[G4-15]

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

Over the last years, new models of the Corporate Governance Annual Report and Remuneration to Directors have been approved in Spain, along with modifications to the Corporate Enterprises Act and the Good Governance Code of Listed Companies.

The corporate governance practices of the company are described in detail in a range of annual reports (Corporate Governance Annual Report, Annual Report on the Activities of the Audit Committee, Annual Report on Remuneration of Directors and Corporate Responsibility Report), and information on these reports is given at the General Meeting of Shareholders.

Governance structure of Gas Natural Fenosa

General Meeting of Shareholders

Board of Directors

Management Committee

Delegated Committee
Executive Committee

Research and Proposals Committees
Appointments and Remuneration Audit Committee

Functions and composition of the Board of Directors [G4-34], [G4-38], [G4-39], [G4-42], [G4-44] and [G4-48]

Responsibilities of the Board of Directors

Strategic orientation and financial objectives
Determining the company's strategic orientation and financial objectives and agreeing, at the proposal of top-tier management, the appropriate measures for their achievement, where the fulfilment of the said activities is subject to its control.

Strategy compliance, objectives and social respect
Supervising and verifying that the members of top-tier management comply with the strategy and meet the targets set, and observe the corporate purpose and interest, besides guaranteeing the interests of the minority shareholders. It therefore establishes as many supervision systems as required.

The company's viability and competitiveness
Ensuring the company's future viability and its competitiveness, as well as the existence of appropriate leadership and management, where the company's activity is expressly submitted to its control.

Approval of the Code of Conduct
Approving the company's codes of conduct as well as developing the faculties set out in the Organisation and Operation Regulations of the Board of Directors and of its Committees.

Efficiency of ESG risk management processes
Every year, to examine, debate and approve the different documents that reflect the economic, environmental and social issues processes, such as the Annual Corporate Governance Report, Annual Accounts and the Management Report (both individual and consolidated) and the Corporate Responsibility Report.

Aspects tied to corporate social responsibility
Approving the corporate governance and corporate responsibility policies, and spearheading their effective integration into both the company's strategy and its daily management, thus achieving a solid culture of corporate responsibility.

Management, representation and control set out in the Articles of Association
Performing as many acts of management, representation and control as required or appropriate to achieve the corporate purpose set out in the Articles of Association. It shall respond for this obligation to the General Meeting.

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

With the coming into force of the reform of the Corporate Enterprises Act, whose purpose was to improve corporate governance, companies had to make changes to the Articles of Association, the Board of Directors' Regulations and the General Meeting of Shareholders' Regulations, among others.

It is worth pointing out that the internal regulations of Gas Natural Fenosa already include many of the provisions of this act.

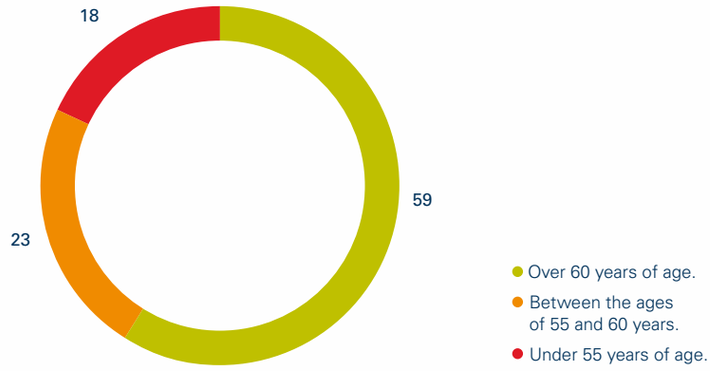
In 2015, we performed different actions to adapt to the changes introduced in the Corporate Enterprises Act and to the new items of the Good Governance Code of Listed Companies:

- Approval of the change of 25 articles of the Board Regulations in February 2015, by the Board of Directors, which was duly reported at the Ordinary General Meeting of Shareholders.
- Approval by the Board of Directors of all of the documentation corresponding to the Ordinary General Meeting of Shareholders.
- Approval by the Ordinary General Meeting of Shareholders of the change to 18 articles of the Articles of Association and of nine articles of the Regulations of the General Meeting of Shareholders in May 2015.
- Resolutions targeted at adapting the company's internal rules to the new recommendations of the Good Governance Code of Listed Companies, at the sessions of the Board of Directors held in November and December 2015.

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

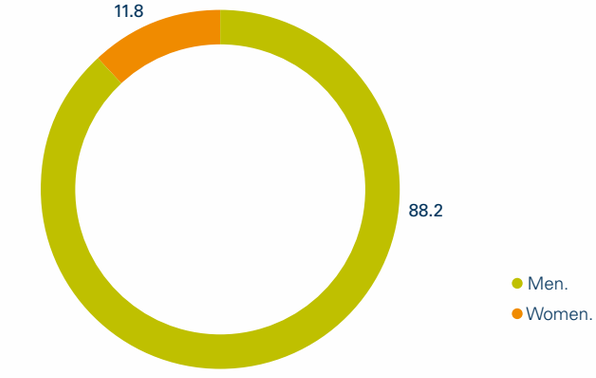
Breakdown of the Board of Directors by age (%)

[G4-LA12]



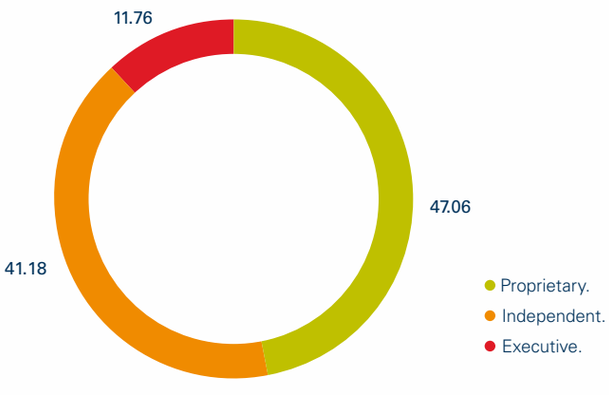
Diversity of the Board of Directors (%)

[G4-LA12]



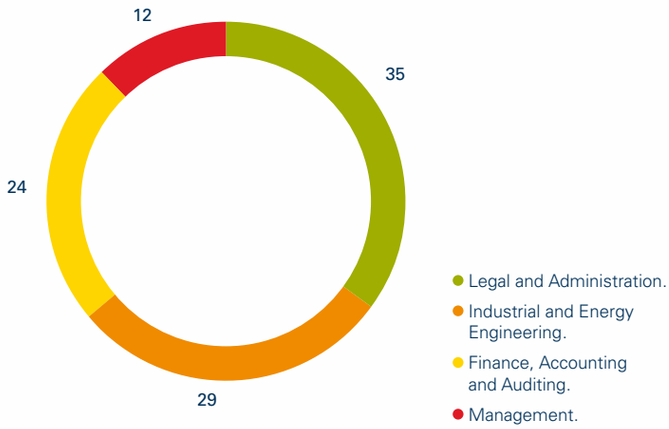
Breakdown of the Board of Directors in accordance with the nature of the position (%)

[G4-LA12]



Responsibilities of the Board of Directors (%)

[G4-LA12]



Composition of the Board of Directors and of the different committees (at 31 December 2015)

	Board of Directors	Executive Committee	Audit Committee	Appointments and Remuneration Committee	Type of Director	Seniority on Board
Chairman	Mr Salvador Gabarró Serra	Chairman			Executive	23/06/2003
Deputy Chairman	Mr Antonio Brufau Niubó			Board Member	Proprietary Director	16/06/1989
Chief Executive Officer	Mr Rafael Villaseca Marco	Chief Executive Officer			Executive Director	20/04/2005
Board Member	Mr Ramón Adell Ramón[6]	Board Member	Chairman		Independent Director	14/04/2011
Board Member	Mr Enrique Alcántara-García Irazoqui	Board Member			Proprietary Director	27/06/1991
Board Member	Mr Xabier Añoveros Trías de Bes				Independent Director	20/04/2012
Board Member	Mr Francisco Belil Creixell[1]		Board Member		Independent Director	14/05/2015
Board Member	Mr Demetrio Carceller Arce	Board Member			Proprietary Director	21/05/2008
Board Member	Mr Isidro Fainé Casas[2]				Proprietary Director	14/05/2015
Board Member	Mrs Benita Ferrero-Waldner[3]				Independent Director	14/05/2015
Board Member	Mrs Cristina Garmendia Mendizábal[4]			Board Member	Independent Director	14/05/2015
Board Member	Mr Emiliano López Achurra	Board Member			Independent Director	23/06/2003
Board Member	Mr Miguel Martínez San Martín[5]	Board Member			Proprietary Director	14/05/2015
Board Member	Mr Heribert Padrol Munté				Proprietary Director	20/04/2012
Board Member	Mr Juan Rosell Lastortras[7]	Board Member			Proprietary Director	26/06/2009
Board Member	Mr Luis Suárez de Lezo Mantilla		Board Member		Proprietary Director	20/04/2010
Board Member	Mr Miguel Valls Maseda[8]			Presidente	Independent Director	20/04/2005
Non-director Secretary	Mr Manuel García Cobaleda	Non-director Secretary	Non-director Secretary	Non-director Secretary	N/A	29/10/2010

[1] Mr Francisco Belil Creixell was appointed Independent Director and Board Member of the Audit Committee on 14 May 2015.
[2] Mr Isidro Fainé Casas was appointed Proprietary Director on 14 May 2015.
[3] Mrs Benita Ferrero-Waldner was appointed Independent Director on 14 May 2015.
[4] Mrs Cristina Garmendia Mendizábal was appointed Proprietary Director and Board Member of the Appointments and Remuneration Committee on 14 May 2015.
[5] Mr Miguel Martinez San Martín was appointed Proprietary Director and Board Member of the Executive Committee on 14 May 2015.
[6] Mr Ramón Adell Ramón was appointed Board Member of the Executive Committee on 14 May 201.
[7] Mr Juan Rosell Lastortras was appointed Board Member of the Executive Committee on 14 May 2015.
[8] Mr Miguel Valls Maseda was appointed lead Independent Director on 27 March 2015.

Gas Natural Fenosa has a lead Independent Director, Mr Miguel Valls Maseda, whose duties are:

- To request the convening of the Board.
- To request the inclusion of items on the agenda at a Board already convened.
- To coordinate and gather non-Executive Directors.
- To oversee regular assessment of the Chairman.

The executive duties of the Chairman of the Board of Directors, Mr Salvador Gabarró Serra, are:

- To take part in the negotiation of issues that are in the corporate interest, if the interlocutor requires a peer level of liaison.
- To enforce the resolutions that the Board of Directors specifically assigns him with.

Assessment and capacitation of the Board of Directors

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

This assessment looks into issues such as the amendments introduced into corporate governance standards; the number of sessions of the different governing bodies; the agreements and reports issued; the type of members of the governing bodies; attendance at meetings; calls to meetings and the documentation to accompany these calls; the venue for the meeting and the agenda.

The Board of Directors and its committees operated as expected during 2015, fully exercising their powers without interference and in full observance of both current legislation and the standards for the organisation and performance of the Board's own regulations.

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

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

Quorum of attendance and meetings of the Board of Directors and committees

	Board of Directors	Executive Committee	Audit Committee	Appointments and Remuneration Committee
Attendance quorum (%)	100	100	93	92
Number of meetings	12	5	9	4

The governing body in economic, environmental and social affairs

[G4-35], [G4-36], [G4-42], [G4-43], [G4-45], [G4-46], [G4-47] and [G4-49]

By virtue of the Board of Directors of Gas Natural and of its committees, the Board is responsible for defining the corporate structure, as well as the structure of delegations and authorisations.

In light of these terms of reference, the Board delegates certain powers to the CEO who in turn grant specific faculties to different general managers in issues of an economic, environmental and social nature. Within their respective terms of reference, they have supreme responsibility and the economic, environmental and social issues are related to a greater or lesser extent in all departments.

Because of its specialised nature, the Economic-Financial Department has general responsibility over economic issues and the Resources Department has general responsibility over environmental and social issues.

The different general managers are regularly invited to Board meetings in order to present issues arising within the scope of their respective competences in regard to which the Board of Directors is required to reach an agreement or to be informed. Consequently, these economic, environmental and social issues that affect development of the company's businesses are examined and debated on the Board.

The Board of Directors is responsible for approving reports that analyse the different kinds of risks for the company. Through this approval procedure, the Board analyses the effectiveness of the management processes for economic, environmental and social risks. Furthermore, any operation or project submitted to the Board is also considered from the point of view of the accompanying risks.

By virtue of the culture of risk prevention in all the company's operations, due diligence is performed for each country at the start of relevant operations. The Board of Directors is the body that takes the decision to cease activities in a specific country, in consideration of a range of criteria, such as the government of laws.

Remunerative model of the Board of Directors

[G4-51], [G4-52] and [G4-53]

Remuneration of the Board of Directors

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

In accordance with the current legal framework, Gas Natural Fenosa regularly reports on remuneration of members of the Board of Directors through its Integrated Annual Report, the Annual Accounts and the Annual Report on Remuneration of Directors, publicly available on the company's website and the last two also on the website of the National Securities Market Commission (CNMV).

The Annual Report on Remuneration of Directors, in compliance with the Sustainable Economy Act, was subject to a ballot at the General Meeting of Shareholders in 2015. The remuneration policy of the company is based on the principles of moderation, compensation for the time spent and in line with the company's profits.

Remuneration of Directors for sitting on the collegiate decision-taking bodies is considered as fixed remuneration. Only the Chief Executive Officer receives remuneration based on the executive functions he performs outside of sitting on the Board. The remunerations of Directors in 2015 as recompense for sitting on the Board were as follows:

- Chairman of the Board of Directors: 550,000 euros/year.
- Director: 126,500 euros/year.
- Chairman of the Executive Committee: 550,000 euros/year.
- Member of the Executive Committee: 126,500 euros/year.
- Member of the Appointments and Remuneration Committee: 25,000 euros/year.
- Member of the Audit Committee: 40,000 euros/year.

The Chairman holds the status as Executive Director, but receives no remuneration for his executive duties, and he only receives remuneration for sitting on the Board of Directors.

By virtue of the culture of risk prevention, due diligence is performed for each country at the start of relevant operations

Remuneration of the Board of Directors (in euros)

	Position	Board	Executive Committee	Audit Committee	Appointments and Remuneration Committee	Total
Mr Salvador Gabarró Serra	Chairman	550,000	550,000			**1,100,000**
Mr Antonio Brufau Niubó	Deputy Chairman	126,500			25,000	**151,500**
Mr Rafael Villaseca Marco	Chief Executive Officer	126,500	126,500			**253,000**
Mr Ramón Adell Ramón[6]	Board Member	126,500	80,500	40,000		**247,000**
Mr Enrique Alcántara-García Irazoqui	Board Member	126,500	126,500			**253,000**
Mr Xabier Añoveros Trías de Bes	Board Member	126,500				**126,500**
Mr Francisco Belil Creixell[1]	Board Member	80,500		25,455		**105,955**
Mr Demetrio Carceller Arce	Board Member	126,500	126,500			**253,000**
Mr Santiago Cobo Cobo[9]	Board Member	46,000			9,091	**55,091**
Mr Isidro Fainé Casas[2]	Board Member	80,500				**80,500**
Mr Nemesio Fernández-Cuesta Luca de Tena[10]	Board Member	46,000	46,000			**92,000**
Mrs Benita Ferrero-Waldner[3]	Board Member	80,500				**80,500**
Mrs Cristina Garmendia Mendizábal[4]	Board Member	80,500			15,909	**96,409**
Mr Felipe González Márquez[11]	Board Member	46,000				**46,000**
Mr Emiliano López Achurra	Board Member	126,500	126,500			**253,000**
Mr Carlos Losada Marrodán[12]	Board Member	46,000	46,000	14,545		**106,545**
Mr Miguel Martínez San Martín[5]	Board Member	80,500	80,500			**161,000**
Mr Juan María Nín Génova[13]	Board Member	46,000	46,000			**92,000**
Mr Heribert Padrol Munté	Board Member	126,500				**126,500**
Mr Juan Rosell Latortras[7]	Board Member	126,500	80,500			**207,000**
Mr Luís Suárez de Lezo Mantilla	Board Member	126,500		40,000		**166,500**
Mr Miguel Valls Maseda[8]	Board Member	126,500			25,000	**151,500**
Total		**2,574,000**	**1,435,500**	**120,000**	**75,000**	**4,204,500**

1 Mr Francisco Belil Creixell was appointed Independent Director and Board Member of the Audit Committee on 14 May 2015.
2 Mr Isidro Fainé Casas was appointed Proprietary Director on 14 May 2015.
3 Mrs Benita Ferrero-Waldner was appointed Independent Director on 14 May 2015.
4 Mrs Cristina Garmendia Mendizábal was appointed Proprietary Director and Board Member of the Appointments and Remuneration Committee on 14 May 2015.
5 Mr Miguel Martínez San Martín was appointed Proprietary Director and Board Member of the Executive Committee on 14 May 2015.
6 Mr Ramón Adell Ramón was appointed Board Member of the Executive Committee on 14 May 2015.
7 Mr Juan Rosell Lastortras was appointed Board Member of the Executive Committee on 14 May 2015.
8 Mr Miguel Valls Maseda was appointed lead Independent Director on 27 March 2015.
9 Mr Santiago Cobo Cobo resigned as Director and Board Member of the Appointments and Remuneration Committee on 14 May 2015.
10 Mr Nemesio Fernández-Cuesta Luca de Tena resigned as Director and Board Member of the Executive Committee on 14 May 2015.
11 Mr Felipe González Márquez resigned as Director on 14 May 2015.
12 Mr Carlos Losada Marrodán resigned as Director and Board Member of the Executive and Audit Committees on 14 May 2015.
13 Mr Juan María Nin Génova resigned as Director and Board Member of the Executive Committee on 14 May 2015.

Transparent and regulated process to determine remuneration

[G4-52] and [G4-53]

The process for determining the remuneration of Directors is set out in the company's Articles of Association (Article 44 on "Remuneration") and in the Regulations of the Board of Directors (Article 22 on "Remuneration of the Director" and Article 31 on "Appointments and Remuneration Committee").

The remuneration to be received by Directors in their status as such shall comprise a fixed allocation.

The Ordinary General Meeting of Shareholders approved the Remuneration Policy for members of the Board of Directors for 2015, 2016 and 2017, setting out the principles that govern remuneration of Directors in their status as such, and remuneration for their executive duties. This policy has to include the maximum amount of yearly remuneration payable to all Directors in their status as such.

The determination of each Director's remuneration corresponds to the Board of Directors, which shall take into consideration the duties and responsibilities attributed to each Directors, the Board committees on which they sit and other objective circumstances that are relevant.

The remuneration of Directors must under all circumstances be reasonably proportionate to the importance of the company, the existing economic situation and the market standards of comparable companies.

The system of remuneration established must be targeted at promoting profitability and long-term sustainability of the company and incorporate the precautions required to avoid the assumption of excessive risks and rewarding unfavourable results.

Without prejudice to the remuneration to Directors in their status as such, those that hold executive duties at the company shall be entitled to receive remuneration for said duties, which shall be determined by the Board of Directors pursuant to the provisions set out in the Remuneration Policy for Directors, and which shall include a contract between the Director and the company.

No outsourced consultants have been used to determine the remuneration of Directors.

Together with the Annual Corporate Governance Report, the Board of Directors must draw up an annual report on the remunerations of its Directors. This report must include full, clear and understandable information on the company's remuneration policy approved by the Board for the year in progress. It also includes an overall summary of how the remuneration policy was applied during the financial year, and a breakdown of the individual remunerations accrued by each Director. All of this is reported and put to a vote by the Ordinary General Meeting of Shareholders, not as part of the agenda.

In the Ordinary General Meeting of 2015, the Annual Report on Remuneration of Board Members was approved by a majority vote, as follows:

Number of shares that have cast valid votes	805,909,107
Total number of valid votes cast	805,909,107
Proportion of the share capital that the valid votes represented	80.53%
Votes in favour	726,395,082
Votes against	65,849,552
Blank votes	0
Abstentions	13,664,473
Quorum for attending the Shareholders' Meeting	2,566

Moreover, the 2015 Ordinary General Meeting of Shareholders gave a majority approval to the Remuneration Policy for 2015, 2016 and 2017 for members of the Board of Directors in accordance with the following breakdown:

Number of shares that have cast valid votes	805,909,107
Total number of valid votes cast	805,909,107
Proportion of the share capital that the valid votes represented	80.53
Votes in favour	724,841,912
Votes against	80,057,270
Blank votes	0
Abstentions	1,009,925

Diversity in the process of appointments and renewal of Directors

The Board of Directors comprises 17 members, two of which are women. Among Board Members there is a broad diversity of professional experience and academic knowledge (including engineers, lawyers, economists and university professors).

The company, in its Board Member selection policy, expressly specifies that the Appointments and Remuneration Committee shall ensure that the screening procedures do not involve any implicit bias that could involve any discrimination whatsoever.

Without prejudice to the right to proportional representation acknowledged in prevailing legislation, the process for selecting candidates to be Board Members shall begin with an initial assessment undertaken by the Appointments and Remunerations Committee on the needs of the company and the skills, expertise and experience required on the Board.

Any company Director may propose the candidates they deem appropriate, providing they satisfy the conditions set out in the Director selection policy. However, the Appointments and Remunerations Committee shall be responsible for formally submitting appointment proposals to the Board of Directors along with proposals for the re-election of Independent Directors and for informing the Board about proposals for Proprietary and Executive Directors.

The company may employ external consultancy services, both for the performance of preliminary analyses of existing needs as well as for the validation or proposal of Director candidates.

Candidates must be honourable and appropriate persons, with acknowledged prestige and with the professional expertise and experience commensurate to the performance of their duties.

In particular, they must be upstanding professionals, whose professional conduct and career path is in line with the principles set out in the Code of Ethics of Gas Natural Fenosa, and who shares the company's vision and values.

As regards incompatibilities, the following cannot be considered candidates:

- Those persons affected by any cases of legal, statutory or regulatory prohibition or incompatibility.
- Those companies, enterprises or persons affected by a permanent of conflict of interest with the company.

Issues dealt with at the General Meeting of Shareholders

[G4-37], [G4-49] and [G4-50]

At the 2015 Ordinary General Meeting of Shareholders, the shareholders requested information from the Chairman's office with regard to issues such as the company's plans in Chile and Mexico, the price of electricity and the results of the electricity sector, the incorporation of new partners at a subsidiary company and the diversification of the company's suppliers. The quorum of attendance at the meeting represented 80.5% of all shares in Gas Natural Fenosa.

Issue	Nature of the issue (economic, social or environmental)	Conclusions drawn
Approval of the Annual Accounts and the Management Report of Gas Natural SDG, S.A.; the Consolidated Annual Accounts and the Management Report of the consolidated group for the financial year that closed on 31 December 2014.	Economic.	Approved by a majority.
Approval of the allocation of profits for the year that closed on 31 December 2014.	Economic.	Approved by a majority.
Approval of management performed by the Board of Directors in 2014.	Economic/social.	Approved by a majority.
Re-election of the accounts auditors of the company and of its consolidated group.	Economic.	Approved by a majority.
Re-election of the company's Directors.	Economic/social.	Approved by a majority.
Consultative vote concerning the Annual Report on remuneration of members of the Board of Directors.	Economic.	Approved by a majority.
Policy of remuneration for Directors of Gas Natural SDG, S.A.	Economic.	Approved by a majority.
Amendment of certain articles of the Articles of Association.	Economic/social.	Approved by a majority.
Amendment of certain articles of the General Meeting Regulations.	Economic/social.	Approved by a majority.
Operation to split.	Economic.	Approved by a majority.
Issue of debentures.	Economic.	Approved by a majority.
Derivative acquisition of own shares.	Economic.	Approved by a majority.

Risks and opportunities

Risk management

[G4-45] and [G4-46]

Risk is inherent to all business activity, and Gas Natural Fenosa therefore identifies and quantifies the impact of the main risk factors for the company, ensuring uniformity in the criteria used in measuring these risks and proposing control and corrective measures together with the businesses affected.

The aim is to anticipate potential deviations with regard to global targets and to ensure that the taking of decisions considers an appropriate and known balance between risk and profitability, both from the viewpoint of marginal contribution to the global portfolio as well as from an individual viewpoint of each one of the businesses.

Guaranteeing the predictability and sustainability in the operational and financial performance of the company is one of the key aspects of risk management at Gas Natural Fenosa, and to this end the company has different organisations with clearly identified areas of responsibility.

Risk management bodies

Audit and Control Committee.

Risk Committee.

Risk Management.

Business.

Other corporate areas.

Audit Committee

This is the supreme body in charge of the efficacy of internal control and of the company's risk management systems. It checks that these systems identify the different kinds of risks and the measures introduced to mitigate said risks and to tackle them in the event that effective damages materialise.

Risk Committee

This is responsible for determining and reviewing the objective risk profile of the company. It guarantees alignment of this profile with the strategic position of the same and oversees the interests of its stakeholders. It also guarantees that the entire organisation understands and accepts its responsibility in identifying, assessing and managing the most significant risks.

Risk Department

The Risk Department is responsible for monitoring and reporting on the risk assumed, ensuring that this falls within the limits defined for the objective risk profile established by the Risk Committee.

This division reports to the Economic-Financial Department, which enables it to have a corporate overview required for the performance of its duties, without prejudice to having specific units for the management of Wholesale and Retail Businesses Risk Departments, in close contact with other business units that bear the highest exposure to the risk because of their profile and turnover.

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

The Risk Department oversees maintenance of the global risk profile, as well as measurement and recurrent control of the risk. This profile sets out the group's risk appetite, with a sufficient safety margin with regard to the risk tolerance of Gas Natural Fenosa.

Businesses, the first line of defence

They are the persons in charge of risk management and spheres of action. They identify trends and positions that could entail risk and reports these to the Risk Department. They also apply the management criteria and guidelines given by this department.

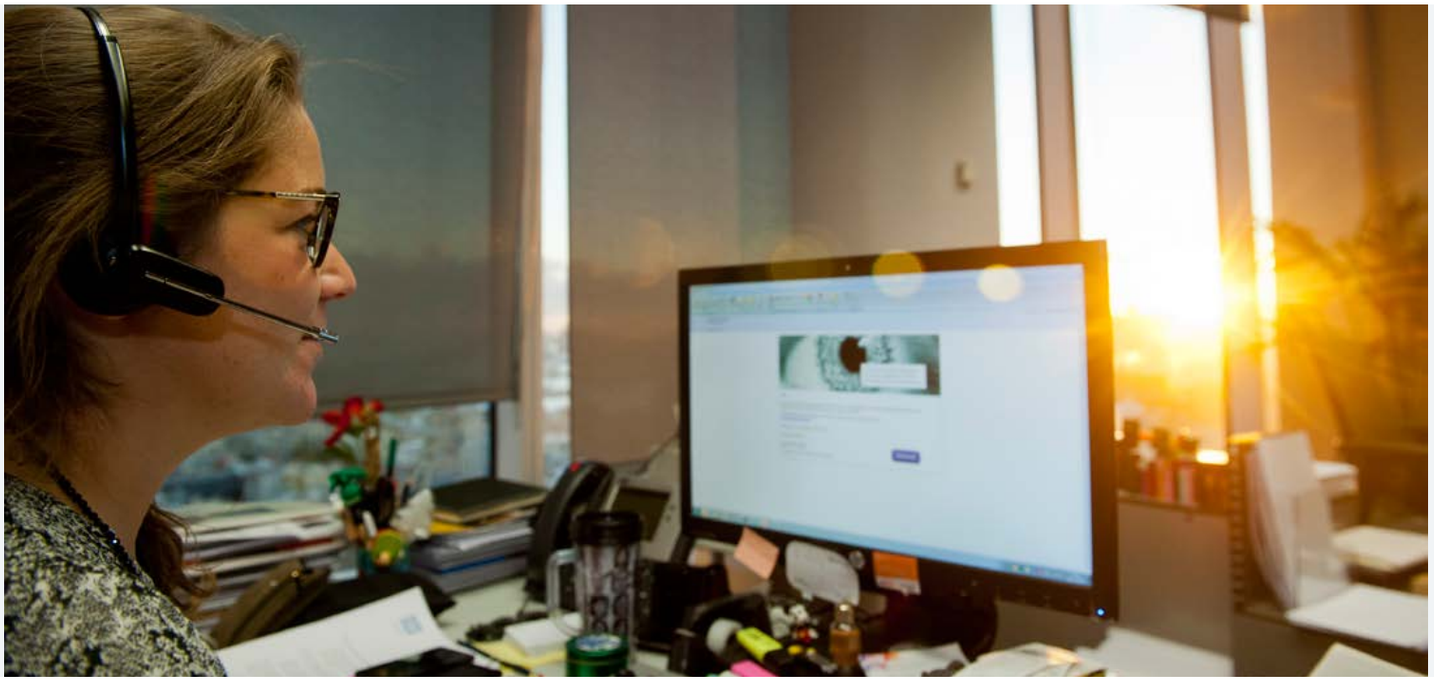
One of the key concepts to risk management is the concept of risk profile, understood as the level of exposure to the uncertainty resulting from the joint effect of the various categories of risk classified by Gas Natural Fenosa.

Other corporate areas

These are responsible for monitoring and managing certain risks, due to their specific nature and the peculiarities of the management mechanisms. Of particular note here is the Quality Assurance and Environment Unit, responsible for the environmental risk and climate change, and the Reputation and Sustainability Unit, which is responsible for the reputational risk. These operate in coordination with the Risk Department.

Process for identifying, characterising and determining the risk profile

	Determining the global risk profile	Final proposal by business unit	Risk management and control	New position identification	Position and risk information	Position and risk development	Alternative proposal	Approval
Governing bodies	+							+
Persons in charge of overall risk profile		+						
Persons in charge of risk control and measurement			+			+	+	
Persons in charge of risk management and spheres of action			+	+	+	+	+	



A model that anticipates the developing situation

The risk management model of Gas Natural Fenosa seeks to ensure predictability of the company's performance in all relevant aspects for its stakeholders. This means establishing risk tolerance by setting limits for the most relevant risk categories, shown in the section "Risk Measurement System". By doing this, the company can anticipate the consequences of certain risks materialising, and is perceived in the market as a solid and stable company.

An integrated management

[G4-2], [G4-14] and [G4-47]

Gas Natural Fenosa analyses its global risk profile through its potential impact on the company's financial statements. This allows the company to determine the maximum accepted level of risk exposure, as well as the admissible limit for risk management.

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

With regard to management of environmental risks, Gas Natural Fenosa has identified these risks at its facilities in accordance with the benchmark regulations (UNE 150008, in Spain). To prevent these risks, the company has introduced an integrated system of management that is certified and audited every year by Aenor as well as internally, which sets out the operational control and environmental management procedures. In addition, emergency plans have been introduced at facilities and storage premises at risk of an environmental accident, including an action plan, containment measures and regular drills.

General Risk Standard

This standard is updated and implemented by the Risk Committee, and lays down the general principles and guidelines for behaviour in order to identify, inform, assess and manage the company's exposure to risk. It sets out the bases for definition of policies, regulations, thresholds and specific measurements to determine the risk profile.

Corporate Risk Map

This is the reflection spearheaded by the Risk Committee and which focuses on characterising and quantifying the most relevant risks, mirroring the company's risk profile.

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

The graphic illustration of these risks, through the Risk Map, and conclusions are submitted to the supreme control body of the company, the Audit Committee, and is updated every year.

Corporate Risk Map

Other Risk Maps

Since 2013, Gas Natural Fenosa has been identifying its reputational risks based on the type of operations it performs in those countries in which it has a presence and on the stakeholders that are theoretically affected, drawing up the map of reputational risks. Based on this system, the risks are classified by their severity and level of management. Based on this information, decisions are taken to prevent these kinds of risks. The impact that some of these risks would have on the financial parameters in the event of materialising is regularly analysed and assessed.

Since 2014, Gas Natural Fenosa has been identifying the impact on the company of the effects stemming from climate change, analysing both the direct consequences of this (increase of the average temperature, alterations to rainfall, rising sea level, greater frequency and severity of extreme weather conditions) as well as the policies and regulations targeted at fighting these (incentives for energy efficiency, premiums for renewable energies, emissions rights markets). The analysis is based on the criteria and methodologies of the risk management system, leading to a climate change risk map.

The most relevant risks identified on both maps are incorporated into the corporate risk map, and reported to the relevant governance bodies.

Risk Measurement System

The Risk Measurement System is designed to provide the recurrent and probabilistic quantification of the risk position assumed on a global scale for the different risk categories. Gas Natural Fenosa undertakes an analysis of corrective risks, a sensitivity analysis and stress tests for the main risks identified.

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

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

Description of main risks

[G4-2]

The Risk Area seeks to guarantee the recurrence and sustainability of the performance indicators. One of its key tasks is the modelling of the financial statements, targeted at identifying their main sensitivities and anticipating possible incidents. The quantitative modelling is organised in accordance with the following areas:

- **Credit risk:** modelling of the credit quality of the customer portfolio, enabling us to design ex ante corrective and control measures. The existence of these controls enables us to significantly reduce payment defaults.
- **Market risk:** analysis of the financial statements with regard to the commodity indices that shape the price of gas, guaranteeing that exposure to these does not exceed the threshold defined by the target risk/reward profile.
- **Operational risk:** the nature of Gas Natural Fenosa's business involves the possibility of incidents of high severity. Modelling the operational exposure, settled on the performance of assets and contracts, enables us to design an efficient insurance programme, as well as assess the effect of the best industrial practices brought into use by the insurance market, as a result of the visits to the critical facilities carried out by industrial experts of the main insurance companies.

During 2015, the risks of commodities price adjustment materialised, in particular with regard to oil and its derivatives, and Latin American currencies depreciated in the last quarter of the year.

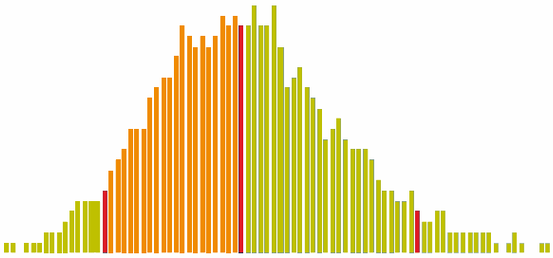
The impact was in line with the forecast made at the beginning of the year and below the prevailing risk limits.

Gas Natural Fenosa undertakes correlative risks and sensitivity analysis as well as stress tests for the main risks identified

Type of risk	Description	Management
Market risk		
Gas price.	Volatility in international markets which determine gas prices.	Physical and financial hedges.
Electricity price.	Volatility in electricity markets in Spain and Portugal.	Physical and financial hedges. Optimisation of generation park.
Gas volume.	Gap between gas offer and demand.	Optimisation of contracts and invoices. Trading.
Electricity volume.	Reduction in available thermal gap.	Optimisation of commercialisation/generation gap.
Regulation.	Exposure to revision of criteria and levels of return recognised for regulated activities.	Heightened intensity of communication with regulatory bodies. Adjusting efficiencies and investments to recognised rates.
Exchange rates.	Volatility in international currency markets.	Geographical and macroeconomic diversification through inflation rates. Hedges through financing in local currency and derivatives.
Interest rates and credit spread.	Volatility in financing rates.	Financial hedges. Diversification in financing sources.
Fiscal.	Ambiguity or subjectiveness in the interpretation of the prevailing fiscal regulations, or through a relevant change to the same.	Consultations with independent expert organisations. Recruitment of leading consultancy firms. Adhesion to the Code of Good Tax Practices. Allocation of provisions with criteria of prudence.
Credit risk		
Credit.	Potential increase in default, dependent on recovery in Spain.	Customer solvency analysis to define specific contractual conditions. Collection process. Systematisation of calculation of economic capital.
Operational risk		
Operational: image and reputation.	Deterioration in perception of Gas Natural Fenosa by different stakeholders.	Identification and tracking of potential reputation events. Transparency in communication.
Operational: insurable.	Accidents, damages or non-availabilities in assets of Gas Natural Fenosa.	Ongoing improvement plans. Optimisation of total cost of risk.
Operational: environment.	Damages to the natural and/or social environment. Evolution of environmental regulation.	Emergency plans in installations with risk of environmental accidents. Specific insurance policies. Complete environmental management.
Operational: climate change.	Evolution of environmental factors as a consequence of climate change. Regulation geared towards fighting it.	Participation in Clean Development Mechanisms. Frequent communication with regulatory bodies.

Market risk

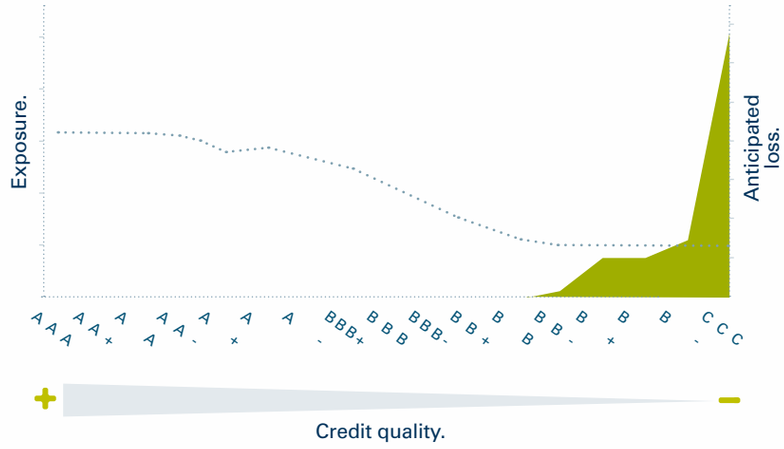
Range of values that the annual Ebitda of Gas Natural Fenosa can reach due to the evolution of market factors: price of gas, price of electricity and exchange rates.



- Probability distribution.
- Ebitda at risk.
- 5%, 50%, 95% percentiles.

Credit risk

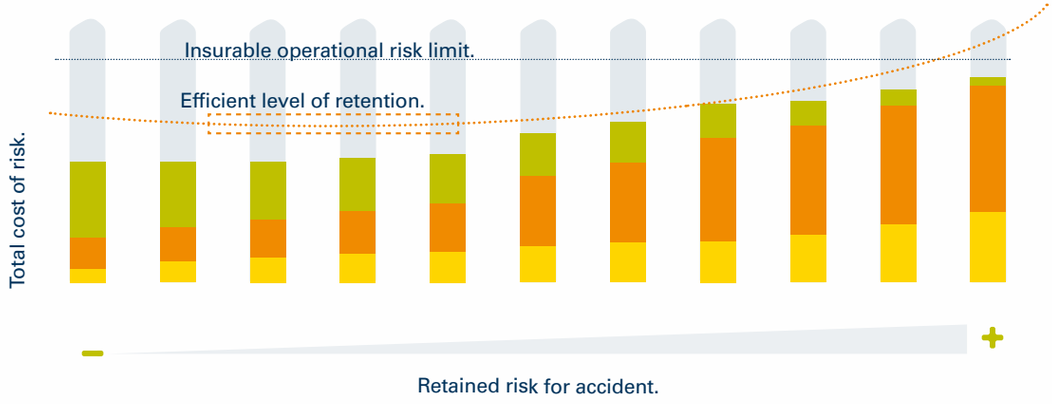
Logic of the risk profile and anticipated loss. Worse levels of credit quality mean the company's exposure has to be limited. It also shows the distribution of the anticipated loss, which increases with the deterioration of customer credit quality.



Insurable operational risk

Fundamental magnitudes with regard to management: efficient level of retention and breakdown of overall costs associated to the risk (premium, unexpected loss, expected loss).

- Premium.
- 95% unexpected loss .
- Anticipated loss.



Description of main opportunities [G4-2]

Opportunities for Gas Natural Fenosa

Generation mix
The generation pool of Gas Natural Fenosa, dominated by combined-cycle plants, has the necessary flexibility to be able to adapt to different market situations.

It is therefore a valuable asset for taking advantage of opportunities related to volatility in prices and volumes demanded in gas and electricity markets.

Evolution of the CO_2 markets
The different mechanisms proposed by the European Commission geared towards increasing the cost of the emission rights have the object of discouraging the use of less environmentally-friendly technologies. In this situation, the pool of combined-cycle plants would be more competitive vis-à-vis coal while opportunities might also arise in the emissions market.

Portfolio of use of natural gas/liquefied natural gas (LNG)
The management of gas pipelines, participation in plants and the fleet of methane tankers enables the group to cover the needs of its different business activities in a flexible and diversified way. Gas Natural Fenosa's fleet of methane tankers makes it one of the largest LNG operators worldwide and a standard-bearer in the Atlantic and Mediterranean basins.

Balanced structural position in businesses and geographical areas
Many of them with stable flows, independently of commodity prices, allowing the group to capture expected growths in energy demand from 2015 on and to fully harness new business opportunities in new markets.

Internal Auditing, Compliance and Control

[G4-SO3]

The Internal Auditing, Compliance and Control Area has the task of guaranteeing the continuous review and improvement of Gas Natural Fenosa internal control system, as well as safeguarding compliance with external and internal norms and the control models established in order to safeguard the efficacy and efficiency of operations, and to mitigate the main risks in each one of the fields in which the group operates, particularly operating risks, and corruption, fraud and legal risks.

It is also held responsible for managing the Crime Prevention Model and the Code of Ethics Model of the company, as well as reporting on internal audit activity to the Audit Committee.

As support to the Audit Committee, the division provides assurance to the governing bodies of the organisation and senior management on the effectiveness of the internal control systems. As regards compliance with the principle of integrity and transparency of the Corporate Responsibility Policy, it takes charge of management of the Code of Ethics of Gas Natural Fenosa, through dissemination of the code and by overseeing compliance with the same and the anticorruption policy.

The overall aim is to safeguard the efficacy and efficiency of operations and mitigate the main risks in each sphere of Gas Natural Fenosa, in particular the operational, corruption, fraud and legal risks, using a set of three assurance functions:

- **Internal Auditing:** in the performance of its activity, the Internal Audit Unit methodically reviews the internal control system of the group's processes in all areas, and also assesses the operational risks and controls associated to these processes, through definition and introduction of the Annual Internal Audit Plan, to improve efficacy and efficiency of these. It also provides support to the divisions in achieving their objectives.

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

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

The operational risks associated with the processes are prioritised by assessing their incidence, relative importance and degree of control. Depending on the findings, the company designs an action plan with corrective measures that enables mitigation of residual risks identified with a potential impact above the tolerable or accepted risk established.

In 2015, 122 internal audit projects were carried out, 83 of which corresponded to the review of processes associated with the main operational, corruption, fraud and legal risks of the corporate and business divisions. The analysis carried out extended to 100% of the departments and placed special emphasis on those with greater probabilities of these risks materialising. In turn, 23 internal audit projects were carried out in Chile, 11 of which corresponded to the review of processes associated with the main operational, corruption, fraud and legal risks. In the projects performed in 2015, no significant risks related to fraud and corruption have been detected.

Internal Auditing is supported by the implementation of a SAP environment corporate application which it uses to manage and document internal audit projects in accordance with the defined methodology.

- **Compliance:** this is responsible for ongoing assurance of compliance with the external regulations and of the policies and procedures introduced at the group to mitigate the main legal, corruption and fraud risks. It is also held responsible for managing the Crime Prevention Model and the Code of Ethics Model of Gas Natural Fenosa. The General Department of Legal Services is responsible for assessing the legal risks in the models that are developed, in particular with regard to criminal prevention and regulatory risks.

  Given the importance of having a tool that ensures proper management control of the Crime Prevention Model, a SAP GRC Process Control is administered and used for comprehensive management of the documentation, assessment and supervision of the model.

- **Internal Control:** this is in charge of promoting and participating in the design and introduction of control models, in all areas of the group, to mitigate the main risks and guarantee efficient operations. It also checks that the established control models comply with the group's policies and standards as well as with external regulations, and that they are properly supported and documented in the group's systems.

The Internal Auditing, Compliance and Control Area provides therefore a methodical and rigorous focus for monitoring and improving processes and for assessing operational risks and the associated controls.

The three assurance functions consider separate equipment and systems, with specific objectives, profiles and roles which involve, among others, cutting-edge mechanisms that guarantee the independence of the internal auditing function.

Biodiversity

The restoration of wetlands, streams and habitats of important environmental, cultural and scientific value.

Lignitos de Meirama was an open-pit mining development located in the province of A Coruña that operated for 28 years.

Once the mining operation was complete, the company committed to the environmental restoration of the area. This project consists of the creation of a 150-hm^3 artificial lake, as well as the reforestation of the terrains and of the mine's dump sites.

Done and said

2015 Corporate Responsibility Report

Corporate Responsibility

Corporate Responsibility Policy. Page 91

Management of Corporate Responsibility. Page 93

Stakeholders. Page 96

For detailed information on this project, scan this QR code with your mobile device or visit the 2015 Annual Report microsite.

www.informesanuales.gasnaturalfenosa.com

Gas Natural Fenosa understands corporate responsibility as the set of actions developed to establish relations of trust with its concurrent stakeholders that are stable, sound and of mutual benefit.

Its stakeholders are the people that make up the company, customers, suppliers and external partners, shareholders, investors and financiers, regulatory authorities and other market agents and social groups.

Value actions

Proposed actions 2015		Planned actions 2016
Manage continued involvement in Bettercoal and help secure its objectives.	+	Compilation of a Corporate Responsibility Master Plan to deal with the challenges and opportunities of the new Corporate Responsibility Policy.

Level of fulfilment:
Finalised. Major progress. Intermediate progress. Little progress. Not started.

Corporate Responsibility Policy

The Corporate Responsibility Policy of Gas Natural Fenosa establishes the common framework of action targeted at the company's socially responsible conduct and determine the structure of a large part of this Corporate Responsibility Report.

Following the 2013 policy review, in 2015 we once again proceeded to update it, and it was approved by the Board of Directors in December 2015.

The main purpose of this policy is to introduce the operating principles and the company's commitments to its stakeholders, in harmony with the company's corporate strategy, as well as setting out the responsibilities and specific monitoring instruments to guarantee compliance with these.

The appropriate relationship with the environment constitutes a prime strategic aspect at Gas Natural Fenosa. For this reason, we have defined some action principles and specific commitments to stakeholders that focus on the generation of value, through the introduction and development of some sound operating principles that facilitate long-term sustainable growth.

Action principles of the corporate responsibility policy

- Service excellence.
- Commitment to results.
- Responsible management of the environment.
- Interest in people.
- Health and safety.
- Responsible supply chain.
- Social commitment.
- Integrity and transparency.

The policy applies to all group companies. Those persons or companies that work with the company and who have an influence on the company's reputation are also encouraged to be familiar with the policy and to apply it.

New Corporate Responsibility Policy

The aim of the policy update was to follow best international practices and respond to recommendation 54 of the Good Governance Code of Listed Companies. The process of compiling the same involved the following stages:

Internal documentation analysis

- Internal policy analysis.
- Codes of conduct.
- Reports and regulations.
- CR commitments.
- Stakeholders and main communication channels.
- Monitoring methods or systems.
- Mechanisms for supervising non-financial risks.
- Materiality analysis.

CR policies benchmark

Benchmarking of RC policies of IBEX 35 companies and sector leaders.

Interviews

- Secretary of the Board.
- Strategy Department.
- Risk Area.
- Internal Auditing, Compliance and Control Department.

Drafting

- Content of proposed new text: introduction, field of application, commitments and principles of action, responsibilities, monitoring and supervision systems.

Consultation with Managing Directors

- Make changes.
- Proposal of definitive text to be taken to the Board of Directors.

The latest principles included are:

- Inclusion of the action principle of the responsible supply chain and its corresponding specific undertakings.
- Review of each of the action principles and commitments.
- Specification of the scope of application.
- Inclusion of the responsibilities of the Board of Directors and the Management Committee.
- Incorporation of the systems of monitoring and supervision of those aspects set out in recommendation 54 of the Good Governance Code of Listed Companies.

The commitments and action principles can be consulted in greater detail in the corresponding sections of this report. The policy is available on the company website www.gasnaturalfenosa.com

Management of Corporate Responsibility

Governing bodies

Board of Directors

The approval of Gas Natural Fenosa's corporate responsibility policy falls to the Board of Directors, in accordance with the Board regulations. Moreover, the Board must receive information on the introduction and general monitoring of this policy at least every year.

Consequently, overall supervision for compliance with the policy falls to the Board of Directors, which has delegated this function to the Appointments and Remuneration Committee.

Furthermore, the Board of Directors is responsible for spearheading the effective integration of corporate responsibility into the company's strategy and for the daily management of this, thus establishing a sound culture of corporate responsibility.

Management Committee

Elsewhere, the Management Committee is responsible for overseeing proper implementation and monitoring of the commitments assumed in this policy, and for acting as the impetus for its dissemination, knowledge and compliance through the plans that this committee approves for this purpose.

Departments and business units

The departments and business units are responsible for designing the actions set out in the plans compiled by the Management Committee, and for promoting the quantitative and qualitative targets of each of these actions and the associated monitoring indicators.

Administrators, executives and remaining persons

The administrators, executives and remaining persons that make up the company are obliged to be aware of, understand and comply with the directives and undertakings set out in the Corporate Responsibility Policy. Gas Natural Fenosa shall also encourage and motivate its suppliers and collaborating companies to adopt the conduct principles set out in the policy.

Code of Ethics Committee

The purpose of the Code of Ethics Committee of Gas Natural Fenosa is to encourage the dissemination, knowledge and fulfilment of the Code of Ethics, as well as managing the notification and consultation procedure.

The committee, headed by the Internal Auditing, Compliance and Control Area, comprises representatives from some of the units that are most directly involved in the issues set out in the code.

This committee informs the Management Committee and the Audit and Control Committee of its activities.

The Board of Directors is responsible for spearheading the effective integration of corporate responsibility into the company's strategy and for the daily management thereof

Functions of the Code of Ethics Committee

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

Members of the Code of Ethics Committee

- Internal Auditing, Compliance and Control (Chairman's Office and Secretary of the Committee).
- Finance and Capital Markets.
- Reputation and Sustainability.
- Labour Relations.
- Customer Service.
- Legal Services.

Gas Natural Fenosa has set up local committees in Argentina, Brazil, Chile, Colombia, Italy, Mexico, Moldova and Panama. To ensure that the Code of Ethics is circulated in the different areas where the company operates, the local committees use a functional composition that replicates the Code of Ethics Committee.

Composition of local committees*

Argentina, Brazil, Colombia, Italy, Mexico, Moldova and Panama	
Chairman	Human Resources
Board Member	Internal Audit
Board Member	Communication
Board Member and Secretary	Legal Services

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

Management and measurement of corporate reputation

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

Measurement of the reputation of Gas Natural Fenosa is assessed systematically using the RepTrak model, developed by the Reputation Institute. This model measures the emotional attraction of the company, using RepTrak Pulse. This methodology also develops a rational analysis of reputation, the RepTrack Index.

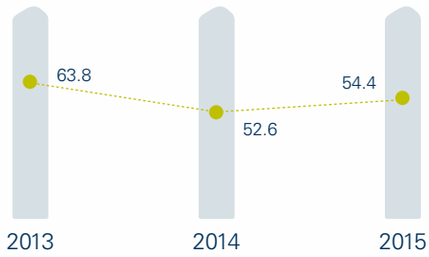
The company is currently using this tool in Argentina, Brazil, Colombia, Spain, Mexico and Panama. In Spain, Gas Natural Fenosa continues to be the best rated energy company, although results obtained reveal a downward trend, in line with overall assessment obtained by its rival companies.

Other independent references such as the Business Monitor of Corporate Reputation (Merco) also reflect the positive perception of the company for different stakeholders. The positive evolution experienced by Gas Natural Fenosa in the ranking is of particular relevance, and in the 2015 publication it continued to be the second most reputed company in the sector.

Furthermore, Gas Natural Fenosa has the third best reputation of its sector in the Merco Responsibility and Corporate Governance ranking.

RepTrak Methodology

RepTrak Pulse: perception of Gas Natural Fenosa in society*



NB: in 2014 there was a change in the study methodology, which is now carried out by collecting information through an online survey instead of by telephone. This accounts for the decrease observed with regard to 2013. The 2015 figures are completely comparable from a methodological standpoint with the figures of 2014.

RepTrak Index: the reputation of Gas Natural Fenosa by dimensions*

*Accumulated results 2015.

Stakeholders

[G4-24]

For Gas Natural Fenosa, the trust and understanding of stakeholders is vital for the success of business plans. It is therefore vital to have an appropriate identification and definition of these stakeholders.

Stakeholders

Shareholders and investors	Institutional investors. Reference shareholders. Minority shareholders. Noteholders/bondholders. Holders of preference shares.
Financial groups	Institutional banks. Commercial banks.
Business partners	Natural or artificial persons with which we share a specific business project.
Customers	Retailers - Wholesalers. Essential customers and sensitive groups. Power Purchase Agreement Customers (PPAs).
Employees	Active employees. Employees for whom the company still has liabilities. Ex-employees. Workers' representatives. Representatives of pension fund participants.
Suppliers	Strategic suppliers. Works and maintenance contractors. Collaborating companies. Suppliers.
Society	Communities affected. Consumer associations. Non-governmental Organisations (NGOs). National and international sector-wide associations. The media. Academic organisations. Society in general.
Administrations/ regulatory authorities	Sector regulators. Market regulators. National and/or Supranational Administration. Local administration.
Analysts	Financial analysts. Rating agency. Non-financial analysts (ESG).
Insurance and reinsurance agencies	Companies that engage in the insurance of persons, properties and all kinds of products, including financial products, in exchange for a fee or a premium.
Market agents	Traders. Generators/producers. Special system generators. Hauliers. Distributors. Operators.

Dialogue with stakeholders

[G4-25], [G4-26] and [G4-27]

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

No key problems were detected in these stakeholder participation actions.

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

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

Main dialogue actions developed

	Actions	Frequency
	Customers	
Consultancy actions	Satisfaction surveys through the different channels.	Constant.
	Focus group on customer satisfaction.	On demand.
	Competence study/study into the expectations of retail customers.	Occasional.
	Assessment of the procurement process through to reception of the first invoice, through a telephone survey carried out with a representative sample of retail customers.	Annual.
	Regular communication at key times in the relationship with the customer (contract signing, renewal, complaints or deregistration).	Monthly.
	Introduction of satisfaction and recommendation surveys, once the customer has contacted the company to make a request.	Constant.
	Monitoring of the Servigas service, measuring satisfaction through the Net Promoter Score.	Constant.
	Compilation of a study to assess the needs of disabled persons, through interviews carried out with those directly or indirectly affected.	Annual.

Main dialogue actions developed (continuation)

	Actions	Frequency
	Customers	
Informative actions	Natural Commitment campaign to raise environmental awareness and encourage organic farming.	Annual.
	Natural Commitment campaign for rational consumption of energy.	Annual.
	Personal report sent to SME customers that have been with the company for more than six months, with details on their consumption and level of energy contracted.	Quarterly.
	Installation of a simulator so that domestic customers can check whether the level of energy contracted is in line with their consumption.	Occasional. Also permanently available on the website.
	Continuation of partnerships with the same NGOs as in previous years.	Constant.
	Actions targeted at raising customers' environmental awareness.	Constant.
	Shareholders/Investors	
Consultang actions	Contact with the main stock market analysis firms that follow the company's evolution and issue recommendation and assessment reports.	Constant.
	One-on-one meetings with investors.	Constant.
	Replies to the requests for information from analysts and institutional investors, and consultations with the Investor Relations Unit.	Constant.
	Dealing with requests for information from small shareholders, online, by phone, by mail or in person.	Constant.
	Face-to-face and telephone meetings with investors and analysts to assess aspects of corporate responsibility.	Puntual.
Informative actions	Retransmission over the Internet of quarterly presentations of results.	Quarterly.
	Launch of roadshows, at the initiative of Gas Natural Fenosa, visiting fixed income and equity investors to provide them with information on the company's performance figures, current situation and plans.	Constant.
	Informative presentations to minor shareholders (two sessions in Barcelona and a further two in Madrid).	Constant.

Main dialogue actions developed (continuation)

	Actions	Frequency
	Employees	
Consultang actions	Launch of the survey to assess psychosocial risks, for the entire workforce of Brazil and the Dominican Republic.	Occasional.
	Exchange and application of preventive measures through the centralised system of information on accidents and incidents.	Constant.
Informative actions	Environmental volunteer days, informal chats, publications of information brochures or training materials and Internet communication campaigns, among others.	Constant.
	Three conferences on the management of emotions, as part of the Your Health Always on Your Agenda campaign.	Occasional.
	Dissemination of information at Naturalnet about the Zika Virus and the Chikungunya Virus in Latin America.	Occasional.
	Dissemination of information at Naturalnet about the increase of Danish Fever in the Dominican Republic.	Occasional.
	Participation at the first Health and Safety Congress, to showcase the work carried out by Sedigas for certification as a healthy company.	Occasional.
	Initiatives for the dissemination of biodiversity in order to raise awareness of the habitats and species present in the neighbouring environs of our facilities.	Constant.
	Development of a cooperation agreement with the Galician Occupational Health and Safety Institute (ISSGA), to disseminate best preventive practices and to promote the Electrical Risk Prevention Classroom in its facilities at Rande (Pontevedra).	Constant.
	Collaboration with the Fuego Foundation to raise awareness about the management of emergencies.	Occasional.

Actions carried out with stakeholders are both informative (one-way actions) and for consultation (two-way actions)

Main dialogue actions developed (continuation)

	Actions	Frequency
	Suppliers	
Consultang actions	Continuation of the Key Account Supplier programme (KAS): relations with the most strategic suppliers to assess the structure of the current relationship, as well as to assess future actions.	Constant.
	Comprehensive Contract Management (CCM) to perform closer monitoring of the most relevant contracts from both a strategic as well as an economic impact viewpoint.	Constant.
	Qualification process: based on a questionnaire and the supplier's response, we establish two-way communication with contents that include the Code of Ethics, and standards that cover the environmental, social, governance, legal, risk prevention and quality areas. This information at corporate level is assessed using acceptance and scoring criteria to shape the Business Rating of Suppliers.	Constant.
	Approval process: a check to ensure that the supplier is complying with the requirements set out by the company for a specific activity. Analysing the evidence provided by the supplier, we inform them of whether there are any deviations that need to be addressed, in order to assist the supplier in the areas for improvement that we have identified and thus enable the supplier to comply with the required level.	Occasional.
	Health and safety leadership workshops: transmitting the essential concepts of the Health and Safety Commitment of Gas Natural Fenosa, sowing the seeds to enable suppliers to adopt these concepts and build them into their daily management and activity.	Constant.
Informative actions	Launch of the Suppliers' Portal of Gas Natural Fenosa, to invite bids, exchange documentation and check payments and invoices. This involved the sending of emails en masse as well as one-to-one training in Brazil, Colombia and Mexico.	Occasional.
	Dissemination of communications and provision of training to service providers in Panama with regard to the changes in the logistics management system..	Occasional.
	Notification to suppliers about business courtesies, in line with the corporate responsibility policy of Gas Natural Fenosa.	Occasional.
	Communication of the Health and Safety Commitment Plan: sessions arranged by the businesses to provide information on the company's commitment to health and safety, and to extend this to suppliers in the operations they perform for the group.	Constant.
	Safety contacts: at meetings with suppliers, the session starts with a safety contact, emphasising the importance that the commitment to health and safety has for the group.	Constant.

Main dialogue actions developed (continuation)

	Actions	Frequency
	Society	
Consultang actions	Reception and analysis of 658 proposals for collaboration and services for organisations and institutions to learn more about their projects.	Constant.
	Active participation at the annual Conference of the Parties (COP) of the UN Framework Convention on Climate Change (UNFCCC), known as COP21 and held in Paris.	Occasional.
	A session for consultations and an exchange of impressions with regard to road safety held with the Directorate General of Traffic in the autonomous region of Castilla y León.	Occasional.
Informative actions	Participation on the workgroup of the London Benchmarking Group.	Constant.
	In Spain, publication of 61 press releases on patronage and sponsorship activities.	Constant.
	Participation at Carbon Expo, the international congress that hosts the leading professionals in issues of carbon for the purpose of sharing experiences.	Occasional.
	Participation at the 3rd Meeting of Cities for Road Safety and Sustainable Mobility.	Occasional.
	Participation at the 2nd National Occupational Health and Safety Congress.	Occasional.
	Participation at the 4th Iberian-American Road Safety Congress.	Occasional.

Consultation process for the Human Rights Policy

Within the framework of development of the Human Rights Policy of Gas Natural Fenosa, a consultation process was carried out with five organisations specialised in human rights, from different countries.

This confidential consultation consisted of sending the draft of the text to the selected organisations, and, by means of bilateral meetings and receipt of their written comments, gathering their opinion and suggestions regarding improvements.

The consultation process turned out to be very informative and constructive. 80 recommendations were received, 72 of which were taken into account in the drafting of the final text, and the organisations consulted were informed of the reasons why the others had not been included, including essential and advanced points of view in this field.

Our Energy Awards

We recognise our employees' contributions of ideas for innovation and improvements that can be applied to the group's business and activities.

The Our Energy Awards represent an acknowledgement of the best ideas that can be applied to the business and activities of Gas Natural Fenosa and that have been provided by employees in carrying out their work. This initiative allows us to foster a culture of innovation and ongoing improvement.

Since the first edition of these awards, economic benefits and several intangible benefits have been achieved.

Done and said

2015 Corporate Responsibility Report

Corporate responsibility commitments

Service excellence. Page 104

Commitment to results. Page 128

Responsible management of the environment. Page 136

Interest in people. Page 173

Health and safety. Page 208

Responsible supply chain. Page 234

Social commitment. Page 247

Integrity and transparency. Page 265

For detailed information on this project, scan this QR code with your mobile device or visit the 2015 Annual Report microsite.

www.informesanuales.gasnaturalfenosa.com

Service excellence

[G4-DMA] (Product and Service Labelling)

The customer is the focal point of operations at Gas Natural Fenosa. Through active dialogue, the company seeks to provide the customer with a swift and efficient response, providing an excellent service and customer experience which in addition to complying with the legal requirements is in accordance with the customer's needs and which complies with the undertakings voluntarily assumed by the group.

Commitments and principles of responsible action with customers

- Working towards ongoing improvement of safety, reliability and competitiveness of all products and services, offering the highest possible level of quality in accordance with the best available techniques.
- Fostering active and two-way communication that allows us to understand the expectations and opinions of customers and to adapt the responses of Gas Natural Fenosa to their needs.
- Facilitating the administrative needs of customers through simple and efficient operations.
- Offering innovative products and services that encourage energy efficiency and which contribute towards the sustainability of society.
- Diversifying and extending the commercial offer to include products and services of high value-added that respond to the evolving needs of customers.
- Applying technological innovation and the technical enhancements available as a means of maintaining an efficient, safe and sustainable supply.

The customer as the focal point

The customer is the centre of Gas Natural Fenosa's operations and customer focus is one of the values that guides the company's way of working.

Gas Natural Fenosa seeks to distinguish itself through the development of products and services adapted to its customers' needs, thereby being committed to innovation whilst complementing traditional products.

To provide an excellent service and offer an effective response, the company has introduced a proactive focus to improve the service quality and operational efficiency of its processes.

Value actions

Proposed actions 2015		Planned actions 2016
		Consolidating the Customer Experience and Advocacy projects.
Introducing the customer experience methodology in all customer service channels in Spain.	+	Consolidating the Group Complaints project.
		Launch of a new Virtual Office for better two-way information and communication.

Level of fulfilment: + Finalised. + Major progress. + Intermediate progress. + Little progress. + Not started.

Full, effective and efficient commercial supply

Gas Natural Fenosa's commercial offer is targeted at homes, businesses and major customers. The products offered are not restricted solely to the supply of gas and electricity, but encompass other aspects.

Products and services adapted to customers' needs

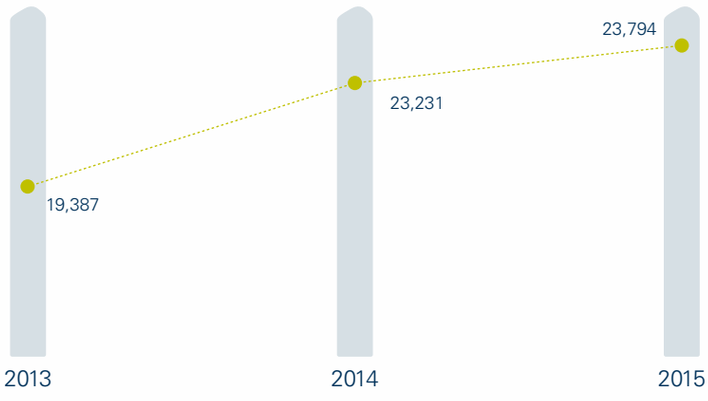
Homes	Businesses	Major clients
Natural gas and electricity.		Gas, electricity and liquefied natural gas.
Services.		Efficiency and sustainability.
Equipment.		Services with value-added.
Energy saving and efficiency.		Customised management.
Energy solutions.		

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

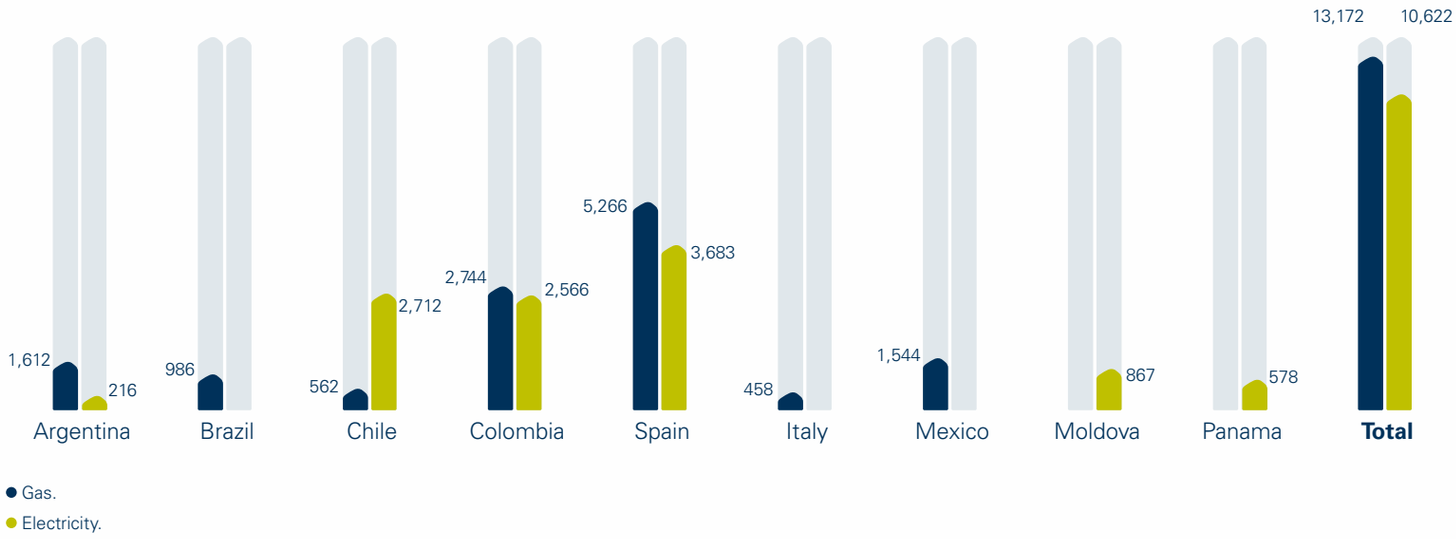
In 2015, our attention and effort focused on making customers the central pillar for improvement and service proposals. We have therefore considered their opinions, both for current products already consolidated as well as innovative new products, which improves trust and positioning in the energy market.

All this is compatible with the range of different customers that the company caters to on a daily basis, establishing a criterion of service quality in every activity that it undertakes.

Gas and electricity supply points (thousands)



Gas and electricity supply points by country (thousands)



Gas and electricity customers (thousands)* [EU3]

Gas customers	2015	2014	2013
Last resort tariff	1,392	1,512	1,640
Deregulated market (consumption >50,000 kWh/year to 500 MWh/year in high pressure and up to 1,000 MWh/year in low pressure)	33	34	33
Deregulated market (rest consumption)	2,909	2,832	2,692
Total	**4,334**	**4,378**	**4,365**

Electricity customers			
Last resort tariff/PVPC	2,385	2,508	2,673
Deregulated market (power <10kW)	1,883	1,666	1,375
Deregulated market (power >10kW and sales to 0.75 GWh) (SMEs and others)	299	312	291
Total	**4,567**	**4,486**	**4,339**

* Figures from Spain.

Quality and reliability of service

[G4-DMA-access]

Maintenance of the gas and electricity facilities is an essential aspect within Gas Natural Fenosa's mission, to achieve a level of quality and reliability of the service that satisfies customers and enables us to comply with the regulatory requirements of the countries where we operate and with the most demanding standards of the industry.

The aim of maintenance is to improve the safety and reliability of gas and electricity networks, and to maintain a high level of service quality.

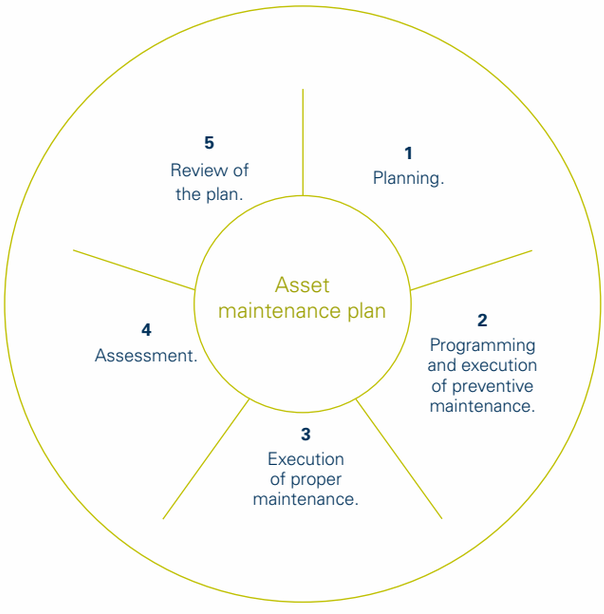
Gas Natural Fenosa employs modern and innovative methods and work equipment that are included in safe and efficient work and operation procedures.

The company also encourages close collaboration with contractor companies in the permanent quest to achieve best practices in the development of its activity.

Asset Maintenance Plan

This plan covers the maintenance cycle of an asset in all phases, setting out five stages:

Asset maintenance plan



Moreover, it lays down the criteria for the definition of preventive maintenance of all assets. In this respect, the company determines:

- Assets subject to the Maintenance Plan.
- Classification based on risk criteria of the facilities.
- Types of maintenance to be performed with the same family of assets.
- Regularity of maintenance based on the classification of equipment.
- Operation to be performed for each kind of maintenance.
- Model to be followed to ensure quality of operations, by analysing the results of maintenance and reviewing the maintenance plan, where appropriate.

To monitor and control the maintenance plans, each business has a computer tool where the company logs all of its assets, programmes annual planning and, subsequently, monitors what has actually been carried out.

These plans also include activities to frequently assess the integrity of assets, using a risk assessment and management model. Potential threats identified are those associated to third-party rupture, corrosion, design factors and external actions.

The preventive and corrective maintenance procedures are frequently subject to reviews by the Technical Quality, Safety, and Internal Auditing, Compliance and Control divisions.

The maintenance actions performed by Gas Natural Fenosa are reflected in the evolution of the main quality/service indicators, which have revealed a notable improvement in recent years. These indicators measure, inter alia, response times to a notification of a malfunction or anomalous situation affecting the network, the stoppage time per client or installed power, and the number of incidents per kilometre of network.

To guarantee the demand-based supply, Gas Natural Fenosa also has demand peak management systems, including the Peak Shaving plant that the company operates in Buenos Aires (Argentina) and which enables winter demand peaks in this city to be modulated.

Furthermore, in electricity distribution, Gas Natural Fenosa partakes in several R&D&I projects for storage of energy in batteries, the development of smart grids, the application of drones to the maintenance of high voltage installations and the introduction of predictive maintenance techniques for the main grid equipment.

In 2015, the main investment projects undertaken in Latin America were the renewal of the gas network in Mexico (47.9 km, mainly in Monterrey) and in Brazil (45.5 km in Rio de Janeiro); the renewal of connections in Argentina (12,045 connections in Buenos Aires), Mexico (4,253 connections) and Brazil (2,069 connections); the standardisation improvement of electricity grids at Electricaribe (Colombia), as well as the underground medium- and low-voltage network plan in Panama, which focused in 2015 in the cities of Panama, Santiago and David.

Development of an advanced model of asset management

In 2015, we commenced a project for the definition, development and introduction of an advanced model for asset management in the electricity distribution business in Spain.

The aim of the project is to improve the safety of persons and facilities, increase the quality of service rendered to customers and optimise the RoA.

The project strives to:

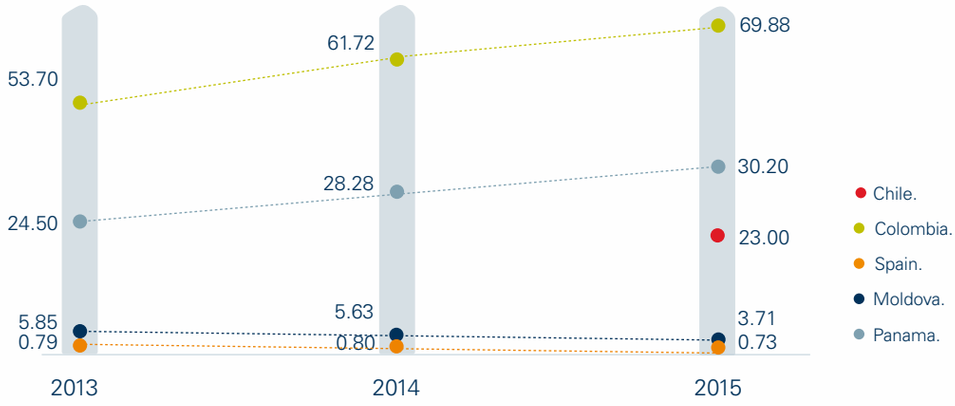
- Identify best international practices in asset management.
- Establish optimum strategies for management of smart assets.
- Optimise the return on assets, transforming the taking of decisions into a model that simulates economic impacts based on experience and applicable regulations.
- Provide tools and systems to optimise field activity and centralised decisions.

The scheduled workplan will make it possible to evolve towards advanced management of assets, using situation points to assess the launch of new lines of work, and identifying the implications and necessary evolution in the operative model.

It will also enable us to extrapolate the main lines of work and the findings obtained to other businesses and geographical areas where Gas Natural Fenosa is operational.

Installed capacity equivalent interrupt time (ICEIT) (hours)*

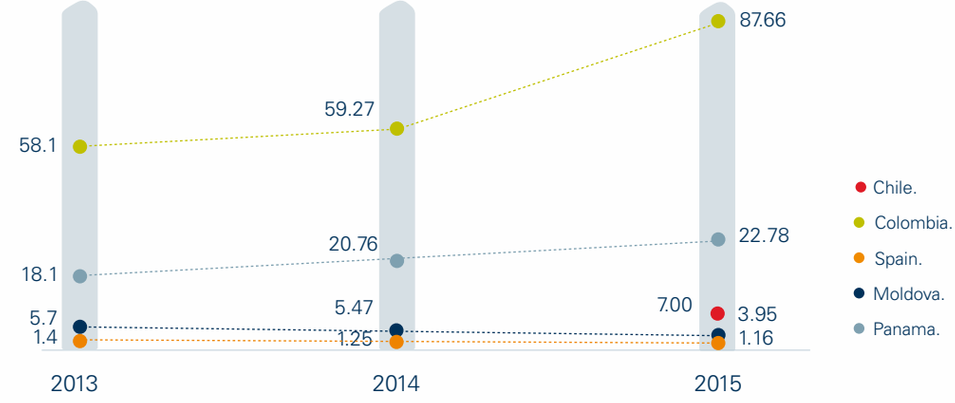
[EU29]



*Figures relative to the electricity business.

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

[EU28]



*Defined as the average number of interruptions which a customer would experience or SAIFI (System Average Interruption Frequency Index): total no. of interruptions to customers/total no. of customer supplied. Customers have been assimilated to supply points.

Products and services adapted to customers' requirements and priorities

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

The loyalty schemes are targeted at contributing towards the customer's welfare, while also enabling the company to generate security and trust in management. The expectations generated by the customer need to be answered through improved customer service, innovation and any necessity that can offer value-added to the catalogue in all of its energy and product variants.

Gas Natural Fenosa therefore employs specific tools and plans to find out the customer's needs and priorities, in order to adapt the products and services to their expectations.

The actions carried out by Gas Natural Fenosa in 2015 to discover the customer's needs and priorities include the following:

- Testing of the Manitas service for Servielectric and Servihogar. We have conducted several pilot tests with customers, in which we have sent a specialist to their home to carry out small-scale works free of charge for two hours. As a result of this, we have decided to include the Manitas services on a permanent basis in the Servielectric and Servihogar contracts.
- Testing of energy tariffs. We have learned the opinion of the customer with regard to different pricing models, for the purpose of designing new tariffs that adapt to the actual needs of the customer.
- Assessment study of the premium service. We have conducted a study with high-value customers, to find out their satisfaction level with regard to the premium service and other exclusive services.
- Teseo project. The aim of the project is to remove access barriers for disabled or elderly customers. In 2015, we detected existing barriers in different channels (written, online, telephone and face-to-face communication) and we have provided training to 118 employees. In 2016, we expect to introduce improvements to remove these barriers and to train a further 74 employees.
- Study to improve the experience of disabled customers. We have performed a study, as part of the Teseo project, to discover current deficiencies in catering to customers that have special needs.
- Study on the digital consumer. The purpose of the study is to find out the user's digital behaviour in order to adapt the supply, the tools and the different processes to their needs.

Operational efficiency in customer relations

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

One example of efficient practices is the use of mobile devices at Servigas. This expedites operations in real time and enables the customer support system in the commercialisation (Siebel) is communicated directly on receiving the customer's request and, in turn, on the result of the repair carried out. The databases are therefore permanently updated and the response is quicker.

Furthermore, the use of mobile devices means we can deal with the service demands of customers in the shortest possible time, by being able to notify the field technician through the operations attention platform, thus considerably minimising waiting times. Moreover, the technician has online information of the spare parts required to repair the fault as quickly as possible or enable him to prepare a quotation on the overall value of the repair.

In 2015, we finalised the Hermes project, which began in 2012 for the purpose of improving efficiency and efficacy in all field operations and boosting quality in the service the company provides to its customers. To do this, we have developed a technological platform that enables control and monitoring and allows us to act in real time with regard to field activities, from planning through to performance and subsequent analysis.

Innovative products

[G4-9]

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

The products and services catalogue is ever more extensive, allowing us to gain the loyalty of current customers and the inclusion of new ones.

New products and services

[G4-4]

Residential

Manitas electrical service
All of the Servielectric offers include an annual service that enables the customer to have a specialist for two hours free of charge to perform improvements related to household electrical matters.

Manitas household service
All of the Servihogar offers include an annual service that enables the customer to have a specialist for two hours free of charge to perform household improvements.

Change from Flat Rate
The customer is allowed to make as many changes as required with regard to the Flat Rate.

Excellence and Economy Rates
The customer has a further two levels of consumption in the fixed-price consumption tariffs, enabling the customer to choose the type that best adapts to their consumption level.

New financing model
Improving the financing model with better conditions for the customer and more expeditious processing.

Equipment
Improving the equipment model to allow a greater number of manufacturers and offers for the customer.

New products and services (continuation)

[G4-4]

SMEs

Capacitor batteries
This optimises the amount of power contracted and enables reactive energy to be compensated and to reduce fixed costs, helping to amortise the investment over a reasonable period of time.

Servielectric Big Customer
This increases the coverage of customers for contracted energy of less than 50 kw.

Energy saving service
For 3.0A and 3.1A tariffs, the company offers an advisory service on optimising power for potential customers and Energy Class customers that are interested.

Smart Energy Management
Energy management service based on energy monitoring and control of consumption. This provides useful information for the routine management of energy and warns of any abnormal behaviour, and also provides tips on saving and efficiency.

Ledplus and electricity
The customer has beneficial economic conditions for the joint contracting of these products.

SMEs Flat Rate
This allows the customer to pay a fixed monthly amount for gas and/or electricity for one year and which already includes the energy part and the variable part of energy consumption.

Energy Class Plus service
Customised service for major customers, allocating the customer with an operator to deal with all of their needs.

App for administrators of properties and estates and private administrative agencies
This app allows integral and centralised management for customers with a different tax identifier, enabling them to check invoices and contracts, etc.

Communication and transparency with customers

New channels of communication

There is a growing demand from customers for a higher level of information and dialogue with the company. Gas Natural Fenosa has therefore adapted communication with customers through the use of new technologies, which encourages ongoing contact.

Use of new technologies

Online channel
To contract services and the sale of new products. The channel has a new private area, which makes viewing and browsing easier, lending the website greater functionality.

Website for procurement
This enables the customer to get information 24 hours a day, 365 days a year, and get details on tariffs and products that are appropriate for any home or business.

Displaying bills on mobile devices
This helps to develop new sources of commercialisation, information and customer service.

Social networks
The model of managing contacts through social networks, established in most countries where the company operates, enables us to set up two-way communication with stakeholders. This allows us to reinforce traditional customer service channels with new channels that are more flexible, accessible, modern and which can be self-operated by the customer.

Paying without a bill
In Argentina, we introduced the option of paying without a bill through the company Pago Fácil and Provincia Net. This enables customers to visit the foregoing company and pay their bill without the need for a physical invoice, just by giving their customer number.

Electronic confirmation of procurement
As an adaptation to the requirements of the new Distance Sales Act in Spain, confirmation of the contract is sent by SMS or email. The sale is not closed until the customer has accepted it.

Mobile private area
Development of a new app that allows the customer to perform queries and procedures in a simple and organised way, from any place and at any time.

In 2015, the online sales of Gas Natural Fenosa in Spain experienced huge growth, with a total of 34,000 sales of services and supplies. By the same token, tests were carried out to check the scope of the online procurement channel and we obtained some very good results that accounted for a 200% increase in procurement. In 2015, more than 15 million customers visited the website and received online information about Gas Natural Fenosa's products and services.

As regards customer service, a total of 4.3 million customers used the company's online platform. A range of improvements were launched, prominent among which was the Gestion@ project, which allowed us to optimise the Customers Area, simplifying actions with customers to the maximum extent possible. The Net Promoter Score (NPS) increased 25 points in 2015, leading to a cumulative total of -6% (scale of -100% to 100%).

Furthermore, in 2015 the company developed a new app of the Customers Area for iOS and Android.

These advances led to a two-point increase of online versus off-line use in servicing, up to 17%.

This allowed the company to reach 24,000 users on social networks and more than 9,500 interventions by the community managers during 2015. This also enabled us to improve the satisfaction levels of customers with regard to after-sale processes by 24% according to the NPS.

Gas Natural Fenosa on social networks. Spain

Social network	Profile or user name	URL
	Gas Natural Fenosa	https://www.facebook.com/GasNaturalFenosa
	Gas Natural Fenosa Customers Spain	https://www.facebook.com/GasNaturalFenosa.Espana.Clientes
	At the Cinema and at Home	https://www.facebook.com/EnElCineComoEnCasa/
	Gas Museum	https://www.facebook.com/museudelgas/
	MAC, Museum of Contemporary Art	https://www.facebook.com/gasnaturalfenosa.mac/
	@GNF_es	https://twitter.com/gnf_es
	@GNFclientes_es	https://twitter.com/GNFclientes_es
	@GNFcine	https://twitter.com/GNFcine
	@MuseodelGas	https://twitter.com/MuseodelGas
	@GNFprensa_es	https://twitter.com/GNFprensa_es
	@FundacionGNF	https://twitter.com/FundacionGNF
	Gas Natural Fenosa	https://www.youtube.com/user/gasnaturalfenosa/featured
	Gas Natural Distribución	https://www.youtube.com/channel/UCVH2PMTWMqs6draR_4cu1GQ/featured
	Gas Natural Fenosa	https://plus.google.com/113333013659018992649/about
	Gas Natural Fenosa Customers Spain	https://plus.google.com/116302927617637104566/posts
	Gas Natural Fenosa	https://www.linkedin.com/company/gas-natural-fenosa
	Gas Natural Fenosa Foundation	https://www.linkedin.com/company/fundación-gas-natural-fenosa?trk=top_nav_home
	Gas Natural Fenosa	http://instagram.com/gasnaturalfenosa
	GNFcine	http://instagram.com/gnfcine
	Gas Museum	https://www.instagram.com/museudelgas/
	GNF Foundation-Gas Museum	https://www.flickr.com/photos/museodelgas

Customer services through social media have increased after-sales satisfaction levels, bringing NPS to 24%

Gas Natural Fenosa on social networks. Other countries

Argentina	Facebook	https://www.facebook.com/GasNaturalFenosaArgentina/
	Twitter	@GNF_ar - https://twitter.com/GNF_ar
	YouTube	https://www.youtube.com/user/GasNaturalFenosaAr
	Google+	https://plus.google.com/+GasNaturalFenosaAr/about
Brazil	Facebook	https://www.facebook.com/gasnaturalfenosa.brasil/
	Twitter	@GNF_br - https://twitter.com/GNF_BR
	YouTube	https://www.youtube.com/user/GNF2013
	Instagram	http://instagram.com/gasnaturalfenosa_br
Chile	Facebook	Metroambientalistas: https://www.facebook.com/Metroambientalistas/
		Brigada metroambientalistas: https://www.facebook.com/brigadametroambientalista/?fref=ts
	YouTube	Canal Metrogas Chile: https://www.youtube.com/user/MetrogasChile
	Twitter	Metrogas Chile: https://twitter.com/MetrogasChile?lang=es
		Club Metrogas: https://twitter.com/Club_Metrogas?lang=es
		CGE: @cged_sos - https://twitter.com/search?q=%40cged_sos&src=typd&lang=es
		CONAFE: @conafe_sos - https://twitter.com/search?q=%40conafe_sos&src=typd&lang=es
		EMELARI: @emelari_sos - https://twitter.com/search?q=%40emelari_sos%20&src=typd&lang=es
		ELIQSA: @eliqsa_sos - https://twitter.com/search?q=%40eliqsa_sos%20&src=typd&lang=es
		ELECDA: @elecda_sos - https://twitter.com/search?q=%40elecda_sos&src=typd&lang=es
		EMELAT: @emelat_sos - https://twitter.com/search?q=%40emelat_sos&src=typd&lang=es
Colombia	Facebook	https://www.facebook.com/gasnaturalfenosa.colombia/
	Twitter	@GNF_co - https://twitter.com/GNF_co
		@ElectricaribeSA - https://twitter.com/ElectricaribeSA
	YouTube	https://www.youtube.com/user/gasnaturalfenosaco
France	YouTube	https://www.youtube.com/channel/UCyBUV6QaT7ScECRZZFk_ltg
Mexico	Facebook	https://www.facebook.com/GasNaturalFenosaMx/
	Twitter	@GNF_mx - https://twitter.com/GNF_mx
	YouTube	https://www.youtube.com/user/gasnatmex
Moldova	Facebook	https://www.facebook.com/gasnaturalfenosamoldova/
Panama	Facebook	https://www.facebook.com/gasnaturalfenosa.panama/
	Twitter	@GNF_pa - https://twitter.com/gnf_pa
	YouTube	https://www.youtube.com/user/GasNaturalFenosaPa

The bill as a channel of communication

Together with the use of new technologies, Gas Natural Fenosa is aware that the bill continues to be the main channel of communication with its customers. That is why the bill includes information of interest to the customer, helping to explain the content of the bill and how regulatory changes affect this.

In Chile (through Metrogas), and in Brazil, Gas Natural Fenosa offers its customers the possibility of receiving bills in braille, to make the information more accessible to those with visual impairment. We are looking at how to introduce this in other countries.

In 2015, we also designed the e-business of Chile, a new invoice that is clearer and more simple.

Gas Natural Fenosa is a member of Autocontrol, a non-profit association that manages the Spanish advertising self-regulation system.

By the same token, Gas Natural Fenosa is affiliated to the Advertising Self-Regulation Code for Environmental Arguments. The related-party companies which have subscribed to this code undertake to use advertising messages including environmental arguments responsibly and truthfully.

Communication actions through the bill

Brazil
- Driving the Virtual Office.

Chile (electricity business)
- Communication campaigns for fonoclientes, virtual office and external payment channels, among others.
- The company's Twitter address, to increase communication through social networks.

Chile (Metrogas)
- Campañas de comunicación.
- Addresses of the different branches.
- Payment methods.
- The company's Facebook, Twitter and YouTube addresses, to increase communication through social networks.
- Information on the Club Metrogas.

Colombia (Electricaribe-electricity business)
- Addresses of payment points.
- Useful tips on the efficient use of energy.
- Information or regulatory notifications.

Colombia (gas business)
- The company's Facebook, Twitter and YouTube addresses, to increase communication through social networks.
- The reconnection cost so that the customer can see why the bill increases in the event of the power being cut off and reconnected for non-payment.
- Specific helpdesk for protection of customer's data.
- Communication campaign to notify customers about the new regular review model.

Mexico
- Careful with Carbon Monoxide campaign, with safety tips.
- Efficient Use of Natural Gas campaign with recommendations on servicing installations.
- Safety and Savings Tips campaign, with measures to promote savings and the good use of energy.

Panama
- Numbers of customer service centres available 24 hours a day and the freephone number of Gas Natural Fenosa.
- Tariff changes.

Gas Natural Fenosa website indicators (thousands). Spain

	2015	2014	2013
Customers registered at the end of the year	1,088	1,288	1,073
Online transactions at the Virtual Office	8,094	6,171	5,841
Customers registered with the online billing service	169	676	170

Privacy and security of the customer's data

Privacy and security of data

As part of its commitment to the privacy and security of data of employees and customers, Gas Natural Fenosa has defined an information security policy that ensures proper processing of this data throughout their life cycle, from collection and processing through to removal or safeguarding this data once the relationship has terminated.

This policy is communicated to employees, suppliers and customers, and is implemented through a regulatory corpus in line with the legal requirements that govern the processing of information, the internationally accepted best practices and standards.

This regulatory corpus includes the Technical Standard, which is for the purpose of guaranteeing the protection of personal data and applies to all organisational units and companies of the group that capture or process personal data, as well as partners and suppliers that collaborate in such processing.

Also in this area, in 2015 the company introduced a specific process for the management of complaints from customers with regard to privacy, in order to analyse and investigate the reasons for these and come up with customised solutions.

A total of 776 complaints concerning customer privacy were analysed, investigated and resolved. We also observed an improvement due to a reduced number of requests for information from the Data Protection Agency.

Security form an essential part of the design, development and exploitation of all processes and systems, in particular those that process information.

All of Gas Natural Fenosa's systems include procedures for authentication and administration of authorisations and access, and are designed to guarantee that the use of these does not affect the security of the data handled.

There are procedures for updating and correcting new vulnerabilities of systems, to propitiate better proactive conduct in the prevention of security incidents.

Furthermore, we have introduced systems to protect the network and communications against malware and/or unauthorised access, including active monitoring of the activity, to anticipate possible problems and allow them to be resolved quickly.

Cibersecurity Plan

In 2015, Gas Natural Fenosa launched the Cybersecurity Plan. This plan has been introduced for a term of three years and is based on three fundamental pillars: persons, processes and technology. These three pillars are subdivided into 11 action lines which in turn are divided into a total of 36 projects. The different projects are rolled out internationally, covering those countries where the company has a presence.

Of particular importance within the plan is the action line targeted at ensuring the company's workers accept secure conduct as part of their day-to-day work, and at creating a culture of security with regard to the risks associated to their daily activities. We have therefore introduced a training actions plan related to privacy and security of information.

Protection of critical infrastructures

To ensure continuity in the provision of essential services and processes to enable society to operate properly, the international organisations and states have developed a range of security and cybersecurity strategies targeted at protecting critical infrastructures.

The company is aware of its involvement as a critical operator and is committed to protecting critical infrastructures. To this end, we have created and introduced the InCrit project.

Security intelligence

The company needs to have capabilities that respond to the information needs, in order to provide a competitive advantage in the environment in which it performs its operations, in any territory, with regard to any problem, any risk and any timeline.

The company therefore has a security intelligence service which, among other purposes, is responsible for the ongoing capture and extraction of background information, using the monitoring tools required to cover its intelligence needs.

Among other items, this service generically covers non-technical losses, threats to business lines, operations and assets of the company, and the security of travellers and expatriates.

InCrit project

The purpose of this project is to spearhead and coordinate protection of critical infrastructures of Gas Natural Fenosa, both the subset of critical infrastructures, designated by the National Centre for Critical Infrastructure Protection (CNPIC), as well as the national or international infrastructures that are relevant to the company's business.

The aims of the project involves monitoring specific legislative requirements and determining the critical nature, seriousness and consequences of any disorder or destruction of a critical infrastructure in accordance with:

- The number of people affected.
- The economic impact in accordance with the size of economic losses.
- The impairment of products and services.
- The environmental impact.
- The public and social impact.

As part of this project, we have set up the InCrit Committee, which coordinates, spearheads and reports to the company's businesses with regard to the strategy and security measures targeted at protecting critical infrastructures, including those designated by the CNPIC, and the different workgroups at different levels, adapted to each of Gas Natural Fenosa's businesses.

It also provides the analytical resources required to interpret current or future scenarios of threats or risks that could disrupt security or business continuity for the operations and assets of Gas Natural Fenosa.

In terms of scope, the analysis capabilities are deployed to cover the entire intelligence spectrum:

- Informative descriptive level.
- Interpretive explanatory level.
- Estimated prospective level.

The results of the stages of obtaining, processing and analysing information is transformed into intelligence through analytical products that will be circulated to consumers, using the formats, channels and security parameters determined by the intelligent protocols introduced by the Security Intelligence Service of Gas Natural Fenosa.

Communication to raise the customer's awareness

The company's responsibility does not end with its employees, or its suppliers and contractors. To this end, in 2007 we started the Natural Commitment programme, which seeks to protect the environment with the help of major customers.

As part of this programme, in 2015 the company undertook two corporate responsibility and energy savings campaigns targeted at current and potential wholesale customers.

The first campaign was targeted at raising awareness in the area of biodiversity, to act as an impetus for organic farming and the consumption of sustainable pulses. The second campaign focused on raising awareness in the area of energy efficiency, for better and more efficient consumption of energy.

Customer service

In 2015, Gas Natural Fenosa developed a more personal and customised model, helping customers to feel more satisfied with the customer service provided by the company.

New customer service model

Gas Natural Fenosa has developed a new customer service model in Brazil, Chile, Colombia, Spain, Mexico, Panama and Portugal.

The model responds to those needs that customers have informed us of. It is flexible, simple, close at hand, expert and decisive in improving their experience with the company.

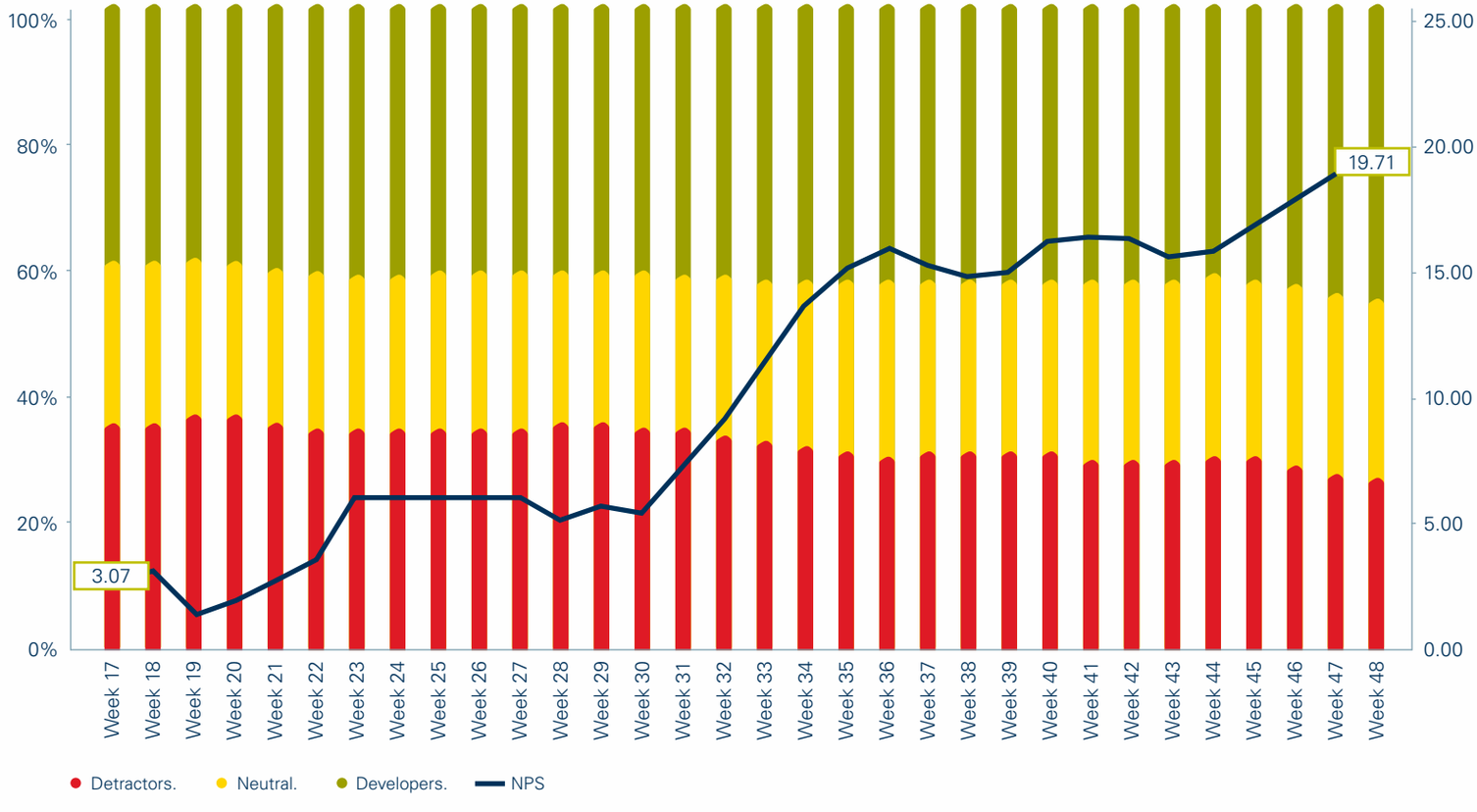
This new model is divided into three parts:

- **Operational and training model:** the aim is to anticipate customers' needs. Major efforts are taking place to train the entire group that interacts with customers in order to achieve a better and more uniform way of dealing with customers in any place and through any channel. We are also attempting to introduce a more friendly, empathetic and straightforward language that adapts to the profile of each customer.
- **Technological model:** introduction of the model has required major technological renewal. Among other items, it allows us to classify calls in order to apply the enhancements required and to deal with customers in a more expeditious way by routing the call to the person best equipped to deal with it.
- **Contracting and economic model:** through a single bidding procedure, all call services worldwide are set to offer a uniform customer service in all countries.

In every single call the customers will be asked for their level of satisfaction and whether they would recommend the company. If the response is negative we will contact them again to find out why.

The new model is a success, as can be seen in the chart, and the level of recommendation in customer service, in Spain, has increased appreciably.

Recommendation index of the company



The customer service channels made available by Gas Natural Fenosa are for the purpose of offering a customised service that provides a rapid response to their needs and guarantees optimum customer service.

In addition, wholesale customers have other alternative channels, such as the exclusive telephone helpdesk, the 24-hour telephone helpdesk to deal with incidents, and the email address satenciong@gasnaturalfenosa.com.

In order to improve and simplify the customer service process, we are developing different projects that seek to provide the customer with a customised approach that satisfies their needs. At the end of the call, there is a system to check the customer's satisfaction with the outcome. Using the Net Promoter Score (NPS) tool, the customer completes a questionnaire on service received and their satisfaction with it. This helps us to correct internal actions, measure the levels of customer service and extrapolate what we have learned. Those customers that believe their query has not been resolved are automatically redirected to the platform.

In 2015, we upgraded the smartphone and tablet app for customers. The new app includes different functionalities that enable customers to manage their account in an easy and simple way from any mobile device. Among other items, it allows access to bills, meter reading, contracts and consumption, as well as to update details or request equipment.

Furthermore, for the fifth year running, the company has continued to provide the Energy Class service, a pioneer in the energy sector and which offers an exclusive service to the company's major customers.

Provision of customer service at Gas Natural Fenosa

Customer service channels and personal managers
Trained to offer the customer a customised and efficient treatment, and equipped with the most modern technologies.

Guarantee Office
Responsible for dealing with those organisations that represent customers.

Website and Virtual Office
These quickly and easily facilitate customers' most frequent operations (checking bills, modifying details, meter reading and payment and the procurement of online services).

Sales and customer service centres
These can be found in the main cities of those countries where Gas Natural Fenosa is operational. We should point out that, in 2015, the company opened 46 customer service centres in Colombia managed by Electricaribe, up from 68 to 114 customer service centres offering one-to-one contact.

Customer service processes adapted to all customers

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

In 2015, in Latin America, we continued to give priority to ensuring easy, convenient and free-of-charge access to the company's customer service channels. The target was achieved with the consolidation of the virtual offices, through which approximately 730,000 registered customers performed over 3,200,000 operations over the year.

In Chile (through Metrogas), the sales offices are easily accessible and offer priority access to customers that are disabled, elderly or pregnant women.

In Mexico, we have started a process of adapting centres, by introducing a new customer service model that takes into consideration the specific needs of each customer and which seeks to reduce waiting time and repeated visits to the minimum.

The company maintains a proactive attitude in communication with its customers, encouraging accessibility at face-to-face centres and on digital media. In addition, all company's employees can access the Manual for dealing with Disabled Customers on the company's intranet.

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The customer's satisfaction and experience

[G4-PR5]

Gas Natural Fenosa has a model to measure customers' experience, through which it constantly monitors its satisfaction and that of its competitors.

The measurement model rests on two complementary pillars:

- A general overview of all of the company's customers and of the remaining customers in the sector, which represents the global satisfaction index.
- An overview of the process, which analyses the experience of customers that have made recent use of the services and channels made available to them.

The model analyses the different segments of customers and the critical processes with an impact on the customer in every country in which the company operates.

Once again this year, Gas Natural Fenosa continued to spearhead satisfaction in the retail segment in Spain, where the global satisfaction index (on a scale of 0-10) was 6.92, in the residential sphere; and 6.56 at SMEs. This represents a positive difference with regard to the average of our rivals, which was 6.13 and 5.95, respectively. Meanwhile, in the wholesale segment, the global satisfaction index stood at 6.79, while the average for its rivals was 6.44. Wholesale customers ranked the commercial manager at 8.32, with this being the most valued attribute in customer relations.

Gas Natural Fenosa constantly measures customer satisfaction throughout the year, using different channels of contact, such as telephone, interactive voice response (IVR), SMS and email. This allows us to interact with a large number of customers, so that their opinion and experience can be collected and analysed.

In 2015, the Customer Experience Management (CEM) tool was consolidated as a key component to measure the customer's experience. Following the customer's interaction with the company, this tool is used to send a short questionnaire to find out their level of satisfaction and recommendation, and they are asked to grade their experience.

It also enables immediate corrective action through the management of alerts that activate whenever the minimum satisfaction and recommendation thresholds required to maintain the level of quality that the company imposes with its customer relations are not reached.

The measurement represents the basis on which the Customer Experience project is founded, as it enables us to monitor contact times with customers and develop action plans to improve their experience.

Furthermore, Gas Natural Fenosa has introduced a programme of ongoing improvement, based on the Lean Six Sigma methodology. This enables the company to prioritise, analyse and act on the reasons for dissatisfaction, to identify and correct the root causes, and to promote the ongoing improvement of processes.

Customer Experience project (2014-2016)

The Customer Experience project, with a global scope as part of the Smile project, was launched for the purpose of achieving customer satisfaction as an inescapable and achievable target, based on an analysis of the customer's opinion through surveys.

By keeping customers satisfied, the project allows us to continue improving customer loyalty and fostering their incorporation.

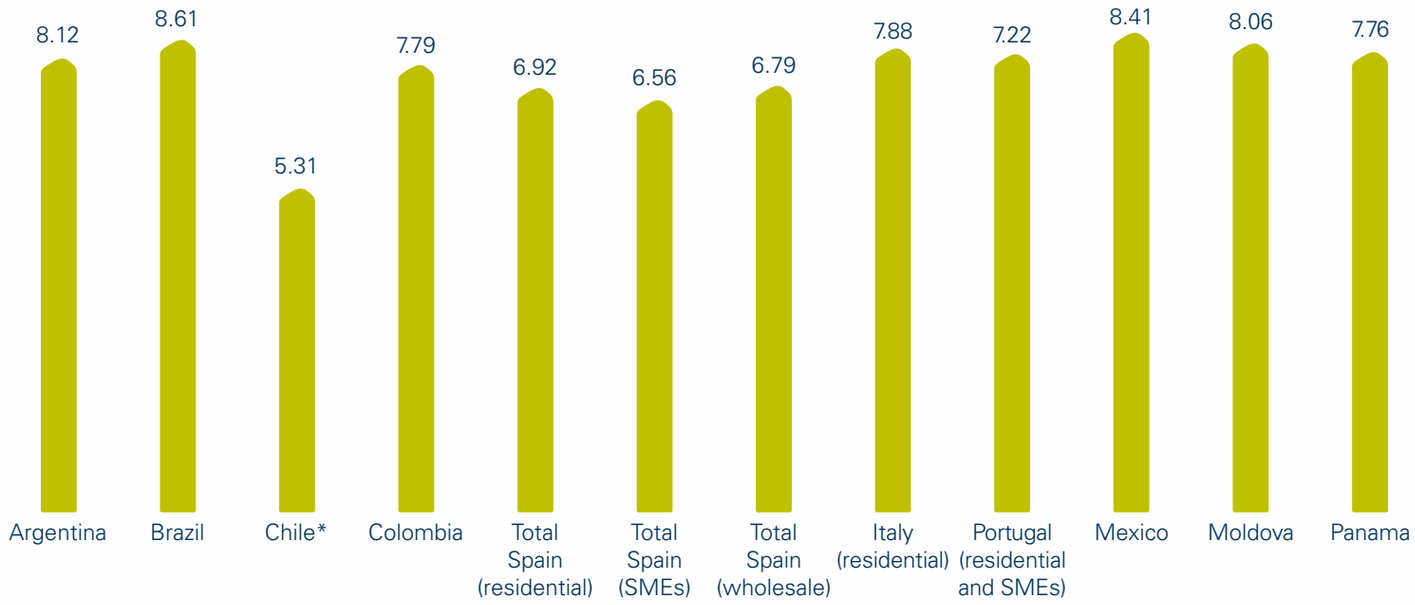
It is essential that customers' emotional experience be as satisfactory as possible. The aim is to move away from the linear outline in which the customer is at the end of the process, and have the customer positioned as the starting point and the focus of the company at all times.

Gas Natural Fenosa wishes to accompany customers during their lifetime, offering them an experience and contributing added value by providing personalised advice.

The five pillars of this project are as follows:

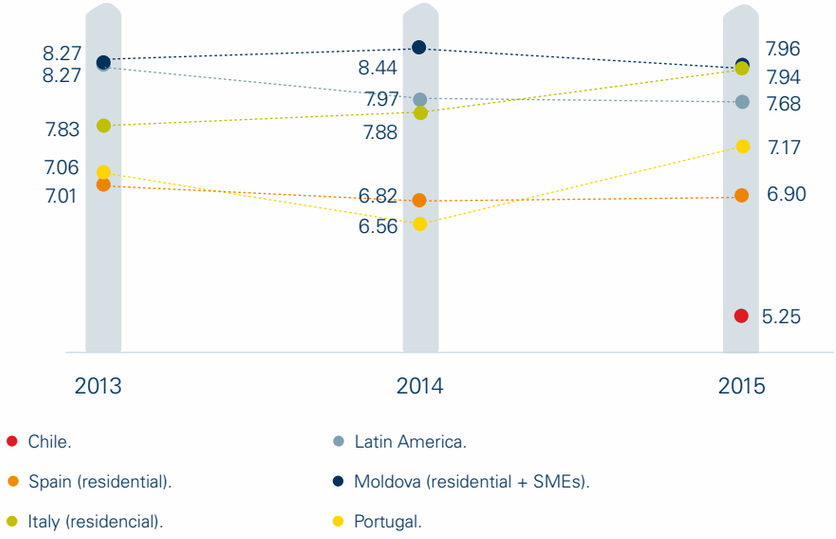
Aim	Excellent Customer Experience				
Bases identified in the study of the Association for the Development of Customer Experience	Unique identity.	Organisational drive.	Employee involvement.	Customer interactions.	Interpretation and action.
Gas Natural Fenosa shares	Brand identity.	Leadership from senior management.	Employees as ambassadors programme.	Customer Experience and experience improvement in channels.	Measurement of Customer Experience and continuous improvement.

Overall satisfaction with service quality



*This ratio has been calculated based on a 1-7 scale, unlike other countries where a 0-10 scale was used.

Corporate image



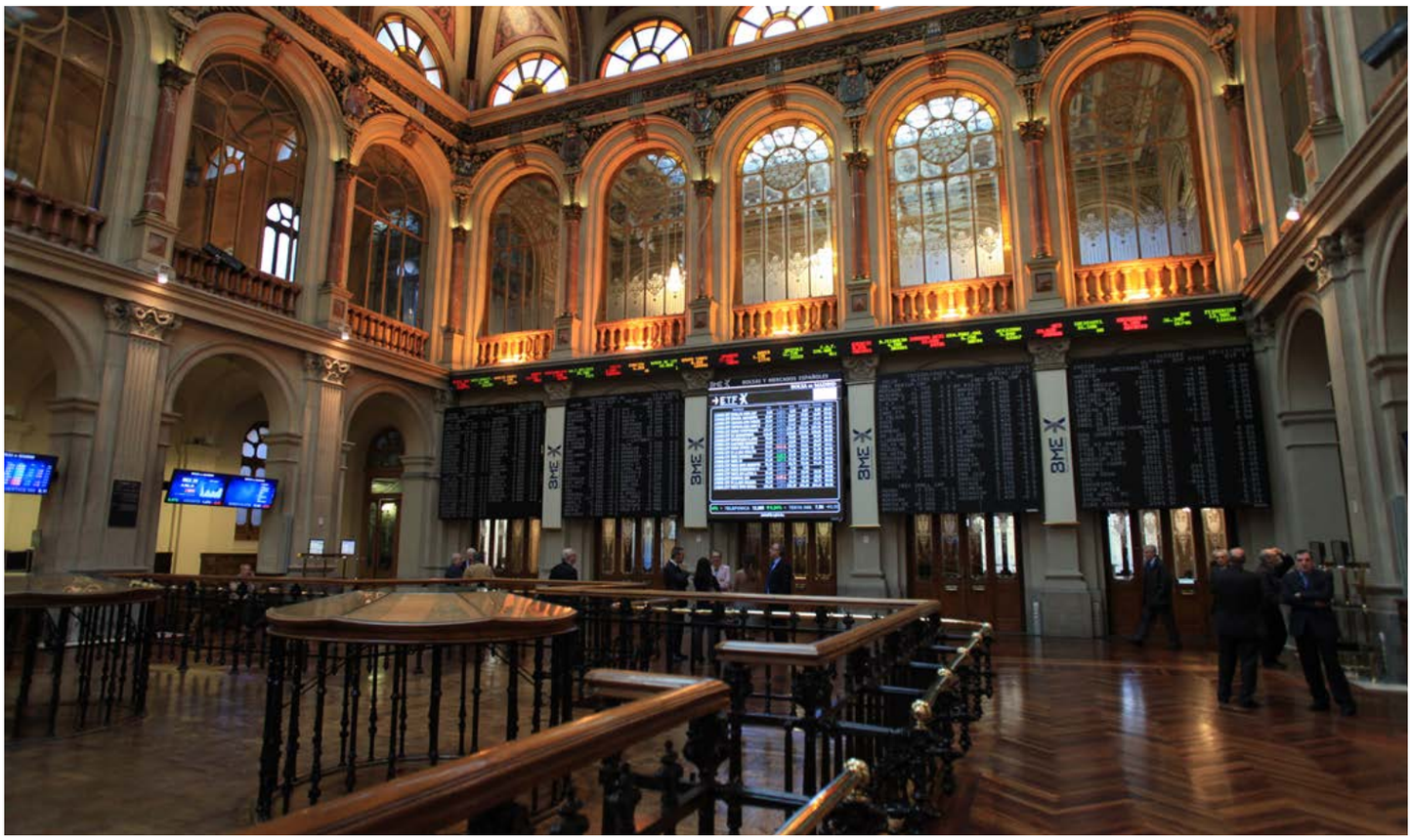
Annex of indicators

Customers disconnected due to non-payment classified by the total duration between disconnection for non-payment and payment of debt[1]. **[EU27]**	Gas business	Fewer than 48 hours
		Between 48 hours and 1 week
		Between 1 week and 1 month
		Between 1 month and 1 year
		Over 1 year
	Electricity business	Fewer than 48 hours
		Between 48 hours and 1 week
		Between 1 week and 1 month
		Between 1 month and 1 year
		Over 1 year
Customers disconnected due to non-payment classified by the total duration between debt payment and reconnection. **[EU27]**	Gas business	Fewer than 24 hours
		Between 24 hours and 1 week
		Over 1 week
	Electricity business	Fewer than 24 hours
		Between 24 hours and 1 week
		Over 1 week
Average duration of electrical power cuts (hours). **[EU29]**	2013	
	2014	
	2015	
Average System Interruption Frequency Index (ASIFI). **[EU28]**	2013	
	2014	
	2015	
Satisfaction rate with main processes. Residential customers (on a scale of 0 to 10)[2].	Continuity of gas supply	
	Continuity of electricity supply	
	Billing and payment	
	Telephone Customer Service	
	Centres	
	Emergencies	
	Inspection/review	
	New customers/start-up	
Satisfaction rate with main processes. Wholesale customers (on a scale of 0 to 10).	Negotiation and contracting	
	Quality of gas supply	
	Quality of electricity supply	
	Determination of consumption (meter reading)[5]	
	Commercial management	
	Commercial manager	
Customer service ratios[3 and 4].	Customer requests solved immediately (%)	
	Average time for solving requests (days)	
	Calls answered within 20 seconds (%).	
Volume of sales – gas customers (GWh).	Regulated	
	Third Party Access to the network (TPA)	
Volume of sales – gas customers (GWh).	Regulated	
	Third Party Access to the network (TPA)	

[1] In Spain, the electricity business, the period that elapsed between disconnection and payment of the debt is between 1 month and 4 months.
[2] As regards the Index of satisfaction with the main processes concerning residential customers in Colombia and the customer service ratios, the first figure that appears in the table corresponds to the gas customers index and the second figure corresponds to electricity customers.
[3] In Spain, the calculation ratio is calculated in accordance with the calls responded to within 15 seconds.
[4] As regards the ratio of customer service in Chile, the first figure shown corresponds to the gas business (through MetroGAS) and the second figure corresponds to the electricity business.
[5] In 2015, we stopped measuring the consumption determination parameter (reading) as virtually all customers have their meters read remotely.

Argentina	Brazil	Chile	Colombia	Spain	Italy	Mexico	Moldova	Panama	**Total**
21,914	15,406	22,980	207,809	1,686		38,104			
4,903	15,071	12,113	51,938	1,112		41,196			
5,131	13,965	12,490	39,835	1,661		26,523			
3,387	7,374	4,475	45,616	1,412		24,790			
4,699	0	2	0	0		0			
		361,226		82,988					
		67,751		29,821					
		79,705		24,807					
		57,987		9,675					
		3		0					
1,807	1,257	46,352	364,331	928		102,691			
38,168	50,560	3,310	23,436	2,841		27,633			
59	0	2,308	1,488	2,102		199			
		575,856		133,625					
		13,524		13,557					
		1,424		109					
			74.1	1.1			7.2	36.8	
			83.0	1.1			6.8	48.6	
		24.00	93.31	1.02			4.40	58.38	
			44.4				4.7	15.5	
			45.7	0.9			4.4	15.6	
		7.00	60.07	0.88			3.24	16.17	
8.87*	9.17*	–	8.81*/–	8.64*	9.01*	8.98*	–	–	–
–	–	–	–/6.43*	7.84*	–	–	8.79*	7.52*	–
8.30	9.04	–	8.81/–	6.80*	7.91	8.57	9.51*	8.32	–
8.22	8.31	–	7.82/6.86	7.64	8.20	7.28	8.13*	7.90	–
7.80	8.54	–	7.82/5.13	8.02	8.51	7.43	8.16*	–	–
8.51	8.40	–	8.82/–	8.11	9.23	8.60	8.30*	–	–
–	–	–	–	8.53	–	–	–	–	–
–	–	–	–	7.92	–	–	–	–	–
				7.46					
				8.08					
				7.46					
				–					
				7.56					
				8.35					
82.8	77.0	92.0/20.0	30.0	91.5	97.8	91.7	87.0	–	
25.1	6.0	5.6/14.0	12.0	11.5	17.4	1.4	4.8	10.5	
87.7	78.0	87.0/80.0	56.0	76.9	79.5	81.1	66.8	90.0	
27,255	87,372	14,805	25,791	0	0	19,156	0	0	**147,379**
41,444	16,036	29,278	1,041	177,391	3,821	30,441	0	0	**299,452**
0	0	15,016	12,348	0	0	0	2,684	4,767	**34,815**
0	0	840	1,007	31,992	0	0	0	77	**33,916**

*Figures from the general indices study.



Commitment to results

[G4-DMA] (Economic performance)

The shareholders and investors of Gas Natural Fenosa are one of the company's main stakeholder groups. Therefore, two key aspects of the business are managing risks properly and developing a sound business model with potential for international growth and which guarantees long-term sustainability.

Commitments and principles of responsible action with shareholders and investors

- Work to obtain sustained **profitability levels** that are in keeping with the resources used.
- Encourage **efficient and assignment resource management** within the framework of ongoing process improvement.
- Guarantee that decisions are taken duly considering the **approved risk levels and thresholds**.
- Continue to include sustainability aspects into the relations with **investors.**

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

In November 2013, Gas Natural Fenosa presented the update of the 2013-2015 Strategic Plan. This review was conducted following compliance with the 2012 targets, which reveals the company's solidity, despite an adverse economic and regulatory context.

So, and with regard to the recently concluded strategic plan, we can see that compliance extends to each and every one of the aspects considered.

An Ebitda which, with 5.264 billion euros, complies with the commitment to reach a figure in excess of 5 billion euros, and net profit of 1.502 billion euros, net borrowing/ Ebitda x 3.0 and 62.1% payout, are within the levels set for these performance indicators.

We have also managed to comply with the targets of the aforementioned strategic plan through the introduction of the Efficiency Plan. This plan has led to accumulated savings for the 2013-2015 period of 306 million euros, above the target of 300 million euros.

If we take into consideration the 2013-2015 Strategic Plan, we can see that the company has provided its shareholders with an overall return of 58.4%, which equates to a cumulative annual return of 16.6%.

The excellent economic performance of Gas Natural Fenosa and the solidity of its business were boosted by the company's outstanding performance in terms of corporate responsibility. The company aims to carry out its business in harmony with the environment, and dealing with the expectations of each of its stakeholders.

This effort was recognised with the company's presence on the most prestigious sustainability index, such as the Dow Jones Sustainability Index (DJSI) or the Carbon Disclosure Project (CDP), where the company scored highest in the sectors in which it takes part. Moreover, on the DJSI the company came first in the utilities supersector (gas, electricity and water).

Value actions

Proposed actions 2015		Planned actions 2016
Maintaining a presence on sustainability indices.	+	Maintaining a presence on sustainability indices.
Technical visits to the facilities of Gas Natural Fenosa with minor shareholders.	+	
Assess extending the programme of informative meetings with minor shareholders to other Spanish cities.	+	Assess extending the programme of informative meetings with minor shareholders to other Spanish cities.
Continue to include sustainability aspects into the relations with socially responsible investors.	+	Continue to include sustainability aspects into the relations with socially responsible investors.

Level of fulfilment: finalised: + Finalised. + Major progress. + Intermediate progress. + Little progress. + Not started.

Focus on growing and sustained profitability

Overall results

Net profit for 2015 amounted to 1.502 billion euros, an increase of 2.7% in comparison with the previous year.

The Ebitda, without restatement, in other words without taking into account the restatement of the financial statements of 2014 and 2015 to reflect the discontinuance of the LPG business in Chile, totalled 5.376 billion euros, up 10.8% year-on-year and exceeding the target set in the 2013-2015 Strategic Plan.

Given the high probability of discontinuing the LPG business in Chile, we have restated the financial statements of 2014 and 2015 on considering that this is a discontinued operation. Consequently, consolidated Ebitda has been reduced by 112 million euros in 2015, and by 8 million euros in 2014, down to 5.264 billion euros and 4.845 billion euros, respectively. Moreover, net borrowing at 31 December 2015 was reduced by 315 million euros.

For that same period, the borrowing ratio was 45.8% versus 48.5 % of the previous share. The financial debt/Ebitda ratio was x 3.0, thus complying with the target set in the 2013-2015 Strategic Plan.

Agreement with the shareholder group concerning the Chilean company Gasco

On 18 December 2015, Gas Natural Fenosa -with a 56.62% holding in the Chilean company Gasco, the parent company of the natural gas and liquefied petroleum gas businesses- signed an agreement with a group of shareholders (Familia Pérez Cruz that has a holding of 21.9% in Gasco) to divide Gasco into two companies. One part dedicated to the natural gas business, which will remain under the control of Gas Natural Fenosa, and the other dedicated to the liquefied petroleum gas business, in which Familia Pérez Cruz will assume control.

Once the division has taken place, each party will launch a takeover bid to acquire control or to increase their stake up to a maximum of 100%, for the purpose of developing their own independent project. Both parties have agreed to carry out the public offering with their holdings.

As a consequence of the foregoing agreement, it is highly likely that Gas Natural Fenosa will divest its interest in the liquefied petroleum gas business in Chile. At 31 December 2015, the net assets of this business were considered as non-current assets and liabilities held for sale, in application of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Furthermore, this has been considered a discontinued operation as it is a component classified as held for sale that represents a significant line of business that is separate from the rest. As a consequence of applying IFRS 5, the consolidated profit and loss statement shows the result from the discontinued operations on a single line separate from the rest and likewise presents the comparative information for the previous year, restated, with no impact whatsoever on the net profit (loss).

Compañía General de Electricidad (CGE)

Compañía General de Electricidad (CGE) joined the consolidation perimeter of Gas Natural Fenosa on 30 November 2014. Consequently, in the previous year with which it is compared, it only had a contribution in December 2014 versus the full 12 months of this year.

CGE contributed 499 million euros to the consolidated Ebitda in 2015 (28 million euros in 2014). On the other hand, it offset the differential impact with regard to the previous year of the regulatory measures set out in Royal Decree-Law 8/2014, which affects the regulated gas activities in Spain with effect from 5 July 2014, totalling 59 million euros and there was also the contribution of the telecommunications business, with 32 million euros, which was divested in June 2014.

International presence

Ebitda from international activities of Gas Natural Fenosa rose by 16.9% through the incorporation of CGE and accounted for 48% of the consolidated total, compared with 44.7% in the previous year. In addition, Ebitda from operations in Spain was up 2%, and now accounts for a lower relative proportion of 52.0% in the total consolidated amount (55.3% in 2014).

Furthermore, in the conversion of foreign currencies to euros, there was a positive impact on the Ebitda in 2015 of 41 million euros versus 2014. This was mainly caused by the appreciation of the dollar against the euro, which mitigates the effect of depreciation of other currencies, such as the Colombian peso and the Brazilian real.

Investments

The tangible and intangible investments in 2015 totalled 1.767 billion euros, with an increase of 0.9% year-on-year. In this evolution we need include the methane tanker Ribera del Duero, in March 2014, with capacity of 170,000 m^3, under a financial lease agreement for 177 million euros, as well as the inclusion of the CGE investments in 2015, totalling 265 million euros. By adjusting these amounts, the tangible and intangible investments decreased by 4.6%.

In 2015, the financial investments mainly corresponded to the acquisition of 8.3% of Metrogas (Chile) for 116 million euros; of Gecalsa for 104 million euros; of an additional 12.75% in the subsidiary Gasmar (Chile) for 34 million euros; the investments made in Costa Rica, in accordance with the service concessions model established in IFRIC 12 with regard to construction of the Torito hydraulic power station with 50 MW of power for 27 million euros and, lastly, an additional acquisition of 0.65% of the capital of CGE for 18 million euros.

Investment is largely focused on the gas distribution business, which increased 3.8% and represents 41.6% of the consolidated total, highlighting the growth in Spain. Electricity distribution increased 12.9%, accounting for 22.8% of the total. Furthermore, the investment in CGE represented 15% of the total.

Stock Market Performance

As regards the company's stock market performance, the Gas Natural Fenosa shares closed 2015 at a price of 18.82 euros and stock market capitalisation of 18,828 million euros, which represents a 9.6% decrease versus the previous year end, in a climate in which the Ibex 35, the main Spanish stock market index, fell 7.2%.

The proposal for distribution of profits from 2015, which the Board of Directors will put before the Ordinary General Meeting of Shareholders for approval, involves targeting 933 million euros at dividends, up 2.7% on the previous year, in line with the increase of net profit, and maintaining the pay-out at 62.1%. Payment of the supplementary dividend of 0.525 euros per share will be a cash pay-out.

Stock market indicators

[G4-9]

	2015	2014	2013
Number of shareholders (thousands)	73	73	77
Share prices at 31/12 (euros)	18.82	20.81	18.69
Maximum share price (euros)	20.56	24.45	18.80
Minimum share price (euros)	17.55	17.83	13.22
Earnings per share (euros)	1.57	1.46	1.44
Share price-profit ratio	12.5	14.2	12.9
Share capital (no. of shares)	1,000,689,341	1,000,689,341	1,000,689,341
Stock market capitalisation (millions of euros)	18,828	20,824	18,708

Financial ratios

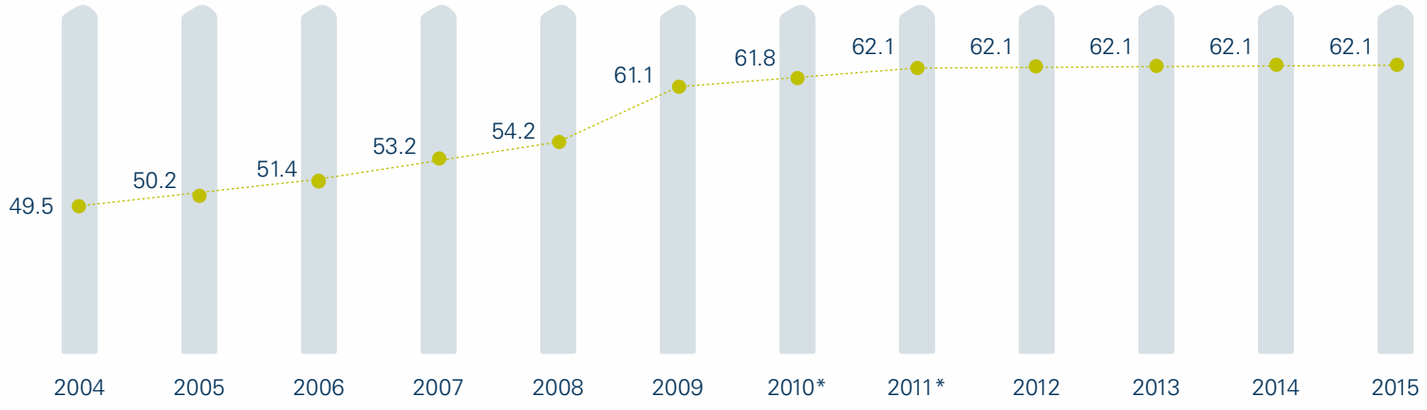
	2015	2014	2013
Debt[1]	45.8	48.5	48.8
Ebitda/net financial results	5.9x	6.1x	6.0x
Net debt/Ebitda[2]	3.0x	3.2x[2]	2.9x
P/E	12.5x	14.2x	12.9x

[1] Net financial debt/Net financial debt + Equity
[2] In pro-forma terms including Ebitda of CGE from January to November 2014. If this were not the case, it would be 3.5x.
[3] Ebitda in 2014 and 2015 restated through discontinuance of the LPG business in Chile.

Profit index (millions of euros)

	2015	2014	2013
Net profit of Gas Natural Fenosa	1,502	1,462	1,445

Evolution of pay out (%)*



*Equivalent total amount.

Ebitda on international activities rose 16.9% with the inclusion of CGE, which represents 48% of the total

Communication channels adapted to the needs of shareholders and investors

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

The company provides the same information to institutional and minority investors, guaranteeing the principles of equality and the simultaneous publication of information.

The Shareholder Assistance Office provides a continuous reporting service to minority shareholders through a freephone number. In 2015, the company continued to hold informative meetings with this group of shareholders, two of which were held in Madrid and a further two in Barcelona.

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

The company also continued its communication programme with analysts and investors, in order to strengthen and provide more transparent economic-financial information to enable them to monitor Gas Natural Fenosa's business project.

In 2015, representatives from the management team and the Investor Relations Unit held meetings with institutional investors, both with regard to fixed income as well as equity.

These meetings were held both at the company's offices as well as in the leading financial locations of Europe, North America, Asia and Australia. In total, there were 432 meetings.

Communication channel indicators

	2015	2014	2013
Meetings with shareholders and analysts	432	397	491

Inclusion in socially responsible investment indices

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

For the last ten years, Gas Natural Fenosa has had a constant presence on the Dow Jones Sustainability Index (DJSI). In 2015, the company was acknowledged as leader of the Utilities supersector (gas, electricity and water) and, for the fourth consecutive year, continued as leader of the Gas Utilities sector, achieving high scores in areas such as code of conduct, climate change, corporate citizenship, defence of competition policy, labour practices and human rights. And for the tenth year running it was included on the European counterpart, the DJSI Europe.

Gas Natural Fenosa has also maintained its presence, for the fourteenth year running, in the FTSE4Good index, where it has been included from the outset, in 2001.

In 2015, Gas Natural Fenosa maintained its presence on new sustainability indices such as the Ethibel Sustainability Index Excellence Europe, STOXX ESG Leaders Indices and Euronext Vigeo, of which the company forms part of the World 120, Europe 120 and Eurozone 120 variants, ranking it as one of the 120 leading sustainability companies of America, the Asia-Pacific and Europe.

It also forms part of the MSCI Global Climate Index, which includes leading companies which strive to mitigate factors to fight climate change in the mid- and long-term.

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

Gas Natural Fenosa, supersector leader on the Dow Jones Sustainability Index

In the 2016 Sustainability Yearbook of RobecoSAM, Gas Natural Fenosa was rated as Industry Leader of the Utilities sector (gas, electricity and water), a distinction that recognises it to be the company with the highest score and, therefore, the company best prepared to take advantage of opportunities and manage risks arising from economic development. It was also awarded Gold Class category within the Gas Utilities sector.

ROBECOSAM Sustainability Award Industry Leader 2016

ROBECOSAM Sustainability Award Gold Class 2016

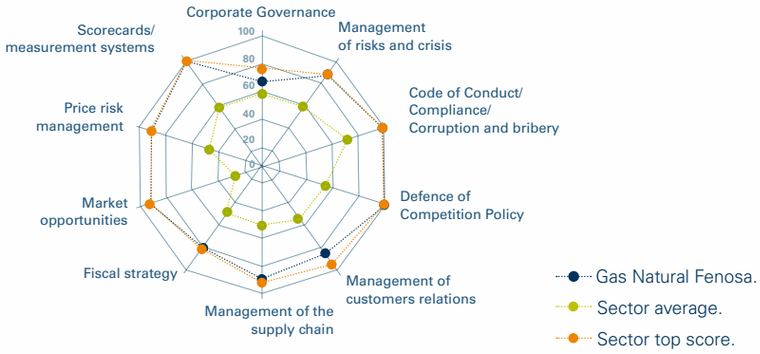
In addition, in 2016 Gas Natural Fenosa was named Industry Mover of the Gas Utilities sector, up from 86 points in 2014 to 89 points in 2015. This is the first year in which RobecoSAM has nominated, within the 15% of companies with a highest score in each sector, the Industry Mover. This qualification highlights the company that has achieved the best proportional improvements in sustainability performance over the previous year.

ROBECOSAM Sustainability Award Industry Mover 2016

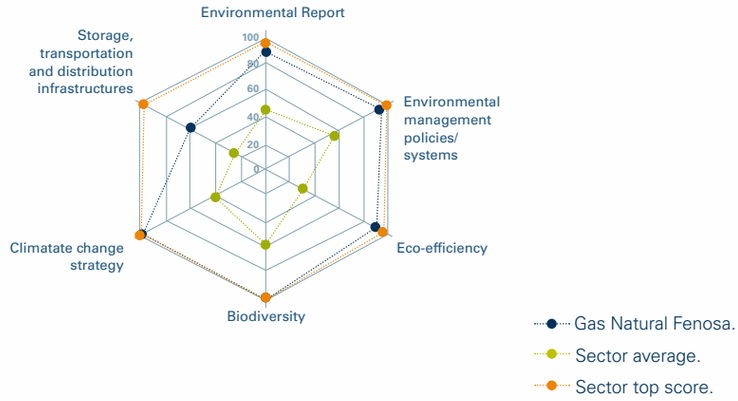
Assessment of Gas Natural Fenosa on DJSI

Gas Natural Fenosa has been awarded the Gold Class category, within the Gas Utilities sector, in the 2016 Sustainability Yearbook of RobecoSAM

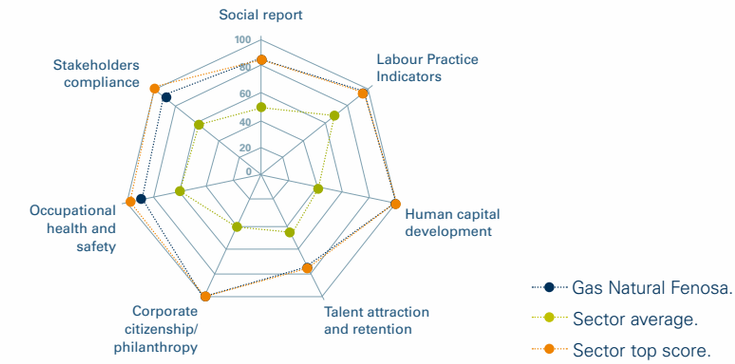
Economic



Environmental



Social



NB: the "Manufactured gas plants" category was not included in the environmental dimension chart as it is not applicable to Gas Natural Fenosa. The company has no facilities of this kind.
These charts illustrate the comparison of Gas Natural Fenosa to the average and highest scores in the sector in the three dimensions in which the DJSI assesses companies.

Responsible management of the environment

Gas Natural Fenosa is aware of the environmental impacts that its activities have on the surrounding area, and the company therefore pays special attention to environmental protection and the efficient use of natural resources to satisfy the energy demand. Gas Natural Fenosa goes beyond legal requirements and even the requirements we adopted voluntarily in our care for the environment. We involve our suppliers and work and encourage our stakeholders to use energy responsibly.

Commitments and principles of responsible environmental action

- Contributing to the sustainable development through eco-efficiency, the rational use of natural and energy resources, minimising environmental impact, encouraging innovation and using the best available technologies and processes.
- Contributing to the mitigation and adaptation of climate change through low-carbon and renewable sources of energy, encouraging savings and energy efficiency and the application of new technology.
- Integrating environmental criteria in business processes, in new projects, activities, products and services, and in selecting and assessing suppliers.
- Minimising adverse effects on ecosystems and fostering the conservation of biodiversity.
- Promoting the efficient and responsible use of water, introducing activities targeted at greater awareness of this resource and improving water management.
- Guaranteeing the prevention of pollution through ongoing improvement, the use of best available techniques and the analysis, control and minimisation of environmental risks.

Value actions

Proposed actions 2015		Planned actions 2016
Extend the management model to recently incorporated businesses.	+	Initiate certification of the integrated management model in recent businesses.
Actively participate in the development of nationally appropriate mitigation actions (NAMAs).	+	Improve energy efficiency in internal processes.
Introduce biodiversity management tools.	+	Move forward in the development of biodiversity projects aligned with the Strategic Biodiversity Action Plan.
Roll out the first stage of the water management strategy.	+	Roll out the second stage of the water management strategy.

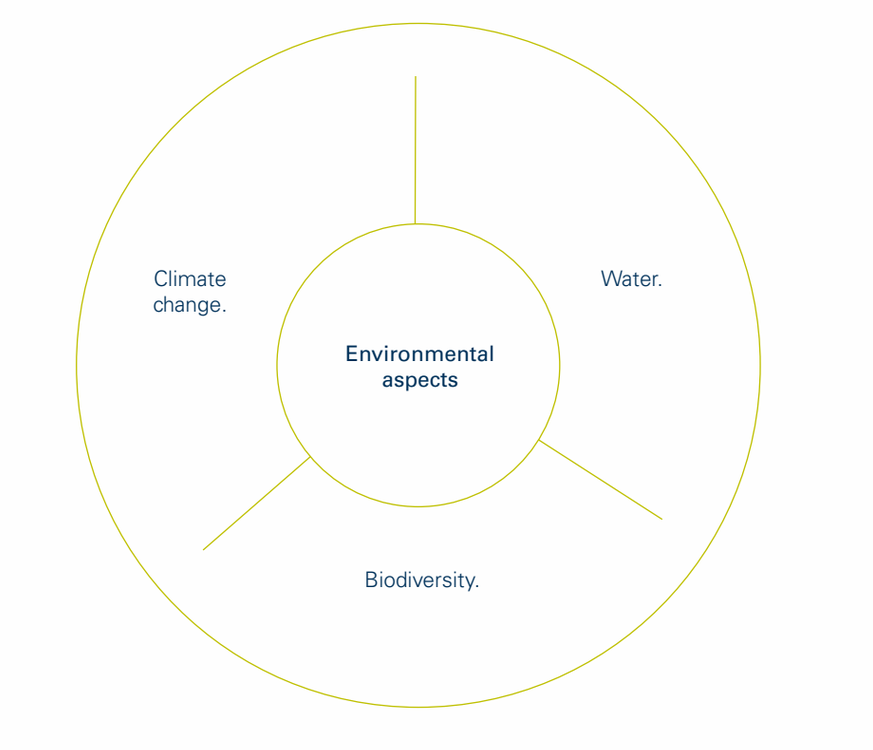
Level of fulfilment: + Finalised. + Major progress. + Intermediate progress. + Little progress . + Not started .

Commitment to the environment

[G4-DMA] (Materials, Energy, Water, Biodiversity, Emissions, Effluents and Waste, Products and Services and Transport)

At Gas Natural Fenosa we work to ensure compliance with environmental legislation, to reduce the environmental impact, to mitigate climate change, to preserve the biodiversity of the surrounding area, to optimise consumption of natural resources, to prevent pollution and to drive ongoing improvement. In all of these we go beyond the legal requirements.

The company tackles new challenges using a preventive approach, integrating environmental criteria in business activities and processes. It reflects its commitment to sustainability through a three-phase approach.



Gas Natural Fenosa tries to give continuity to its principles through the contractor companies that provide goods and services and, together with these companies, to compile action plans that enable it to abide by these principles. It therefore works with suppliers and contractors to help them commit to the development of best environmental practices.

In 2015, in general, there have been absolute and relative gains in the main environmental indicators with regard to 2014. This is as a consequence of higher production of coal-fired heat generation in Spain, and the new contribution of the distribution activities in Chile. For reasons of system and market stability, the Spanish heat generation occupied the space left through reduced renewable production, as it was a year with lower rainfall and wind levels.

Throughout 2016, we will be publishing a range of documents focused on environmental aspects such as climate change, biodiversity and water, with in-depth information about these areas. These documents are published in the environment section of the company's website.

Environment management

[G4-DMA] (Materials, Energy, Water, Biodiversity, Emissions, Effluents and Waste, Products and Services and Transport)

The environmental management of processes

Gas Natural Fenosa's environmental management model is based on the international ISO 14001 standard, and forms a basic part of the company's integrated management system for quality, the environment, and health and safety.

In 2015, the company retained all environmental certifications. Furthermore, the gas distribution process in Argentina was certified and the certified engineering scope was extended to Brazil, Colombia, Mexico and Panama.

Processes by country with certified environmental management

Country	Exploration and production	Supplies and transportation	Energy management	Generation	Gas and electricity distribution	Wholesale commercialisation and global accounts	Retail commercialisation	Customer service	Human resources management	Physical resources management	Technology and engineeering management
Argentina					✚						
Brazil					✚		✚				✚
Chile					✚		✚	✚			
Colombia					✚		✚				✚
Costa Rica				✚							
Spain	✚	✚	✚	✚	✚	✚	✚	✚	✚	✚	✚
Italy					✚		✚				
Kenya				✚							
Morocco		✚									
Mexico				✚	✚						✚
Moldova					✚		✚				
Panama				✚	✚		✚				✚
Dominican Rep.				✚							
South Africa		✚									

✚ Certified.

✚ In the process of obtaining certification or excluded in the integrated management system of Gas Natural Fenosa.

In 2015, 88.3% of the Ebitda generated through activities that have an impact on Gas Natural Fenosa was covered by the environmental management model set out in the ISO 14001 standard. Although the entry of CGE Chile into the company has decreased this percentage, in 2015 we have been working to establish the bases, methodologies and tools to enable this company to adapt its current certificates to the Integrated Management System of Gas Natural Fenosa during 2016.

Management planning

Environmental planning is carried out within the framework of the company's Corporate Responsibility Policy and strategy, which was updated in December 2015. It forms part of the Quality, Environment & Health and Safety Plan. This plan encompasses strategies and action lines that define the working guidelines for each period, so that all businesses approve their own management programme that is included in the plan.

In 2015, 197 environmental targets were defined targeted at achieving environmental sustainability, and we managed to comply with 88.48% of the plan.

Action lines of the Quality, Environment & Health and Safety Plan

Summary of actions carried out in 2015

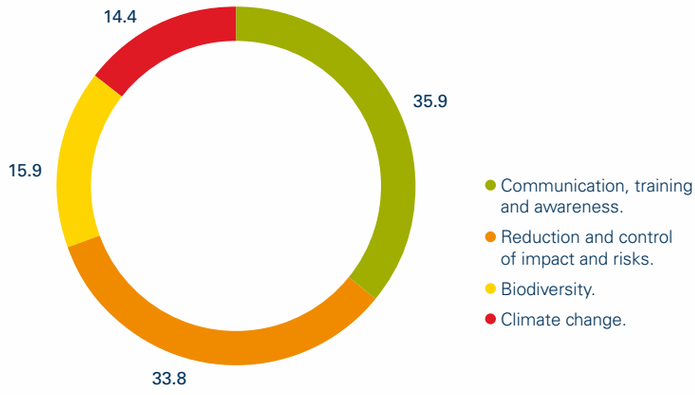
Reduction and control of environmental impact and risks
Actions in the area of waste management, as well as reduction in the consumption of resources, water and energy, and of the emissions generated in operations.

Climate change
Actions to reduce greenhouse gases (GHG) as part of the company's climate change strategy.

Communication, training and environmental awareness
Actions focused on offering suitable, reliable and transparent information to all interested parties, as well as training employees to improve the company's environmental performance, and to raise awareness of suppliers and customers.

Biodiversity
Actions to preserve biodiversity as part of the company's strategy, through specific projects such as better control of its own activities, as well as by signing agreements and sponsorships with the appropriate institutions.

Distribution of targets by subject matter (%)



Tools and methodologies

Gas Natural Fenosa has a range of different tools and methodologies targeted at managing environmental issues, providing consistency and uniformity in the company's processes

In 2015, the Themis tool, used for the control and management of legal requirements, was used to serve 1,544 users. It allowed them to find out and access a total of 12,872 legal requirements in issues of the environment, prevention, health and quality. This year, new territories in Italy and Mexico have been incorporated into the tool, along with the legislation applicable to the activities carried out by the CGE group in Chile.

Furthermore, in 2015 we introduced the new module of findings in the Prosafety tool, for recording and handling nonconformities, observations and opportunities for improvement detected in the company's business, and the corrective, preventive and improvement actions required to resolve these. To introduce this tool, we gave training to more than 200 employees. At the end of the year, there were already 900 users, 648 findings recorded and 767 actions planned.

Environmental audits are also conducted, as a tool for ongoing improvement, to assess the level of compliance with targets, provide recommendations and corrective measures, and to report to interested parties on their environmental behaviour. In 2015, there was an improvement in operational control as a consequence of better handling of the environmental aspects of activities.

We should also highlight the methodology used to calculate the Environmental Footprint of Gas Natural Fenosa, through which we are able to identify and quantify the direct and indirect environmental impacts of the company's activities.

Environmental risks

[G4-EN24]

Every year the company identifies and records environmental incidents at all relevant sites where the company operates, to develop, exchange and apply preventive measures.

It assesses facilities that have environmental risks through reference to the UNE 150008 standard and other methodologies targeted at the same. Self-protection plans and their corresponding procedures are used to identify and establish the responses to potential accident and emergency situations, in order to prevent and reduce their environmental impact.

Furthermore, we use and develop geographic information systems that enable us to identify, geo-locate and control part of the environmental risks.

During 2015, we began to introduce a centralised data capture system with regard to accidents and incidents, and any environmental occurrences are included in this system. We have managed to define common reporting criteria, which provides for appropriate and uniform monitoring of these events. This system also allows the development, exchange and application of preventive measures.

Incident	Location	Severity	Action taken by Gas Natural Fenosa
Spillage of 6,128 litres of oil from a transformer during an act of vandalism.	Chile	Minor	Mopping up and cleaning of the contaminated area and management of the waste.
Spillage of 17 litres of oil from electricity distribution transformers during the waste management of the same.	Colombia	Minor	Mopping up and cleaning of the contaminated area and management of the waste.

Awareness and training

Environmental training is a basic tool in preventing and reducing environmental impacts, improving environmental operational control in activities and reducing the environmental risk.

During 2015, Gas Natural Fenosa trained 8,647 employees through 37,582 hours of training. The training actions were focused on the following two issues:

- Providing training to workers in issues of integrated management systems and corporate tools for management of legal information and of environmental indicators.
- Improving the control and management of environmental aspects.

Of particular note is the training course "Management of Biodiversity at the Company", on biodiversity legislation, and the course "Adaptations of the New ISO 14001:2015 Standard", given by those in charge of the integrated management systems.

Communication and environmental awareness

In 2015, Gas Natural Fenosa consolidated its Environmental Communication Plan, which was launched in 2014 and which is set to continue in forthcoming years.

Gas Natural Fenosa also took part in 2015 at Carbon Expo, the international congress that hosts the leading professionals in issues of carbon for the purpose of sharing experiences. The company was present both at meetings with experts as well as through its own stand, and organised an event on measures to reduce CO_2 emissions in countries (NAMAs), targeted at attendees at the congress.

We also prepared interactive biodiversity and carbon footprint reports, to inform society about what the company is doing in these issues.

In addition, as part of the corporate environmental voluntary work scheme, the company has continued to support actions to raise environmental awareness. The aim of these actions is to encourage employees and relatives to look after the environmental and biodiversity through actions to improve the surrounding areas of our facilities and in protected and high-value areas for biodiversity.

In Spain, more than 200 volunteers took part in 2015 in a range of environmental preservation days held in areas with high natural value. We also performed a host of environmental volunteer actions in Argentina, Colombia, Mexico, Moldova, Panama and the Dominican Republic.

Legal requirements

Gas Natural Fenosa continuously monitors environmental legislation to be aware in advance of the repercussion this has on its activity and to adapt itself to new requirements.

Within this context, in 2015 the company actively took part at the Conference of the Parties (COP) of the UN Framework Convention on Climate Change (UNFCCC), known as COP21 and which was held in Paris. During this conference, the Paris Agreement was adopted, a text that was agreed and approved by virtually all countries and which sets out the ground work for the international climate regime from 2020 onwards.

In 2015, the company did not receive any significant environmental sanctions (those for an amount in excess of 60,000 euros and/or which are final judgements in the administrative channel).

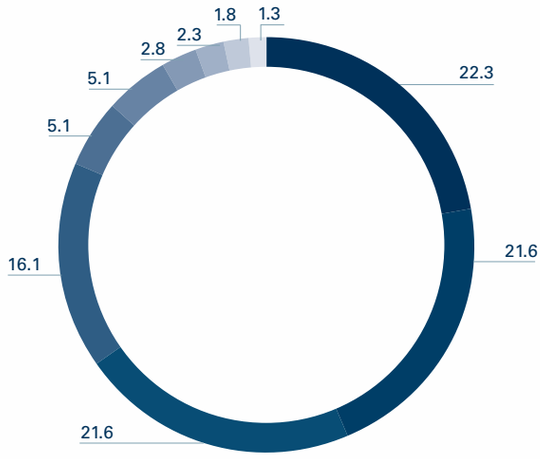
To guarantee effective communication with the external interested parties, there are different formal complaint mechanisms in operation. Dealing with environmental complaints properly is of great value because these complaints represent an opportunity to improve environmental management. In 2015, there were 397 complaints or claims, all of these were dealt with and 97% were resolved.

Environmental costs

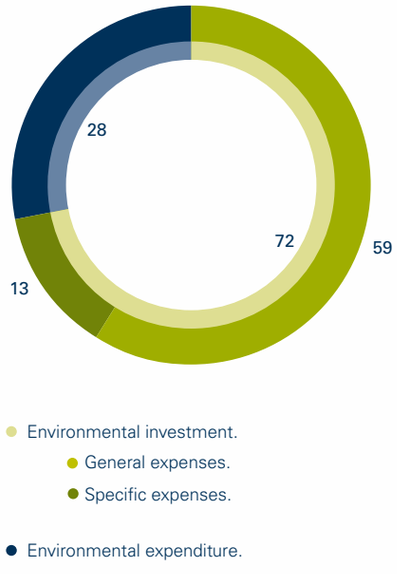
Gas Natural Fenosa makes significant efforts in issues of environmental protection, making sure its facilities are provided with the resources required to guarantee compliance with environmental legislation; to reduce the environmental impact of its activities; to prevent contamination and climate change; to control and minimise emissions, dumping and waste; to obtain new environmental certificates for its facilities; to improve environmental management and information systems, and to increase environmental training and awareness of workers, customers and suppliers.

The most outstanding investments in 2015 were those concerning the improvement to the combustion system of power stations, to different acts of renewal and improvement of generation facilities, and improvements to the distribution grid to reduce emissions of natural gas into the atmosphere.

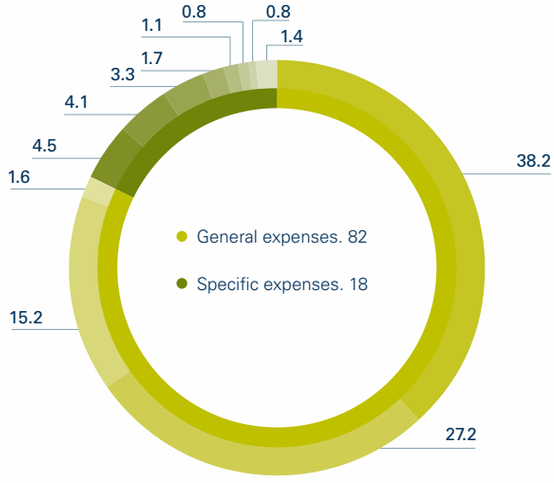
Breakdown of environmental investments (%)



Breakdown of environmental costs (%)



Breakdown of environmental expenditure (%)



Environmental parameters

Atmospheric emissions

[G4-DMA] (Emissions) [G4-EN20]

In 2015, there was an increase in absolute emissions of SO_2, NO_x and total suspended particles (TSP) into the atmosphere, due to increased operations of the coal-fired power stations. The reason for these power stations coming into operation is the reduced amount of renewable energy in Spain as the optimal environmental conditions for renewable energies were missing.

It is also important to point out that in order to comply with the Industrial Emissions Directive, which limits emissions in the electricity generation activity, we took important decisions so that in the future the Spanish power station sector complies with the environmental regulations.

As regards the specific emissions of SO_2 and NO_x, these have also increased, and in the case of the former they have exceeded the target value. With reference to other emissions, 0.2 tonnes of mercury, 0.072 tonnes of HCFC and 0.13 tonnes of freon R22 refrigerant were emitted.

Waste management

[G4-DMA] (Effluents and Waste)

Within the framework of the integrated management system, Gas Natural Fenosa has procedures for waste control and management through which the systems for the adequate separation, storage, control and management of waste are defined. The company prioritises management targeted at recycling and reuse over other management options, and energy recovery rather than landfill dumping.

In addition, in 2015 we signed an agreement with Recyclia for the collection and management of electrical and electronic devices and batteries. This agreement was the result of the project for optimisation in the management of some types of waste generated in Spain, for the purpose of identifying improvements at operational, administrative, economic and environmental level. This agreement allows us to make use of the integrated waste management systems, as provided for in legislation and which cover the management cost that has an economic repercussion on the purchase of such materials.

In 2015, generation of the most significant non-hazardous waste increased 3.6% versus 2014. We should point out the increase of ash and slag, and the reduction in the generation of soil and rubble through a decrease in the gas distribution network expansion activity, coupled with improved efficiency of these expansion works through a reduction of the excavation works perimeter. The decrease in the generation of sludges from coal washing at the Kangra mine in South Africa has also contributed.

Compliance with total atmospheric emissions targets (kt)

[G4-EN21]

	Target value 2015	2015	2014	2013
SO_2	<27	24.7	22.3	17.5
NO_x	<65	37.3	31.0	30.3
Particles	<3.7	2.1	1.6	1.8

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

[G4-EN21]

	Target value 2015	2015	2014	2013
SO_2	<0.48	0.55	0.51	0.37
NO_x	<2.09	0.83	0.71	0.64
Particles	<1.06	0.05	0.04	0.04

Non-hazardous waste managed (t)

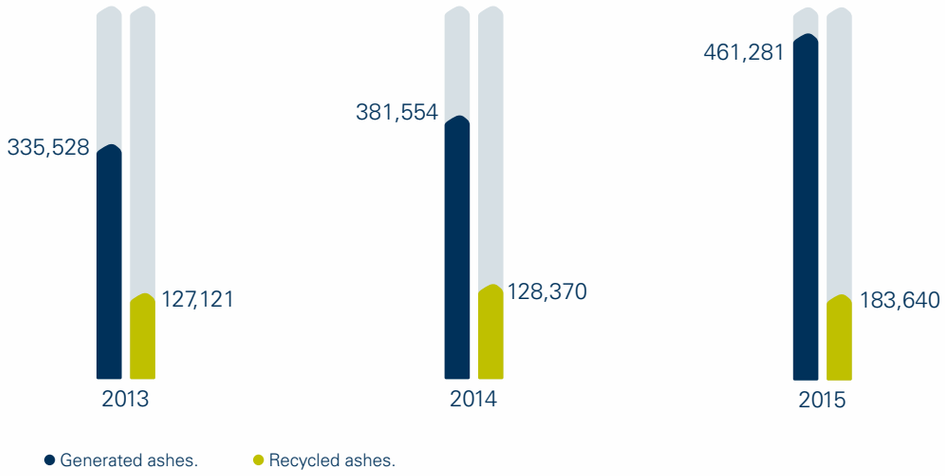
[G4-EN23]

Type	Amount
Soil and rubble	579,209
Fly ash	461,281
Sludge	230,363
Gypsum	109,013
Cinders	94,538
Waste plant matter	6,817
Scrap	5,485
Total	**1,486,706**

The company prioritises management targeted at recycling and reuse over other management options, and energy recovery rather than landfill dumping

Generation and recycling of ashes (t)

[G4-EN23]



Compliance with total atmospheric emissions targets (%)

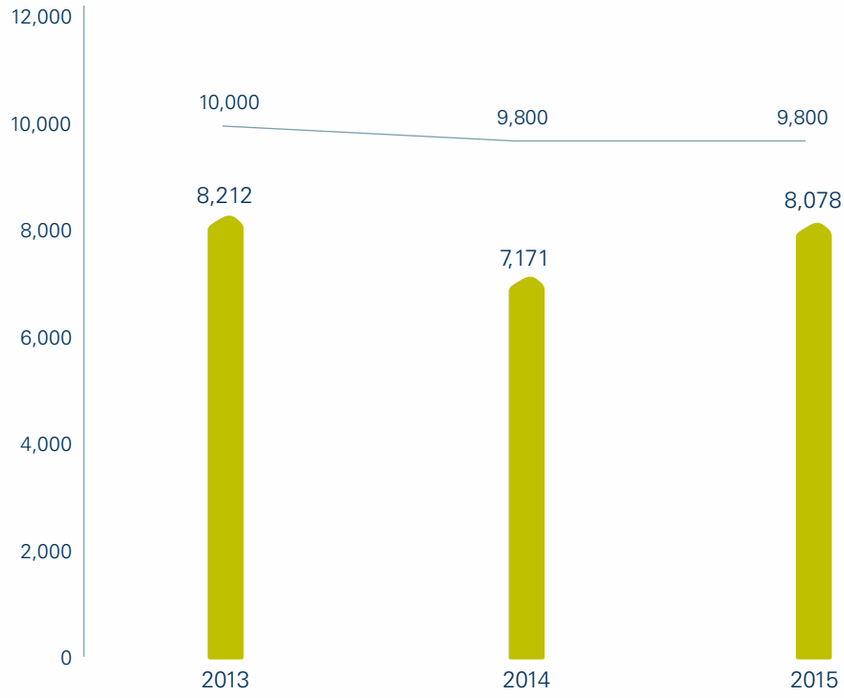
[G4-EN23]

	Target value 2015	2015	2014	2013
Recycled ashes	25	40	34	38

In 2015, generation of the most significant non-hazardous waste increased 12.6% versus 2014. This is due to the increase of solid waste and hydrocarbon-contaminated soils, and oils which mainly come from the electricity distribution activity. We should also highlight the reduction in the generation of oil and fuel sludges at Nairobi South Power Plant, due to reduced electricity generation at this plant in 2015.

Production of hazardous waste and compliance with targets (t)

[G4-EN23]



Hazardous waste managed (t)

[G4-EN23]

Type	Amount
Hydrocarbons plus water	2,816
Sludge from oil and fuels	1,874
Solid waste contaminated with hydrocarbons	1,171
Hydrocarbon-contaminated soils	931
Used oil	554
Vehicles out of use	266
PCBs and transformers with PCBs	180
Electric and electronic waste	172
Muds from treatment of water/wastewater	115
Total	**8,079**

Compliance with hazardous waste management targets (%)

[G4-EN23]

	Target value 2015	2015	2014	2013
Recycled and energy recovery	50	58	56	89
Incineration and landfill	50	42	44	11

Products sold for reuse (t)

[G4-EN28]

	2015
Fly ash	187,136[1]
Sludge from coal washing	102,625
Cinders	12,957
Sludge from oil and fuels	1,470

[1] The difference with regard to the recycled ash value is due to the sale of stored ashes in years prior to 2015.

Water management

[G4-DMA] (Water), [G4-DMA] (Effluents and Waste), [G4-EN9], [G4-EN10], and [G4-EN26]

As regards the amount of water, most water consumption at the facilities of Gas Natural Fenosa is due to the operation of the electricity power stations. A major part comes from water evaporation that takes place in the cooling towers. The rest is a consequence of consumption of the water-steam cycle and other ancillary services. We should state that most of the water captured is discharged back into the environment.

In 2015, there was a 13.5% increase in the volume of water consumed, mainly due to increased activity at the coal-fired power stations, where specific consumption was 683.36 m^3/GWh.

Water consumption accounts for 4% of all water captured, and 96% is returned to the receiving environment. 1.1% of the water captured is reused within the company's facilities, which accounts for 27.27% of the volume of water consumed.

Aware of the shortage of water in society, Gas Natural Fenosa works on a daily basis to reduce global water consumption as well as to increase the use of recycled or regenerated water for use in its activities, whether this water comes from the facilities itself from other installations. In 2015, the percentage of recycled water with regard to all water captured increased 6% versus 2014.

Water capture by source (hm^3)

[G4-EN8]

	2015	2014	2013
Surface water captured (sea)	736.65	896.12	1,074.81
Surface water captured (rest)*	46.28	39.12	16.76
Groundwater captured	0.64	0.19	0.62
Wastewater used, from another organisation	7.19	7.30	8.16
Water captured from the mains water supply	0.21	0.24	1.02
Total volume of water captured from the environment	**790.97**	**945.54**	**1,103.95**

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

Water consumption (hm^3)

	2015	2014	2013
Consumption of cooling water	27.05	24.14	29.02
Consumption of water in water/steam cycle	1.03	0.82	1.23
Consumption of water in other processes	1.80	1.45	0.28
Consumption of water in ancillary services	0.86	0.66	0.35
Total water consumption	**30.74**	**27.07**	**30.88**

As regards water quality, the company contributes towards sustainable management of water by applying preventive measures that guarantee the maintenance of the facilities. Furthermore, in the case of heat generation power plants, we perform analytical studies of the water from the environment that receives the effluent discharge, following the criteria set out under current legislation and by the company itself.

The treatment equipment and systems worked as planned in 2015, enabling effluent discharge authorisations to be met.

Furthermore, pursuant to the results of the studies conducted, the company carries out proper management of effluent discharge, and does not generate significant impacts on the aquatic ecosystems of the receiving environment.

The ecological state of ecosystems where the company is present can be classified as good, except that those that reveal deterioration on grounds that are unconnected to the company's business.

Water discharge (hm^3)

[G4-EN22]

	2015	2014	2013
Water discharged into the sea	708.82	887.10	1,062.66
Water discharged into waterways	28.73	22.90	9.50
Water discharged into the public sewerage system	0.26	0.20	0.39
Water discharged into septic tanks	0.03	0.005	0.03
Water discharged for use by an aquifer	0.03	0.031	0.03
Total volume discharged	**737.87**	**910.23**	**1,072.61**

Energy and material resources

[G4-DMA] (Materials and Energy)

The main consumptions of Gas Natural Fenosa are fuels and, to a lesser extent, chemical products used in the functional processes of our facilities, mainly electricity generation.

In 2015, Gas Natural Fenosa continued with the elimination of polychlorinated biphenyls (PCBs/PCTs), a substance that is mainly present in some of the older electricity transformers. There are currently 1,975 tonnes of dielectric oils to be removed, which have a low concentration of PCB (fewer than 500 ppm). This quantity represents an increase with regard to the previous year, as a consequence of the incorporation of the electricity distribution businesses of the Chilean company CGE.

The company's overall energy consumption in 2015 totalled a value of 217,773 TJ, with an increase of 13.1%, mainly due to a rise in coal-fired electricity generation in Spain and to the inclusion of the activities in Chile. The intensity of the company's energy consumption reached 42.0 TJ/million euros of Ebitda. Broken down by business segments, electricity generation is the activity with the highest energy intensity, followed by the distribution segments of mining, electricity distribution, infrastructures, gas commercialisation and, finally, gas distribution.

Materials used (t)

[G4-EN1]

	Amount
Fuels	
Natural gas	4,599,983
Coal-fired	3,345,194
Petroleum derivatives	402,977
Total	**8,348,153**
Other materials	
Calcium carbonate	57,470
Nitrogen	6,896
Magnetite	3,428
Lubricant/hydraulic oil	1,596
Sodium hydroxide	1,524
Calcium hydroxide	1,390
Sulphuric acid	1,339
Sodium hypochlorite	1,170
Total	**74,813**

NB: the overall figure of other materials represents 97% of all materials considered. The use of natural gas, coal and petroleum derivatives is the same item in both tables. Total energy consumption of the organisation (TJ), and materials used (tonnes) - but expressed in different units, to respond to the corresponding GRI indicators.

Total energy consumption within the organisation (TJ)

[G4-EN3]

	2015	2014	2013
Non-renewable fuels	**341,051**	**314,818**	**334,926**
Natural gas	246,440	243,722	263,133
Coal-fired	79,236	57,196	55,075
Petroleum derivatives	15,375	13,900	16,718
Renewable fuels	**0**	**2**	**1**
Electricity acquired for consumption	**17,718**	**11,880**	**10,992**
Renewable electricity generated (not included in the consumption of fuels)	**21,084**	**23,987**	**24,775**
Electricity and steam sold	**(162,081)**	**(158,195)**	**(170,394)**
Total	**217,773**	**192,490**	**200,300**

Energy consumption outside the organisation (TJ)

[G4-EN4]

	2015	2014
Final use of the natural gas commercialised	1,962,240	1,808,228
Final use of the coal extracted	46,990	45,969
Total consumption	**2,009,230**	**1,854,198**

2015 energy consumption intensity ratios within the organisation by segment of activity

[G4-EN5]

	Gas distribution	Electricity distribution	Electricity	Gas	Mining	**Total**
Energy consumption within the organisation (TJ)	5,399	17,418	184,303	10,460	192	**217,773**
Ebitda (millions of euros)	2,074	1,023	1,002	1,081	4	**5,184**
Ratio (TJ/million euros of Ebitda)	2.6	17.0	183.9	9.7	48.1	**42.0**

Climate change

[G4-DMA] (Emissions)

The production and use of energy are responsible for the emission of two thirds of greenhouse gases worldwide. The international undertaking reached at the Paris COP21, to keep the increase in the average global temperature far below 2°C with regard to preindustrial levels and to start the transition towards a new energy model, will require major reductions of emissions whilst simultaneously guaranteeing the growth of the world economy, energy security and universal access to modern energy.

At Gas Natural Fenosa we are committed to the use of low carbon energies (in which natural gas will play a predominant role), promoting savings, energy efficiency and renewable energies as the vectors on which the company projects its activity, to ensure compatibility between the supply of energy to society and mitigation of the climate change.

Positioning in issues of climate change

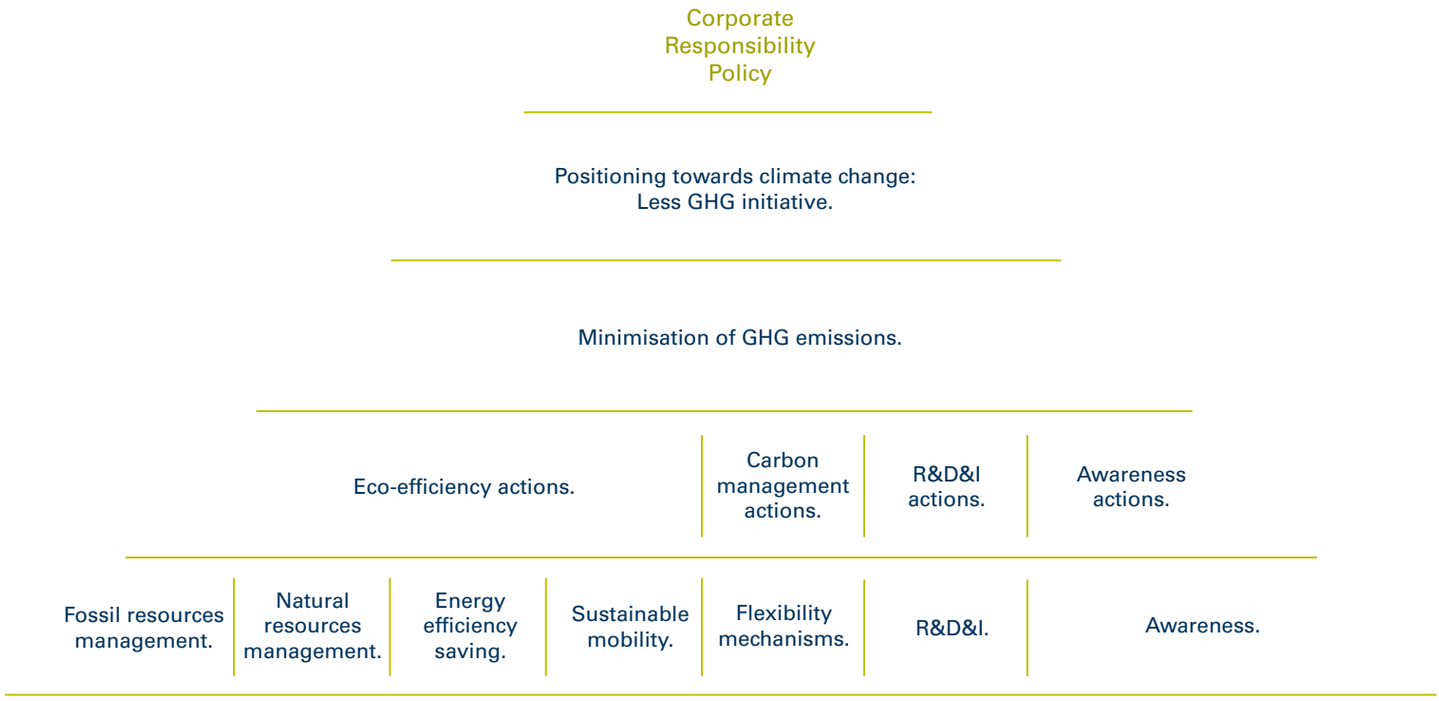
- Focus on maintaining energy strategies and policies in keeping with security of supply, competitiveness and environmental sustainability.
- Establish quantifiable objectives for reducing greenhouse gas emissions (GHG).
- Work on levelling the balance of social, environmental and economic aspects to contribute to a low carbon economy.
- Encourage and optimise energy saving and efficiency at our facilities and those of our customers, as the most efficient way of fighting against global warming.
- Resort to being active in carbon markets and supporting their globalisation so that energy production and consumption trends can be sustainable.
- Guide the company's actions in order to raise awareness in society in general regarding the global solution for climate change.
- Help establish specific measures that help us reach our fair and sustainable commitments to reduce global emissions.
- Get behind projects to reduce greenhouse gas emissions on a global scale, paying special attention to developing countries.

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

- Giving value-added to carbon management.
- Identifying options and solutions to meet our obligation of complying with restrictions on GHG emissions at the lowest cost.
- Minimising risks arising from future restrictions in the emission of GHG emissions in light of legislative and political developments.
- Developing business opportunities created due to the need to mitigate global warming.

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

Pyramid showing the climate change strategy



Management of climate change in figures

- Total GHG emissions (scope 1 and 2) were 23.8 $MtCO_2e$, up 16% on 2014.
- Specific emissions of CO_2 from electricity generation totalled 445 tCO_2/GWh, which represents 9.6% increase with regard to the previous year.
- The reduction of greenhouse gas emissions in emerging countries, through the Clean Development Mechanisms (CDM), was 1.44 $MtCO_2$, and we managed to reach, for the 2010-2015 period, a total of 6.14 $MtCO_2$.
- The emissions prevented through actions based on improving eco-efficiency and carbon management totalled more than 15.4 $MtCO_2$.
- Emissions of methane per kilometre of gas transportation and distribution network totalled 10.1 tCO_2e/km.

Main indicators

	2015	2014	2013
Direct emissions of GHG ($MtCO_2e$)	22.4	19.8	20.8
Emission factor excluding nuclear (tCO_2/GWh)	445	406	399
Emissions prevented ($MtCO_2e$/year)	15.4	14.5	15.0
Emissions prevented by CDM projects ($MtCO_2e$/year)	1.4	1.0	0.9
Emissions by leaks in gas networks (tCO_2e/km grid)	10.1	9.9	9.9

For compilation of the greenhouse gas inventory we used the global heating potentials of greenhouse gases based on the 4th Assessment Report of the IPCC, pursuant to the criteria established by the United Nations for the third stage of compliance with the Kyoto Protocol regarding National Inventories of Emissions.

Response to investors with regard to climate change

The international climate change negotiation agenda has incorporated the private sector as a new and important agent. This trend began at the start of 2014 and has clearly consolidated in 2015. The pivotal role of the private sector in negotiations which hitherto had only been carried out at governmental level is reflected in the interest that climate change has stirred up at political, institutional and social level.

For some years now, Gas Natural Fenosa has been performing a very active role in the action against climate change, as revealed in the valuation carried out every year by the Carbon Disclosure Project (CDP), which has consistently acknowledged Gas Natural Fenosa as the world leader in the Utilities sector over the 2011-2014 period.

In 2015, Gas Natural Fenosa obtained a score of 99 A- in the CDP investors questionnaire, which acknowledges the extremely high level of reporting and transparency of the company in issues of climate information and actions to reduce CO_2 emissions in its activities.

CDP is a key initiative driven by institutional investors worldwide to distinguish those companies that are climate performance leaders because of their strategy and behaviour in this field.

In 2015, the Dow Jones Sustainability Index (DJSI) also acknowledged the company's climate strategy, and gave it the maximum score possible -100-, up two points on the score obtained in 2014.

The climate action is a new global trend that is generating major movements within the business world. The new initiatives promoted at the highest institutional level, is being widely accepted by companies. In this regard, Gas Natural Fenosa takes part in:

Business Leadership Criteria on Carbon Pricing

Through this initiative, companies undertake to establish an internal carbon price, high enough to materially affect the investment decisions; to publicly support the importance of setting carbon prices, through the mechanisms and policies taken into consideration by the specific economies of countries and political contexts; and to report progress over time with regard to the two foregoing criteria in the corporate reports made available to the public.

CO_2 price

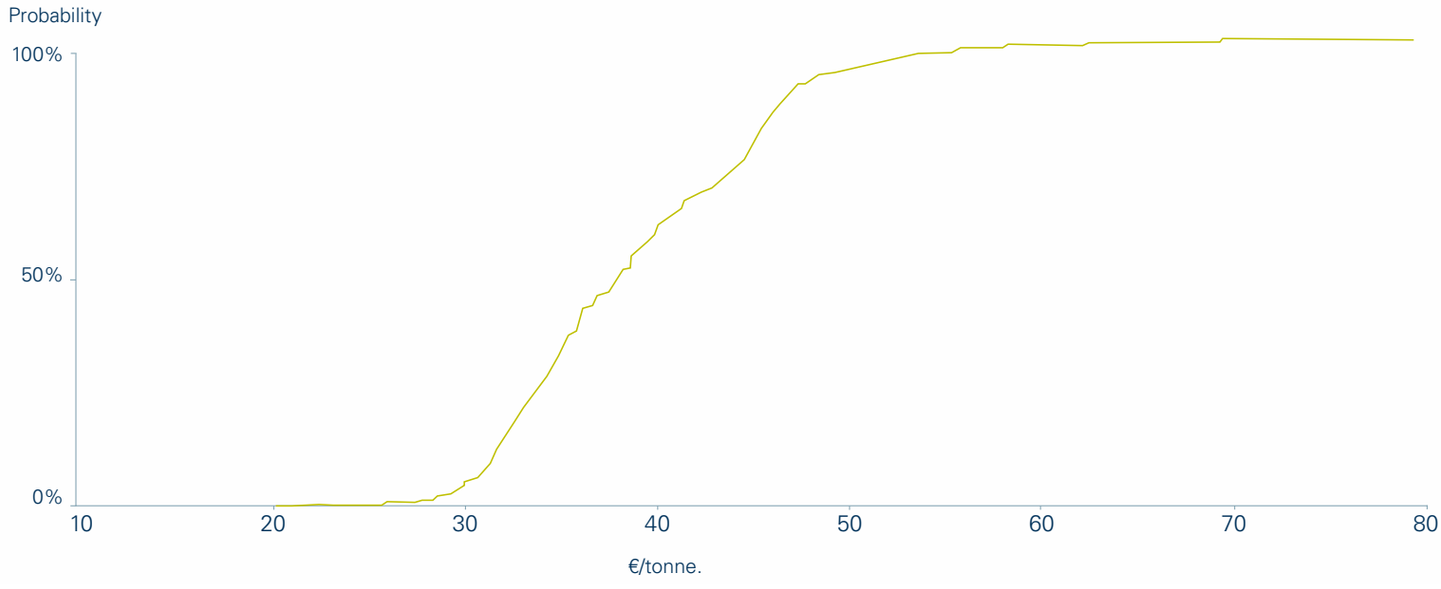
The European Union Emission Trading Scheme (EU ETS) needs to be one of the main instruments for achieving the European Policy on Energy and Climate.

The development of renewable energies is a key part of the process to reduce CO_2 emissions, but the limited proper design of systems to support renewable energies has changed the energy and emissions markets. Renewable energies must be developed on the basis of the market (with a CO_2 price that is appropriate for the target of reducing emissions) but without subsidies that distort the market. An effective CO_2 price is needed to achieve the efficient transition towards a low carbon economy.

To assess the economic impact that the CO_2 price would have on its activities, Gas Natural Fenosa has developed a stochastic model with Monte Carlo simulation to determine the optimum abatement cost in the European Union in order to comply with the 2030 targets.

The cost of abatement of the mitigation alternative is calculated as the net present value (NPV) divided by the emission reductions achieved. The abatement curve obtained by the model does not consider the external factors of the different alternatives.

Price of CO_2 based on the optimum abatement cost obtained



The estimated average price, in 2030, is 41.5 euros/tonne. The key statistics obtained are:

- The price volatility of the emission rights would be 19% (measured as the typical deviation of estimated prices).
- In 95% of cases, the price of the emission rights would be between 30 euros/tonne and 60 euros/tonne.
- The percentile 99 of distribution of the price forecast is 69.9 euros/tonne, as the difference between this value and the average of 68.6%.

This price would only apply to the valuation of new investment projects in the European Union. Different CO_2 prices will apply for remaining countries.

Caring for Climate

This is the business leadership platform for tackling climate change. Gas Natural Fenosa's undertaking is to improve energy efficiency, reduce its carbon footprint and every year provide public information on the evolution of the company's emissions.

The aim of the initiative is to help companies make progress in practical solutions, to share experiences, to provide information as well as to shape the public's attitude. The Executive Directors that support the Caring for Climate Declaration are prepared to set challenges, to develop and to extend strategies and practices, and to publicly disclose the emissions as part of their commitment to dissemination.

Statement on fiduciary duty and climate change disclosure

This declaration was launched on 23 September 2014, at the Climate Change Summit of the Secretary General of the UNO in New York.

As a signatory, Gas Natural Fenosa acquires the collective undertaking of a leading group of institutional investors and companies to strengthen and to align, through a common framework, the corporate reports on climate, targeted at the community of investors. It is also a call to action for other companies and investors to follow its example.

Corporate commitment to climate change

The leadership and action in this field represent a solid base for the growth of businesses, responding to requests from institutional investors, who reveal a growing interest in these issues. Business leadership in this area places companies in a strong position when it comes to a comparative assessment by stakeholders.

By accepting this commitment, companies agree to put into practice the actions of Section 3 of the "Identify-Assign-Inform" Guide:

- To introduce internal audit processes for all the company's activities that have an influence on the climate policy.
- Work to ensure that all this activity is constant.
- Communicate policies, positions, actions and results.

Science-based targets

This is a joint initiative from the CDP, UN Global Compact, World Resources Institute (WRI) and World Wildlife Fund (WWF). The aim is to increase corporate ambition in climate action, by setting targets for the reduction of emissions towards objectives that are consistent with the decarbonisation level required by science to restrict global warming to less than 2°C in comparison with preindustrial temperatures.

In this context, Gas Natural Fenosa has approved two new targets for 2030. The monitoring of these targets is set out in the Carbon Footprint Report, which encompasses the complete financial perimeter. In addition to information on the management of carbon, the Carbon Footprint Report also provides information on the segregated values of the company's footprint. It has been compiled since 2009 and is published on the corporate website within the first six months of the year.

The Carbon Disclosure Project (CDP) has recognised Gas Natural Fenosa as a world leader in the Utilities sector continuously over the 2011-2014 period

New target for absolute emissions scope 1 and 2

To reduce by 7.5% the average absolute Greenhouse Gas Emissions for the 2013-2020 period with regard to the 2012 base year (an annual 1.74%) and 16.1% for the 2013-2020 period (an annual 2.2%).

New target of specific emissions for electricity generation

To maintain the average of specific emissions of CO_2 from electricity generation at below 390 tCO_2/GWh for the 2013-2030 period.

Risks and opportunities in climate change

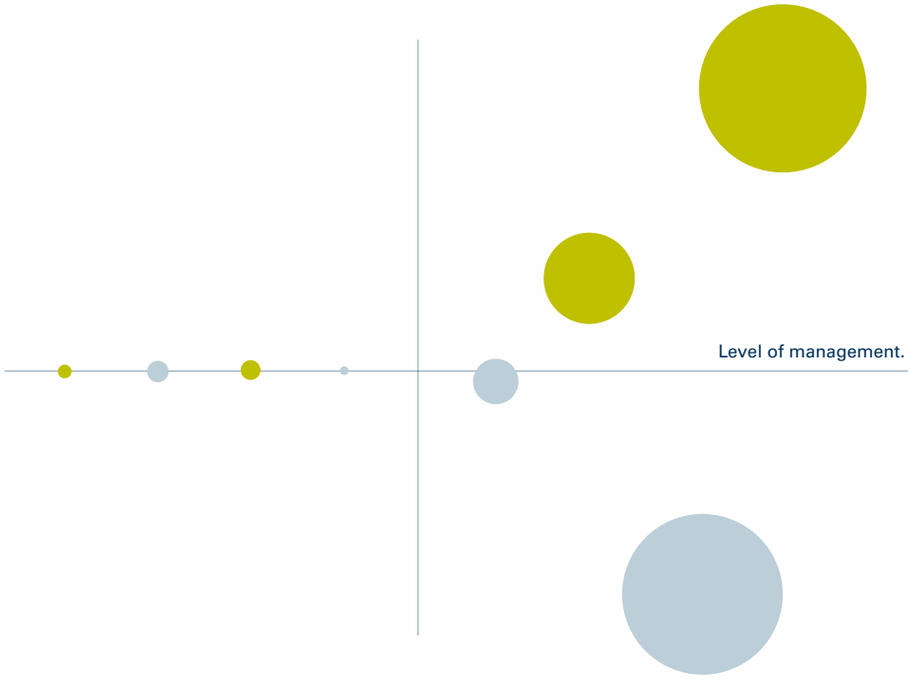
[G4-EC2]

Risks and opportunities associated with climate change in Gas Natural Fenosa are included in the company's Corporate Risk Map. The measurement of risks and opportunities allows them to be integrated within the corporate strategy and for targets to be set with the aim of keeping risks to a minimum and maximising opportunities.

Risk map impact categories

Category	Factors
Ambient temperature	Demand for natural gas.
	Demand for electricity.
	Performance of combined cycles.
Rainfall	Generation dispatch.
	Wholesale electricity market price.
Rising sea level	Floods.
	Loss of production.
Extreme weather events	Variation in the frequency and intensity of extreme weather events.
CO_2 markets	2008-2012 emissions rights commercial scheme.
	2013-2020 emissions rights commercial scheme.
	European Commission intervention.
	Introduction of technologies for the capture of CO_2.
	Wholesale electricity market price.
	Thermal gap.
Renewable energies	Renewable energies.
	Sensitivity in wholesale electricity market price.
Energy efficiency	Demand for natural gas and electricity.
	Penetration of electric cars: increase in demand for electricity and greater use of installed power.
Company reputation	Impact on company reputation.

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



The risks and opportunities have been divided into four major types:

- **Physical parameters.** Defined by the Intergovernmental Panel on Climate Change: increase of temperature, modification of rainfall, rising sea level and extreme weather events.

- **Market.** Existence of CO_2 markets like the EU-ETS, and the development of other possible markets with similar features.

- **Regulatory.** Development of energy policies to mitigate climate change and which revolve around fostering the use of renewable energies and promoting energy efficiency.

- **Reputational.** For the categories of risk in which random scenarios have been generated taking into consideration different physical parameters, the results obtained correspond to the differences between the values expected and those of risk under historic conditions, with regard to the values as a result of incorporating climate change. For the remaining risk categories, the scopes refer to how they affect the different work scenarios with regard to the one defined as the baseline scenario.

Encouraging eco-efficiency

- **Fossil resources management.** This is the main action line of the company's climate change strategy, which is committed to natural gas as the best alternative for the reduction of emissions.

  Natural gas allows the use of advanced and efficient technologies which, coupled with the characteristics of the molecule, increase the efficiency of technologies to reduce consumption, thus favouring the diversification of fuels and reducing atmospheric emissions.

  By using this fuel in electricity generation and in residential, commercial, institutional, industrial and transport sectors, we are avoiding emissions with regard to less efficient fuels in terms of carbon.

- **Management of renewable resources.** As regards management of renewable resources, Gas Natural Fenosa remains committed to the introduction of mature renewable technologies. During the 2014-2015 period, we can highlight the start of commercial operations of the Bií Hioxo windfarm (234 MW) in Mexico; the Torito hydraulic power station (50 MW) in Costa Rica; the incorporation of Gecalsa windfarms (239 MW) and "La Dehesa" solar photovoltaic facility (1 MW) in Spain.

- **Energy efficiency and saving actions.** The energy efficiency and saving actions focus on the company's own facilities and on the end use of the energy at the customers' premises.

  In 2015, we continued with the Energy Efficiency Operations Plan at the coal-fired and gas power stations, with renewal of the pipework and connections of the gas distribution network, renewal of the equipment with SF_6 and energy savings carried out at the work centres.

  As regards the final use of energy, the efficiency solutions of Gas Natural Fenosa targeted at customers from the tertiary sector, public administrations and industry have played a major role in reducing CO_2e emissions through the replacement and renewal of boilers, the sustainable mobility solutions based on natural gas, the efficient lighting service and the electric air conditioning solutions.

Carbon management

[EU5]

Gas Natural Fenosa performs integral management of its emissions rights portfolio for Stage III (2013-2020) of the Kyoto Protocol. Due to the absence of free allotment rights for electricity generation over this period (except the co-generators, which continue to receive a free of charge allotment for heat generation), Gas Natural Fenosa has to acquire 100% of the emission rights and credits required to achieve annual compliance through its active participation, both on the secondary market as well as primary projects and carbon funds.

In 2015, overall consolidated emissions of CO_2 of the power plants affected by Directive 2003/87/EC, which sets up a regime for trading greenhouse gas emission rights, were 13.5 $MtCO_2$ versus the 11.1 $MtCO_2$, in 2014.

As regards the Clean Development Mechanisms (CDM), as part of the flexibility mechanisms of the Kyoto Protocol, Gas Natural Fenosa was the first Spanish company to achieve registration of this kind with the United Nations, with Los Algarrobos hydroelectric power, in Panama.

Since then, the company has carried out further CDM projects such as the small power plants of Macho de Monte and Dolega (Panama), the hydroelectric power plants of La Joya and Torito (Costa Rica), the Sombrilla project to capture methane (Colombia), the Quimvale project to switch from fuel to natural gas (Brazil), the project to recover methane gas from the Doña Juana landfill site, the hydroelectric power plant of Amaime (Colombia) and the Bií Hioxo wind farm (Mexico).

In 2015, the totality of CDM projects registered by Gas Natural Fenosa produced reductions of around 1.44 $MtCO_2$ and prevented the consumption of 7,268 TJ.

Research, development and innovation (R&D&I)

In 2015, Gas Natural Fenosa has continued with its commitment to dedicate a large part of its efforts in the area of innovation to the development and introduction of technological solutions that help improve and resolve the challenges it faces in sustainability, the environmental impact and efficiency.

Main lines of work in environmental R&D&I

Sustainable mobility
Gas Natural Fenosa defends the role of natural gas in transport as a feasible and environmentally beneficial short-term alternative. It has mainly focused on the development of projects for sea and land transportation using gas as a fuel.

Efficiency and energy services
Gas Natural Fenosa considers that the search for energy efficiency is an essential element in providing customers with competitive energy services that are in turn aligned with ever more ambitious environmental targets.

The company is focused on providing sustainable energy services. With this in mind, it works on improving processes to increase energy efficiency in all links of its chain, and it also places the focus on its customers, by providing them with information and services that allow them to reduce their energy consumption.

By the same token, the contribution of ICTs has an unfathomable value, as these technologies provide information on the use of energy required to design improved solutions and the application of energy efficiency measures.

Renewable gas
The main actions in this area are targeted at producing renewable methane from different sources, with a special short-term focus on waste and biomass to be injected into the natural gas network, or for use as a fuel for the transport sector.

Advanced generation technologies
The application of these technologies in the operation of existing gas and coal-fired power stations is one of the priority action lines, in which we develop a range of projects targeted at improving the performance of assets, reducing the environmental impact caused by emissions and improving the flexibility of their operation.

Advanced solutions of the gas networks
The main activities carried out in this area address the different technologies and devices under development in order to provide the gas networks with greater intelligence.

We are currently working on the Greenhouse Gas Emissions project, which seeks to analyse the methods used in Europe to estimate methane emissions from the gas distribution network, and identifying best practices in order to compile a common European focus with regard to this calculation.

Awareness

[G4-DMA] (Transport), and [G4-EN30]

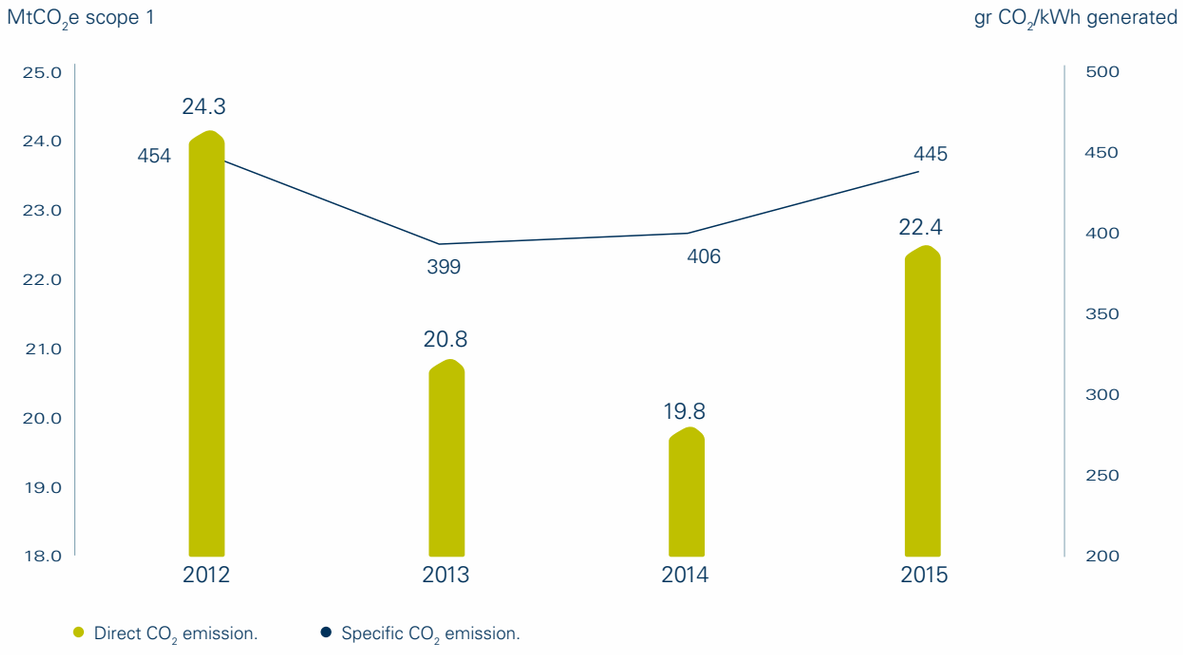
The Gas Natural Fenosa Foundation organises events, courses and seminars to provide education and to raise environmental awareness. Its activity focuses mainly on the sphere of energy and the environment, addressing issues such as climate change, savings and efficiency in the use of energy, and sustainable mobility, among others. Among the many events organised by the foundation, of particular relevance was the 14th International Seminar on Energy and the Environment, Business and Climate Change, held in Madrid, and the 1st seminar organised jointly with the European Commission for Energy and Climate.

Main actions and communications related to climate change

- Publication of the 6th Carbon Footprint Report and the first interactive report.
- Sponsorship of the Status Report on CO_2 Emissions Worldwide, in collaboration with the Empresa y Clima Foundation.
- Plan for the voluntary compensation of greenhouse gases, the Compensa 2 initiative through which, in 2015, we compensated a total of 51,025 tCO_2.
- Participation in the One Million for the Climate initiative of the Spanish Ministry of Agriculture, Food and the Environment.
- Affiliation to the Climate Change Cluster of Forética and to the Spanish Green Growth group.
- Participation at the COP21 in Paris, the Framework Convention of the United Nations on Climate Change, which aims to reduce the concentrations of greenhouse gases in the atmosphere.

Direct GHG emissions. Total Gas Natural Fenosa (MtCO$_2$e and grCO$_2$/kWh generated

[G4-EN15]



Direct GHG emissions. Total Gas Natural Fenosa (ktCO$_2$ e)

[G4-EN15]

	CO_2	CH_4	N_2O	SF_6	HFC	PFC	**Total group**
Electricity generation	20,297.2	7.2	29.7	0.0	1.1	0.0	**20,335.2**
Gas distribution	77.5	1,407.7	0.1	0.0	0.0	0.0	**1,485.3**
Gas (infrastructures)	569.1	3.2	2.0	0.0	0.0	0.0	**574.3**
Electricity distribution	0.0	0.0	0.0	26.0	0.0	0.0	**26.0**
Mining	2.5	0.0	0.0	0.0	0.0	0.0	**2.5**
Total	**20,946.3**	**1,418.1**	**31.8**	**26.0**	**1.1**	**0.0**	**22,423.4**

Indirect CO_2 emissions. Total Gas Natural Fenosa (KtCO$_2$)

[G4-EN16] and [G4-EN17]

	2015	2014	2013
Fixed sources. Indirect CO_2 emissions. Scope 2	1,460	678	599
Emissions from natural gas sold to third parties. Scope 3	109,885	91,297	88,855
Emissions from coal extracted from the Kangra mine. Scope 3	4,445	4,349	5,650
Total	**115,790**	**95,646**	**95,104**

Ratio of energy emissions intensity by segment of activity

[G4-EN18]

	Gas distribution	Electricity distribution	Electricity	Gas	Mining	**Total**
Emissions of GHG ($ktCO_2e$)	1,485.3	26.0	20,335.2	574.3	2.5	**22,423**
Ebitda (millions of euros)	2,074	1,023	1,002	1,081	4	**5,184**
Ratio ($ktCO_2e$/million euros of Ebitda)	0.7	0.03	20.3	0.5	0.6	**4.3**

Initiatives for reducing GHG emissions (kt CO_2) and associated energy savings (TJ)

[G4-EN6], [G4-EN7] and [G4-EN19]

	Energy savings (TJ) 2015	Energy savings (TJ) 2014	Emissions prevented ($ktCO_2e$) 2015	Emissions prevented ($ktCO_2e$) 2014	Gases included in the emissions*	Scope of emissions*
Electricity generation: combined cycles	**35,444**	**43,026**	**9,587**	**9,750**	CO_2	**A1/A3**
Spain	17,693	19,140	5,966	5,792	CO_2	A1/A3
Mexico	17,751	23,886	3,621	3,958	CO_2	A1/A3
Electricity generation: renewable	25,701	20,186	2,143	1,721	CO_2	A1/A3
Wind farms, Spain	14,244	14,049	1,266	1,225	CO_2	A1/A3
Wind farms, Mexico	7,472	2,224	522	155	CO_2	A1/A3
Small hydro power stations	3,984	3,913	354	341	CO_2	A1/A3
SFV	1		0,071		CO_2	A1
Electricity generation: energy efficiency. Spain	**9,816**	**8,124**	**1,515**	**1,199**	CO_2	**A1/A3**
Repowering small hydro plants	2,994	2,817	266	246	CO_2	A1/A3
Boiler change Meirama	6,672	5,047	1,224	912	CO_2	A1
High-efficiency cogeneration	149	260	25	42	CO_2	A1/A3
Gas and electricity transportation and distribution: energy efficiency. Spain	**1,235**	**1,235**	**526**	**526**	CO_2	**A1**
Replacements of pipes	1,235	1,235	526	526	CH_4	A1
End use of gas and electricity. Spain	**10,844**	**16,762**	**195**	**302**	CO_2	**A3**
Energy services	10,844	16,762	195	302	CO_2	A3
Clean Development Mechanism (CDM)	**7,268**	**3,570**	**1,441**	**1,008**	CO_2/CH_4	**A1/A3**
Total	**90,306**	**92,902**	**15,407**	**14,506**	CO_2/CH_4	**A1/A3**

* A1: scope 1; A3: scope 3.

Methodology or standard used to calculate the foregoing table: these reductions are calculated as the difference between emissions from "with project" and "without project" scenarios. The "with project" scenario represents the real level of energy consumption and GHG emissions due to the implementation of the project. The "without project" baseline scenario represents the energy consumption and GHG emissions levels that would have been reached if the project had not been implemented.

Biodiversity

[G4-DMA] (Biodiversity)

Commitment

For many years now Gas Natural Fenosa has been strongly committed to the preservation of biodiversity, as part of the Corporate Responsibility Policy. This commitment inspires the environmental sustainability strategy, the main objectives of which are the preservation of nature and the minimisation of impacts on the ecosystems.

This requires the company to comply strictly with environmental legislation for protection of the environment, through the introduction of additional voluntary measures that help mitigate or compensate the impacts arising from the performance of new projects and the operation of facilities once they come into operation.

In addition, different initiatives are addressed to extend our knowledge of habitats and species that live close to our facilities, in particular those that are near protected areas or which are of particular value for biodiversity.

We also encourage initiatives in environmental education and raising awareness with stakeholders, in particular among the company's employees, aware that we are all responsible for the preservation of the environment in the work that we carry out.

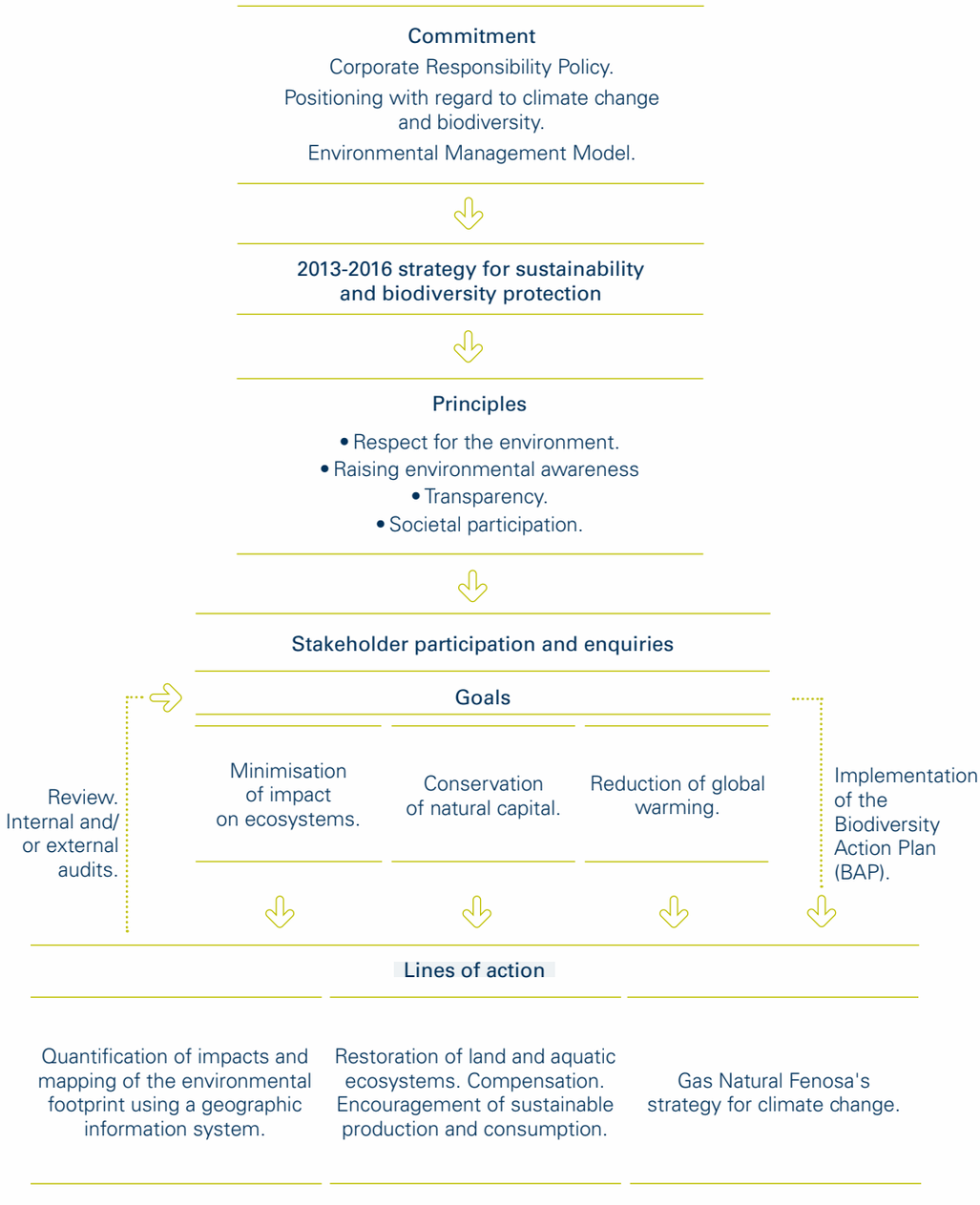
Commitments to preserving biodiversity

- Going beyond observance of nature protection laws and regulations.
- Promoting and cooperating in preserving biodiversity in the area surrounding its installations, paying special attention to protected spaces.
- Studying the environmental impact of its activities and projects, their effects on ecosystems and biological diversity, taking into account its stakeholders.
- Adopting measures to prevent and minimise possible adverse effects on biodiversity, restoring damaged areas and soils.
- Respecting the traditional ways of life of the local communities to favour the preservation and sustainable use of the environment

This commitment is instrumented through the 2013-2016 Biodiversity Action Plan (BAP), which sets out the different initiatives that the company performs to ensure proper protection of the environment, in particular in areas where there can be greater potential risk.

Accordingly, working tools and methods are developed to spread greater information and awareness about the natural spaces in which the facilities are located, as a preliminary task before the conservation measures deemed to be most appropriate in each case are actually designed and implemented. The company also takes into consideration the opinion of stakeholders who seek to conserve biodiversity in places where activities and projects are developed.

Sustainability strategy



Indicators

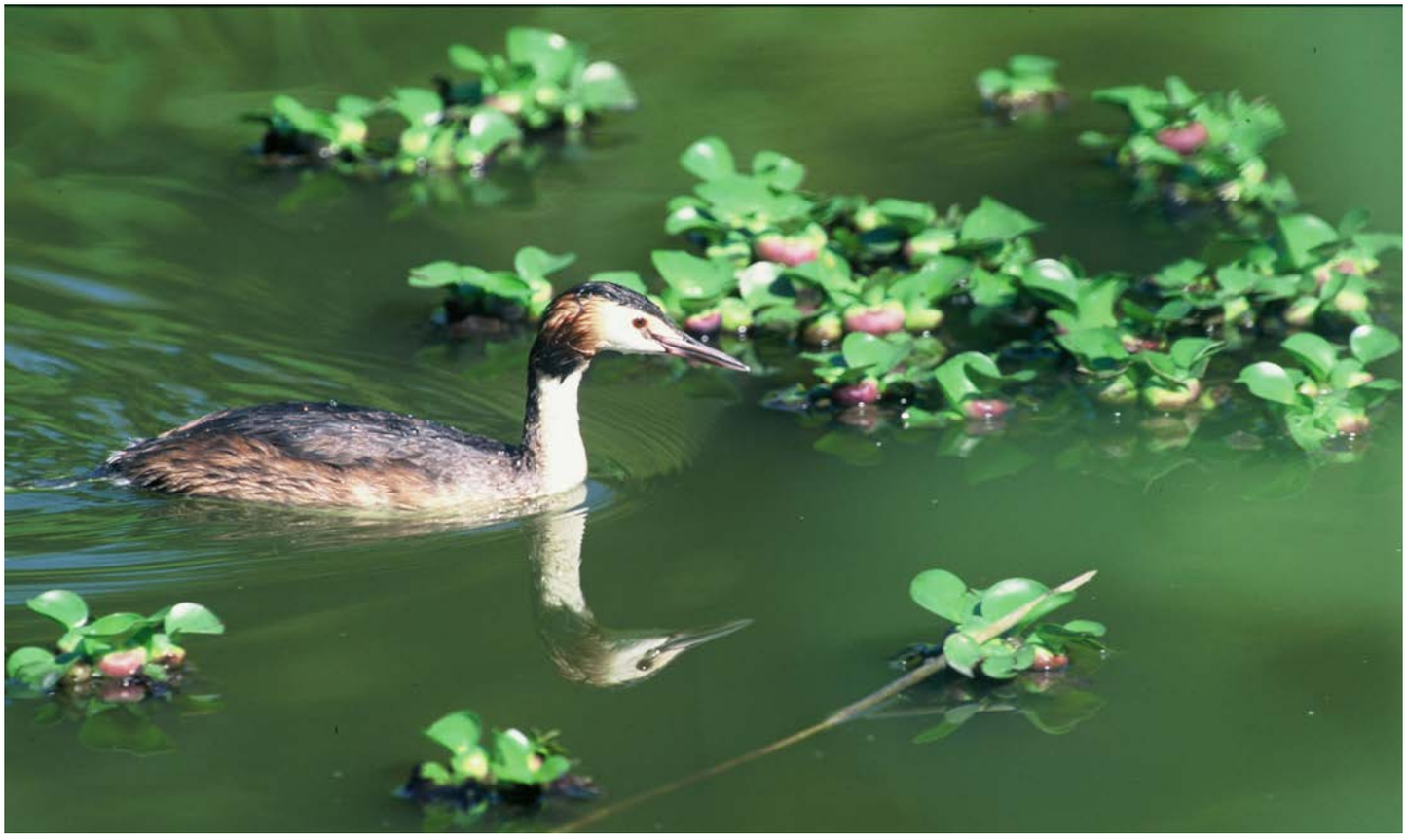
[G4-EN12] and [G4-EN27]

The development of Gas Natural Fenosa's business activities requires wide-ranging concerns for the land, whether this is on a temporary basis, during the construction of facilities, or permanently, once they are operational. In some cases, the terrains affected by these activities are of great value for biodiversity, which means that the company needs to adopt the measures required to minimise the risk of causing impacts and properly managing those that cannot be avoided, even when these are areas that do not have legal protection or facilities that existed before the location was designated as a protected area.

The areas that could be potentially affected have been calculated by increasing the surface area occupied by the facilities with a radius whose length is variable (from 10 m to 5 km), based on the type of facility under consideration.

Those facilities whose surface area is located, in full or in part, on terrains that have a level of protection are classified as interior; those that are located within the radius affecting the protected space are considered adjacent, and those whose surface area is not within a protected area and not within the radius have been classified as exterior.

As regards business activities, in countries where there is no reference mapping information on protected natural spaces or spaces of value for biodiversity, we have marked out the setting of the facilities and have located, on the list of natural spaces, the distribution areas of those species that enjoy some level of protection.



Description of land owned, leased, managed or adjacent to protected natural spaces or unprotected high biodiversity areas
[G4-EN11]

Business	Type of operation	Location with regard to the protected area	Surface area/length of area affected	Value of biodiversity
Gas	Exploration.	Interior.	22 ha.	SCI, SPA, PNS, RAMSAR, IBA.
	Transport and distribution.	Interior and adjacent.	347 ha/8,668 km.	PNS, SCI, SPA, RAMSAR, BR, NR, RPC, SBEI, EPA.
Electricity	Generation.	Interior and adjacent.	59,820 ha.	SCI, SPA, PNS, RAMSAR, BR, AIBC, NRA.
	Transport and distribution.	Interior and adjacent.	169 ha/16,114 km.	SCI, SPA, PNS, RAMSAR, BR, NM, NR, PLA, NAM, SR, NRA, NP, NM, WR, CONAF, NMC, NM, ARN.
Mining	Coal extraction.	External.	0	–

SCI: Sites of Community Importance (Spain and Italy). SPA: Special Protection Areas (Spain and Italy). PNS: Protected Natural Spaces. RAMSAR: wetlands classified through the Ramsar Convention (international). BR: Biosphere Reserve, UNESCO (international). NR: Nature Reserve (Morocco and Moldova). RPC: permanent game reserve (Morocco). SBEI: Site of Biological and Ecological Interest (Morocco). EPA: Environmental Protection Area (Brazil). NRA: National Recreation Area (Panama). AIBC: Areas of Importance for Bird Conservation (Mexico). NM: National Monument (Spain, Italy and Chile). PLA: Protected Landscape Area (Moldova, Dominican Republic). NAM: national monument (Moldova and Panama). SR: Scientific Reserve (Moldova). RA: Recreation Area (Panama). NP: National Park (Panama). WR: Wildlife Refuge (Panama). CONAF: national forest corporation (Chile). NMC: National Monument Council (Chile). ANR: Absolute Natural Reserve (Chile).

In all cases, the company complies with the demands laid down by the public authorities to minimise possible negative effects that the facilities could have on the surrounding species and habitats. In addition to the mandatory environmental impact studies (EIS) and environmental vigilance plans (EVP), we often carry out voluntary actions that go beyond what is strictly established through environmental legislation.

Main impacts on biodiversity of the activities carried out by Gas Natural Fenosa*

				Electricity generation				
		Upstream	Gas T&D	Thermal	Hydraulic	Wind	Electricity T&D	Mining
Construction and operation of transport infrastructures	The building of transport and distribution (T&D) infrastructures may have a temporary impact on the fauna present in the environment. The operation of electricity T&D grids may have a permanent impact on vegetation and birdlife.	+	+	+	+	+	+	+
Atmospheric pollution	Emissions from combustion may have an impact on the abiotic and biotic environments in the surroundings of the facilities.	+	+	+	+	+	+	+
Conversion of habitats	Changes in the use of land and the permanent presence of facilities in the natural environment may cause impacts on the populations of species present in the environment. Reservoirs associated with hydroelectric plants may have a significant impact (both positive and negative) on biodiversity.	+	+	+	+	+	+	+
Changes in ecological processes within their natural range of variation.	Spills can have an impact on the aquatic medium. Reservoirs associated with hydroelectric plants may have a significant impact (both positive and negative) on biodiversity.	+	+	+	+	+	+	+

* In accordance with criteria established in GRI 4.

+ Low impact. + Medium impact. + Significant impact.

To minimise these effects, the company applies operational control procedures and, at those facilities where there can be greater potential risk, we carry out environmental assessment studies and define environmental emergency plans to prevent the incident before it occurs, or to minimise any damage. We also regularly perform environmental emergency drills to test the procedures that have been defined.

In addition, as well as identifying potential risks to biodiversity, we identify the species of flora and fauna in the surrounding areas of facilities located in spaces of high natural value or close by. The information shown in the table below provides details on the number and name of the species that live close to the facilities, classified in accordance with their level of protection.

Initiatives and actions

[OG4]

The company performs many and varied actions to preserve biodiversity, some of them in response to the requirements laid down by the environmental authorities and others of a voluntary nature. These actions can be consulted in detail through the initiatives map published on the company's website: www.gasnaturalfenosa.com. During the first half of 2016 we intend to publish the two-yearly report on biodiversity, which gives more details about the actions that are carried out in this particular area.

Number of species whose habitats are in areas affected by operations*

[G4-EN14]

Type	Critically endangered species	Endangered species	Vulnerable species	Almost threatened species
Mammals	2	1	6	11
Birds	1	2	7	27
Reptiles	1	4	10	12
Amphibians	22	12	12	13
Fish	4	5	11	3

* According to the species catalogue of the International Union for the Conservation of Nature (IUCN red list).

Environmental studies

The company voluntarily conducts studies within the sphere of the electricity generation facilities, to diagnose the ecological state of the land and water environment of the thermal and hydraulic power plants. These involve sampling campaigns with which we determine the physical-chemical and biological quality of the rivers and reservoirs, as well as getting knowledge on the basic state of the environment and its evolution in order to assess the potential influence of atmospheric contamination on forestry masses. Recent studies confirmed the situation of normality observed in recent years, and concluded that the studied facilities had an acceptable impact on their environment.

The company performs many and varied actions to preserve biodiversity, some of them in response to the requirements laid down by the environmental authorities and others of a voluntary nature

Environmental vigilance on the electricity distribution lines in Spain

In compliance with its environmental undertaking, Gas Natural Fenosa conducts environmental vigilance and monitoring tasks on the impact that the electricity lines have on the environment, with a particular focus on birdlife.

This monitoring is ongoing and systematic, through application of the company's own specifically designed methodology, called Aviary Fauna Risks Control (CRA).

Since this initiative started 10 years ago, the volume of data captured and the kilometres of electricity lines that are checked has been gradually increasing, including sections of newly constructed grid, those that run through protected areas, as well as those which, due to the passage of years, have structures and elements that could entail a higher risk to birdlife in the area.

The monitoring of birdlife is carried out by specialists, through the application of two techniques: the performance of transects under the tracing of the lines, and the counting of individual ones that fly over the overhead lines. This information is entered into an analysis tool that provides data on the fauna that inhabits the area surrounding each electrical line. During this period we have counted more than 266,000 birds from 198 species. The huge number of birds that transit these areas means there are occasional incidents with the electricity lines.

Using the line surveillance system, we record points where there are a higher number of incidents, and once these have been analysed we adopt measures targeted at improving the facilities, such as isolating voltage access points and signalling the conductors using bird deterrents.

The installation of these mechanisms has been increased over the years, and they are usually applied on sections that have been newly constructed, in accordance with prevailing legislation in order to avoid the risks of electrocution and collision for birdlife.

The adaptations of supports are occasionally carried out on those with a higher number of incidents, addressing modifications even on sections of a greater length, such as the one carried out in 2015 in collaboration with the Regional Government of Castilla La Mancha, of 23 supports for a medium voltage line close to the Entrepeñas reservoir in Guadalajara.

A decade on from having introduced the CRA methodology for environmental surveillance and monitoring of the electricity lines, this has been consolidated as our own methodology and allows us to systematically monitor the layout and to provide environmental indicators on the ornithological quality of the area.

This practice is effectively helping to minimise risks for birdlife, as well as facilitating knowledge of the biodiversity in the areas occupied by the company's infrastructures.

Environmental actions

[G4-EN13]

Targeted at the conservation of species and natural spaces, whether of a voluntary nature or in response to the requirements established by environmental authorities and which stem from the performance of projects, from the operation of the facilities or once the activity has ceased. These actions are generally carried out close to the company's facilities. On occasions, we also carry out compensatory measures or measures of another kind in other areas of interest for biodiversity.

Education and awareness actions

The aim is to raise environmental awareness of company employees, as well as other external stakeholders, in particular customers and consumers, and also schoolchildren. We organise environmental volunteer days, informal chats, publications of information brochures or training materials and Internet communication campaigns, among others.

Agreements and alliances with third parties

For the purpose of supporting some of the initiatives included in the previous sections, we have different partnership agreements with third parties, in particular with conservation organisations and also with the public administrations, which provide the technical knowledge required to ensure the efficiency of the actions carried out.

Agreement with the Smithsonian Tropical Research Institute of Panama

The San San Pond Sak wetlands are Ramsar wetlands of international importance, forming part of La Amistad Biosphere Reserve, which encompasses the border zone between Costa Rica and Panama. The wildlife includes three highly charismatic protected species that live there: the jaguar *(Panthera onca)*, the West Indian manatee *(Trichechus manatus)* and the leatherback sea turtle *(Dermochelys coriacea)*.

Gas Natural Fenosa and the Smithsonian Tropical Research Institute have agreed to carry out a research project to increase knowledge about the behaviour of these species, their local and migratory movements, and use of the habitat, in order to sow the seeds for improvement of how this protected area is managed by the environmental authorities.

The agreement also considers the promotion of initiatives to inform and raise awareness of the local populations, to protect this natural space, as well as active participation by corporate volunteers in conservation tasks, such as cleaning beaches, planting trees, creating nurseries and protecting the turtles' nests.

Water

[G4-DMA] (Water)

Water is a scarce natural resource which is essential to ensure life and human development. This is why water, and water management, have become a priority for international institutions, agencies and authorities, in view of the growing pressure on water resources, and the uneven way in which it is distributed and made available.

All this pressure can jeopardise the present and future supply of access to water in sufficient amounts and with the appropriate quality for the population and ecosystems.

Gas Natural Fenosa, whose unwavering commitment to society and the environment grows stronger day by day, and with its efficient management of natural resources, has developed and set up measures geared to broaden knowledge of water and to improve the way it is managed in its facilities.

Such initiatives are a starting point, but the company is fully aware of the need to structure the analysis and the control of the impact of its business activities on this precious resource, and it does this through a strategic document which is the company's global framework for action.

Water strategy

The water strategy of Gas Natural Fenosa is enshrined in the group's corporate responsibility policy and is based on the following commitments:

- Contributing to the sustainable development through eco-efficiency, the rational use of natural and energy resources, minimising environmental impact, encouraging innovation and using the best available technologies and processes.
- Promoting the efficient and responsible use of water, introducing activities targeted at greater awareness of this resource and improving water management.
- Guaranteeing the prevention of pollution through ongoing improvement, the use of best available techniques and the analysis, control and minimisation of environmental risks.

This strategy is designed to provide Gas Natural Fenosa with a global and objective overview of the current management of this resource and to define a framework of action for the entire group.

In order to comply with this water strategy, and in consonance with the company's global strategy and its environmental strategy, Gas Natural Fenosa has developed the 2014-2016 Action Plan, through which it shall develop a number of different actions arranged in global areas of action.

General principles	New commitments	Global drivers
Efficiency.	**1** Promoting efficient and responsible water usage in Gas Natural Fenosa. **2** Integrating global water management in the corporate culture and in the company's decision-taking process. **3** Going beyond strict observance of the applicable water laws.	**I.** Efficient and global water management.
Responsibility and commitment.	**4** Combining water usage with local conditions and needs. **5** Safeguarding the environment and biodiversity. **6** Integrating risk management associated with water in the global risk management of Gas Natural Fenosa.	**II.** Complete management of risk associated with water.
Knowledge.	**7** Promoting efficient and responsible water usage between suppliers and customers. **8** Interacting with the interested parties for carrying out initiatives, programmes, projects and awareness-raising campaigns. **9** Accurately reporting the water management carried out.	**III.** Raising awareness internally and externally about efficient water management.
Leadership.	**10** Promoting continuous improvement and implementing the best practices relating to water management.	**IV.** Cooperating with leading water bodies.

In 2015, we introduced actions resulting from the 2014-2016 Water Action Plan, and managed to identify the company's key water performance indicators.

Furthermore, we introduced a benchmark, both internal and external, of good water practices, allowing us to identify improvements to be introduced into the company's activities.

Moreover, we managed to identify suppliers that have a major repercussion on the water resource, in order to carry out actions targeted at decreasing the possible environmental impact on the aquatic environment. We therefore conduct an activity and country risk analysis.

Lastly, we introduced a qualitative risk analysis to identify which water-related risk factors could have the biggest effect on the company.

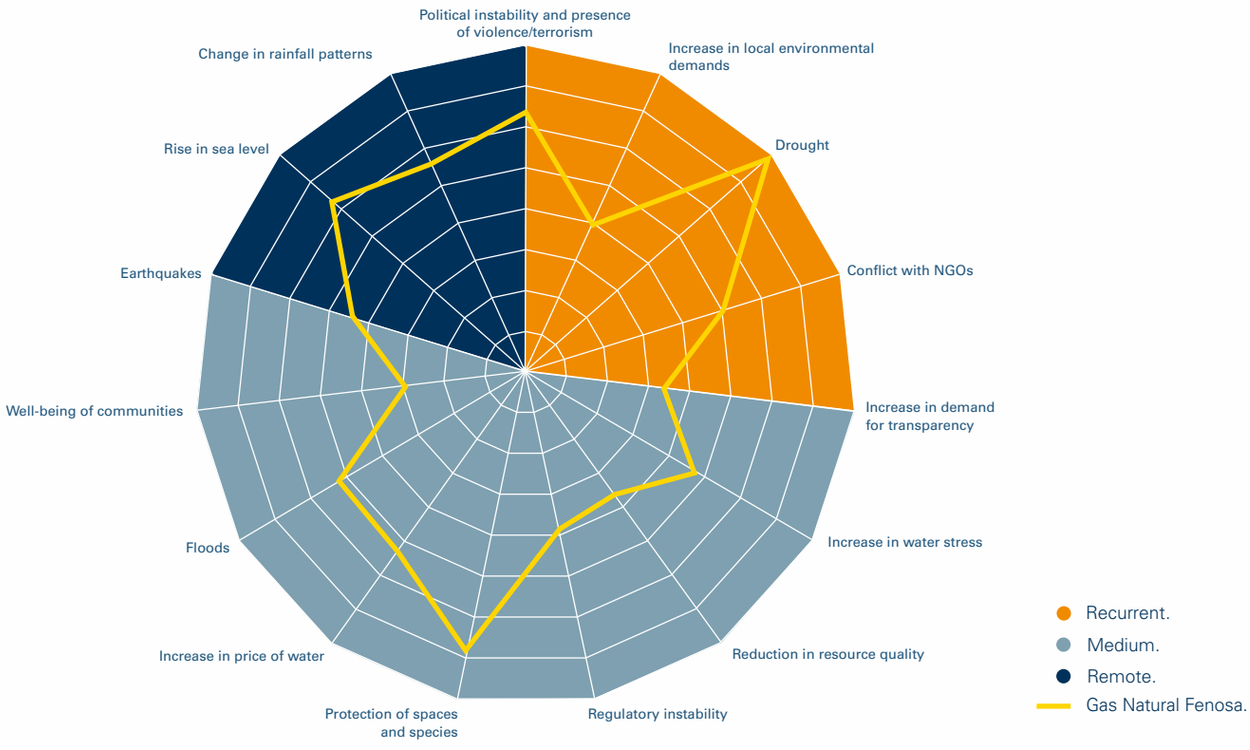
Identification of water key performance indicators

Hydric stress zone (m^3/in hab. year)	Installed capacity (MW) (%)
> 4,000	37
1,700-4,000	25
1,000-1,700	5
500-1,000	5
< 500	28

Climatic zones	Installed capacity (MW) (%)
Tropical	10
Warm/humid	29
Warm/dry	31
Dry	30

Facilities with more water risks	Percentage of installed power (%)
Dry zone and <1,000 m^3/in hab. year	17.4
Warm dry zone and <1,000 m^3/in hab. year	17.2
Total	**34.6**

Analysis of the water risk



Interest in people

[G4-DMA] (Employment)

For Gas Natural Fenosa it is essential to foster a quality working environment, based on respect, diversity and personal and professional development. Gas Natural Fenosa also has a Code of Ethics that establishes the guidelines governing the ethical behaviour of all employees in their daily work and, specifically, with regard to the group's relations and interactions with its stakeholders.

Commitments and principles of responsible action with employees

- To apply best practices in identifying, attracting and retaining the talent necessary for the development of the businesses, ensuring the principles of fairness and nondiscrimination on any grounds whatsoever (disability, age, gender, work history, etc.).
- To encourage the professional development of persons as part of the talent management model, ensuring that all professionals have the means, programmes and tools necessary to foster their skills and expertise.
- To promote a motivational work setting that guarantees internal recognition of the culture of effort, the autonomy required to be able to create, develop and innovate, and an overall framework of compensation that is commensurate with this.
- To ensure the effective introduction of flexibility mechanisms that facilitate the balance between professional and personal life and which favour the human and social development of persons.
- To promote diversity and equal opportunities in an environment of respect, understanding and ongoing dialogue, with a special focus on the inclusion of disabled persons and extending this commitment to suppliers and collaborating companies.
- To foster constant liaison between the company and workers' representatives that enables feedback in order to take decisions.

Value actions

Proposed actions 2015		Planned actions 2016
Flexible remuneration for personnel to whom the collective wage agreement is applicable in Spain.	✚	Strategic planning of persons.
Increased compliance with the General Disabled Persons Act, in Spain, with direct recruitment above the legal minimum.	✚	Employee's experience.
Extension of the employee attention service to other group companies such as Panama.	✚	Cultural shift.
Communication of the Smile project which consists of involving employees in a project to transform commercialisation and distribution processes.	✚	Operational model of human resources management.
Consolidation of the concentration and scale model of payroll processes in Latin America.	✚	

Level of fulfilment: ✚ Finalised. ✚ Major progress. ✚ Intermediate progress. ✚ Little progress. ✚ Not started.

People in Gas Natural Fenosa

Interest in people is one of the inspiring principle of Gas Natural Fenosa and one on which its human resources strategy is constructed, a strategy in which we make constant progress every year. In 2015, the company continued the roll-out and showcasing of value to the employee, for the purpose of attracting external talent and driving internal recognition.

The employee value proposal is summarised with the slogan "A whole world to discover", which is intended to appeal to the company's current and future employees, to invite them to grow in an organisation with an international presence, a place where talent finds challenges to address, in a wonderful working environment in a company which is committed to society.

During 2015, the company continued to roll out its Human and Social Development project, whose main objective is to promote a quality working environment, based on respect, diversity and personal and professional development. Through it, several action programmes were promoted and coordinated based on two essential pillars: equal opportunities and training as a driver to raise employee awareness about disability.

Four great reasons to join the Gas Natural Fenosa team

1. Be part of a major international company.
2. Be able to take on challenges.
3. Enjoy an excellent working environment.
4. Working in a company committed to communities.

Moreover, in 2015 an Integral Diversity Plan with a focus on three levers -gender, age and disability- was launched. This plan coordinates and introduces a set of new measures for the planning of the workforce, bringing together strategies for the development of people and new formulas for inclusion and diversity.

Moreover, in 2005 Gas Natural Fenosa improved positions in the most prestigious indices, such as Merco Talento, where the company has risen to 11th place, as well as in the ranking of the best companies to work for in 2015, revealed by the journal Actualidad Económica, where it rose to fifth position.

The company's interest in its workforce has been acknowledged in the Dow Jones Sustainability Index (DJSI) 2015, where it obtained the top score of the sector in the areas of "Drawing and retaining talent" and "Development of human capital". For 2016, the challenge will be renewal of the global FRC certificate (Family Responsible Company), having successfully finalised the first cycle of this certificate (2013-2016). Furthermore, we will be introducing a corporate volunteer scheme with a global reach, supported with the appointment of a Global Volunteer Work Committee, replicated in those countries that have local volunteer work committees.

Summary of awards obtained

Certifications

Top Employers Spain 2016.

Bequal Plus Certification (first company in the energy sector to obtain this certification).

EFR (family-friendly company) **global certificate.**

Position in rankings

11th place in Merco Talento 2015 ranking.

5th place in Actualidad Economica 2015 ranking.

Included in Universum Ideal Employers ranking 2015

Awards

ARR (Association of Energy Engineers) **Corporate Energy Management Award**

Lee Hecht Harrison **Talent Mobility Award 2015** for the Leaders project

Catalonia Flexible Company Award from the government delegation in Barcelona

UNIR cuidadores (International University of la Rioja) **Supercuidadores Award**

The workforce: the key to success

In 2015, work began on drawing up a new master plan based on seven strategic levers in three key areas: people, organisation and culture.

Key areas	Levers
Organisational performance	Smart simplicity
	Extended workforce
	HR operational model
Cultural development	Cultural shift
	Employee's experience
Leadership and talent	Strategic planning of persons
	Leadership

We have also renewed the two-year consultation with employees, through the 2015 Work Environment and Commitment Survey.

In response to the new challenges facing the company, at Gas Natural Fenosa we have developed a series of actions targeted at promoting professional growth and, consequently, consolidating the company's development. Prominent among these actions are:

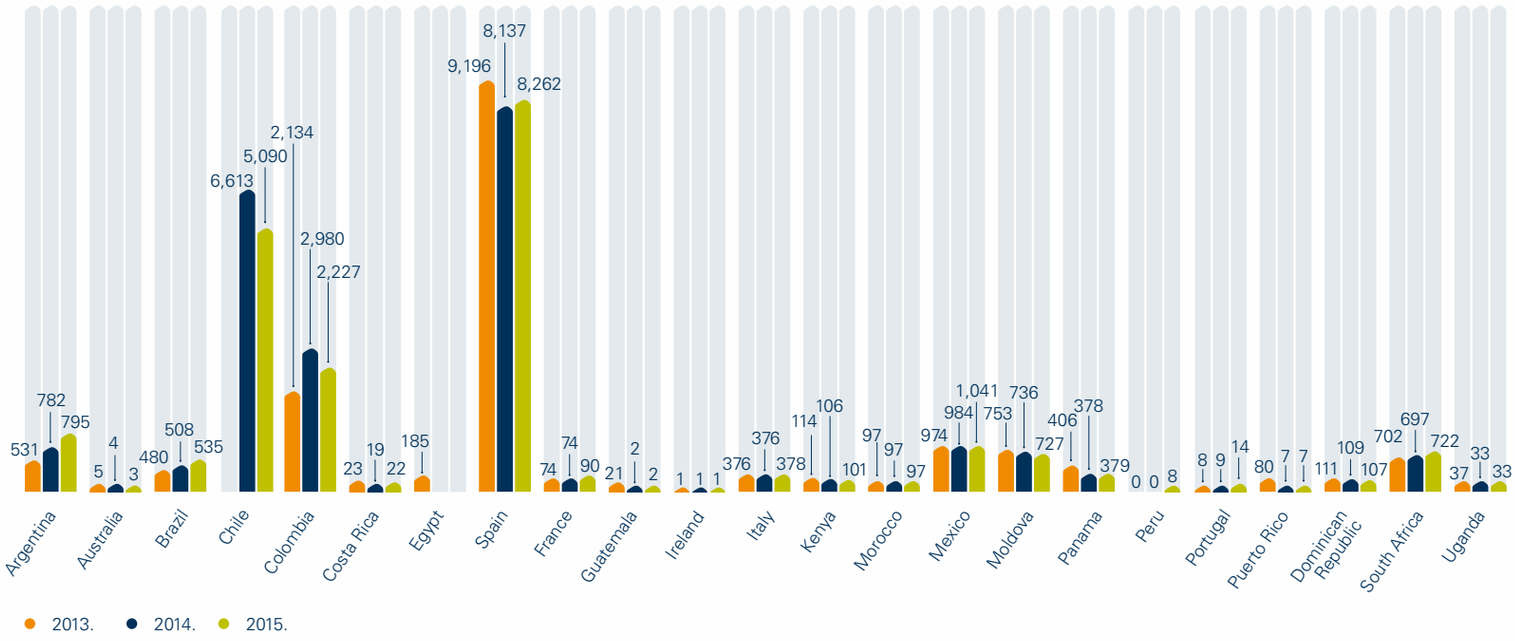
- **Savia programme:** developed to improve the commitment, motivation and professional progress of leaders, increasing security in operations and optimising operational costs. The 2015 Talent Mobility awards have acknowledged this initiative and the work carried out by Gas Natural Fenosa with the award in the Developing Talent category.
- **Conocerte programme:** the first phase of which was launched in 2015, aims to reinvigorate internal mobility of professionals, generating professional career opportunities at the company and awakening interest in the internal jobs market.

Team key items

[G4-9], [G4-10]

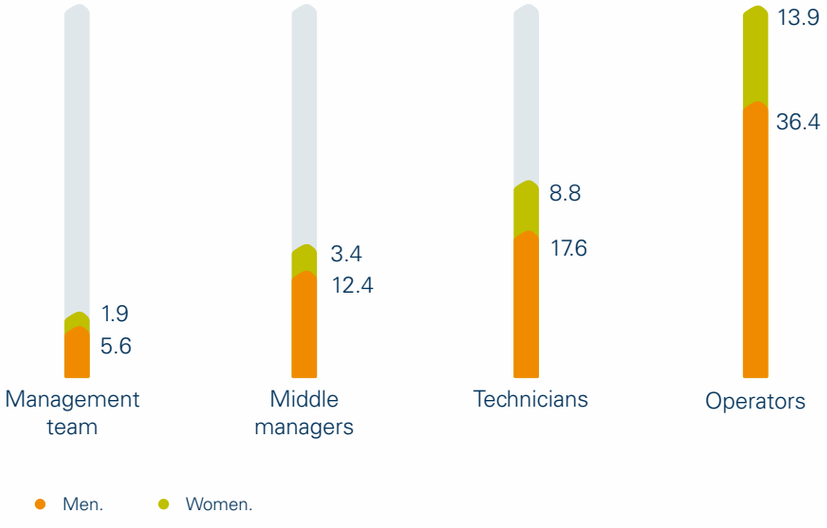
Gas Natural Fenosa is a global project which is carried out in 30 countries. At the close of 2015, the company was operating through the direct involvement of 20,641 persons, of which 45.9% performed their activity in Europe, 49.5% in America and the remaining 4.6% in other continents. In 2014, 28% of the workforce was made up by women and 72% by men, and had an average age of 43.2 years, with an average seniority of 13.6 years.

Staff index (Number of employees)*



* Number of employees in accordance with IFRS business criterion, which came into force in 2014. For the indicators detailed below the companies that are jointly controlled are not included. A total of 4,216 employees work for these companies, distributed as follows: 1,227 in Argentina, 1,361 in Chile, 535 in Colombia, 149 in Egypt, 870 in Spain and 74 in Puerto Rico. Figures for 2013 and 2014 include all the staff employed by group companies regardless of the parent company's management capacity or holding percentage.

Breakdown of staff by professional category and gender (%)



Human and social development

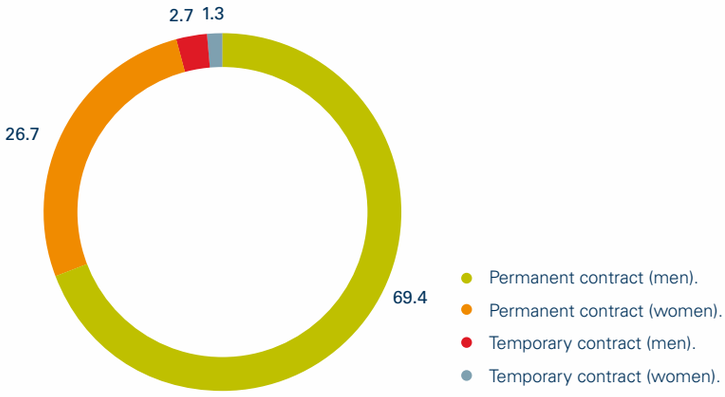
Employment quality

Gas Natural Fenosa offers its employees stable, quality employment together with a solid, structured and attractive professional career, where 96% of the positions have open-ended contracts.

Furthermore, the company is equipped with a uniform global selection model for all the countries in which it operates. By this means, it can guarantee a single employer strategy, with the same selection criteria and applying the same practices in the identification, acquisition and retention of the professional talent needed for it to develop its business activities.

Type of contract (%)

[G4-10]

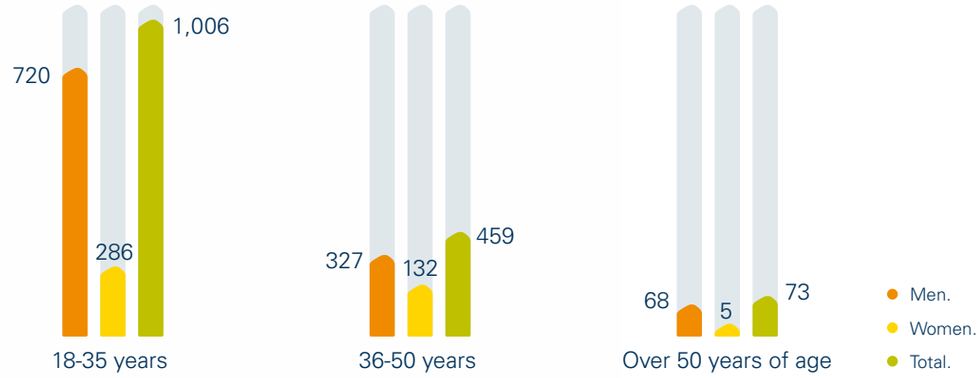


New recruitments and mobility

Gas Natural Fenosa offers all its employees the possibility of taking part in the Internal Mobility Programme. Through this programme, people can apply for any vacancy anywhere, regardless of the employee's location. This is one of the main pillars of revitalising the professional development of employees. Thus, in 2015 we launched the "Conocerte" programme to find out the functional and geographical mobility expectations of employees, focusing them on enhancing their professional development through a global survey on the professional interests of each employee.

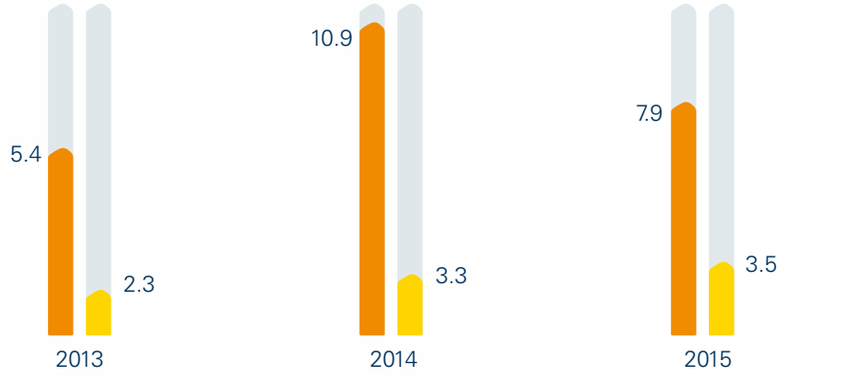
New recruitments by gender and age group

[G4-LA1]



Rotation index and voluntary rotation (%)*

[G4-LA1]



*Rotation: layoffs/average staff. Voluntary rotation: voluntary layoffs/average staff.
NB: the breakdown of this indicator according to geographical location is available in the appendix to this report.

Rotation indices according to gender and age group (%)*

[G4-LA1]

Age range		Rotation index	Voluntary rotation index
18-35	Men	2.4	1.4
	Women	0.8	0.5
36-50	Men	2.3	0.9
	Women	0.7	0.3
>50	Men	1.5	0.4
	Women	0.3	0.0

*Rotation: layoffs/average staff. Voluntary rotation: voluntary layoffs/average staff.
NB: the breakdown of this indicator according to geographical location is available in the appendix to this report.

Internal Mobility Programme figures

- Rotation of over 27% in the management team.
- A total of 759 vacancies covered thanks to internal promotion, of which 425 took place in Spain.
- 5.57% of the group's workforce put themselves forward for vacancies (1,060 employees), generating 2,741 candidates, in other words, an average of 2.58 candidates per vacancy.

Diversity and equality

[G4-DMA] (diversity and equal opportunities)

Ethical behaviour, the promotion of respect, respect for people, occupational safety and prevention form part of the Gas Natural Fenosa's commitment to its employees. These principles are assumed as part of the company's day-to-day management through the Code of Ethics, the Gender Equality Policy or the Protocol for the Prevention of Mobbing, Sexual Harassment and Sexual Discrimination, and additionally in Spain, the 1st Collective Agreement and the Equality Plan.

In 2015 the company made progress in its commitment to developing equality and diversity for employees actions, with the design of an Integral Diversity Plan in three basic categories.

Integral Diversity Plan Actions

Gender

This includes new targets and commitments issued by senior management. Development actions include the launch of a mentoring plan for women and a specific development plan for women with high potential. In addition, the Business School programmes now feature crosscutting content on gender diversity.

Age

This involves an ambitious action plan called We Look After Experience, the principles of which are:

- To prevent potential future physical health problems of employees.
- To extend the professional trajectory of employees, allowing them to complete their working life and guaranteeing a successful transition to positions with a reduced physical demand.

In this regard, of particular note is the recruitment of young people with dual professional training.

We have also reviewed and adapted the ergonomics plans, and have reinforced the prevention protocol. Moreover, we have drawn up relocation and insourcing plans and have provided training to workers in their new jobs, and we have also undertaken a communication and acknowledgement plan for these workers.

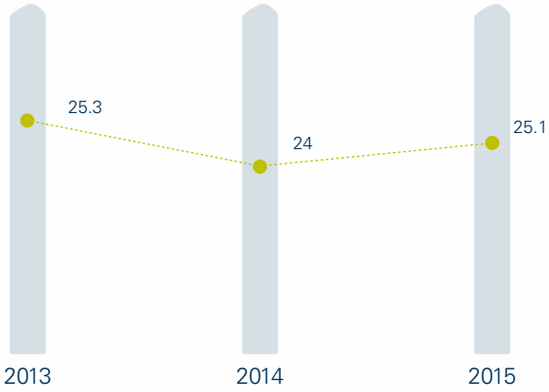
Disability

It includes the Capacitas and Aflora programmes, which were both launched with the aim of helping handicapped workers to be integrated in the workplace. Since these two projects were implemented, a total of 105 special needs employees have received aid to help them find a place on the job market. In 2015, Gas Natural Fenosa -which is one of the pioneer energy companies in its commitment to disability -renewed the Bequal Plus Seal.

The company deploys initiatives to achieve the legal requirement in direct employment in France, Italy and Moldova, and to improve the inclusion of disabled persons in the remaining countries that do not have a legal obligation on direct recruitment, through the absence of a specific legal framework.

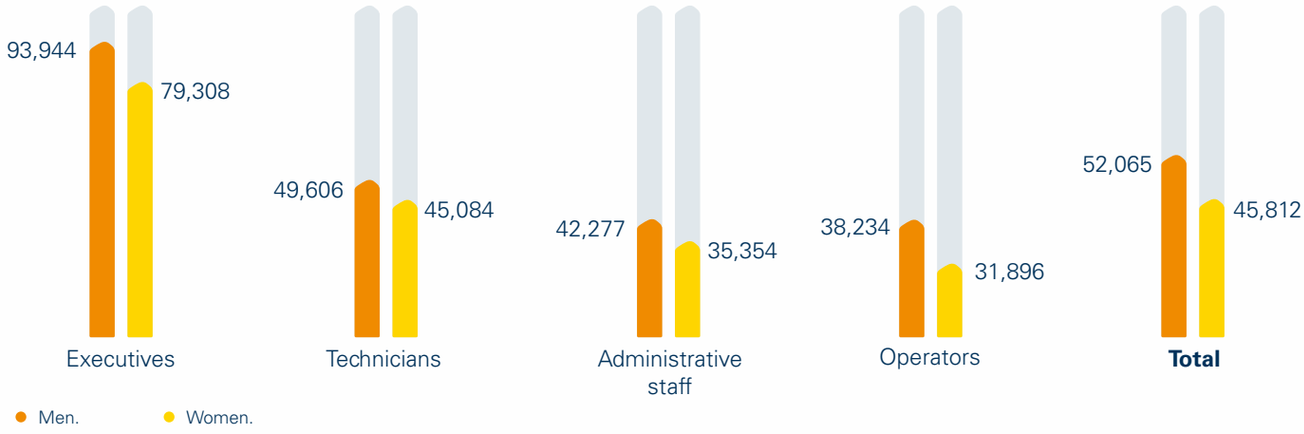
In 2015, the company made progress in its commitment to developing equality and diversity for employees actions, with the design of an Integral Diversity Plan in three categories: gender, age or disability

Women in management posts (%)



Average salary of men and women by professional category (euros)

[G4-LA13]



NB: data for Spain. The breakdown of this indicator according to geographic location is available in the appendix of this report.
The difference in salary shown by the results is in line with the context of the sector and generated mainly by the company's past gender make-up, which means greater average seniority of men in comparison with women.

Employees with disabilities. Spain (%)

Type	2015	2014	2013
Employees with disabilities	2.40	2.26	2.06

Flexibility and support for the personal environment

[G4-LA2]

Gas Natural Fenosa promotes equal opportunities, the introduction of initiatives targeted at improving and reconciling personal and work life, and providing support and attention to the development of persons. In particular those who, because of their characteristics, may need greater integration and enhanced treatment.

The company therefore applies a range of reconciliation measures and programmes in the different legal frameworks of countries where the company is operational, going beyond the regulatory minimum standards required, in accordance with the mission, vision and values of Gas Natural Fenosa, which guide the company's actions.

Furthermore, the legal entitlements to reduce the number of daily hours worked and the temporary limitations to them are extended by the company, including accumulating leave for breastfeeding and, in certain cases, increasing the terms of calculation. Female employees have also the possibility of avoiding travel that involves moving away from their homes during pregnancy or breastfeeding.

Similarly, employees who are responsible for relatives can apply for flexitime policies and the option for working closer to home. There is also the possibility of opting for reduced working hours in pathological situations of particular severity.

Priority is also placed on transfers requested by officially disabled individuals, persons who care for dependent individuals, pregnant women and women who are breastfeeding, with a focus on keeping the family group together and special circumstances that refer to illnesses that affect the worker, his/her spouse or civil partner, children or parents.

Time Bank, to make better use of time

Gas Natural Fenosa provide its employers with a space, both physical and virtual, where they can delegate the performance of daily tasks in order to increase the free time they can spend on the most enriching aspects of their personal life. The range of services available to them is extensive and structured into three blocks:

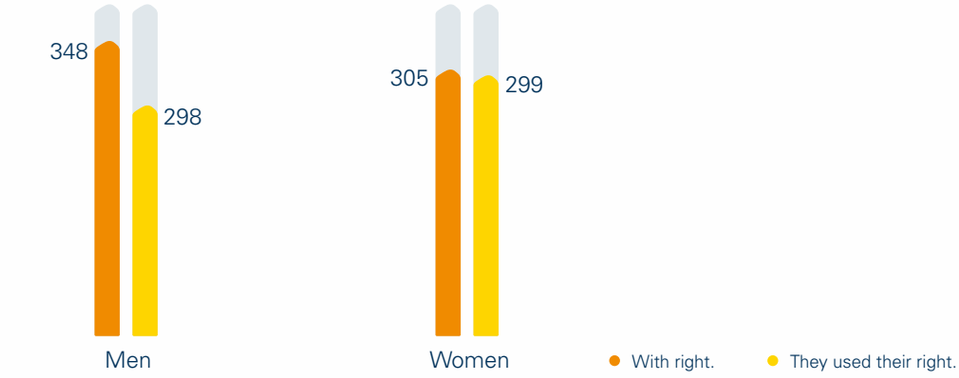
- Administrative tasks: advisory and assistance services for frequent administrative tasks.
- Advantages club: an exclusive virtual space with more than 500 offers.
- Easylife space: outreach services and acquisition of products.

The Time Bank also offers services available on a quotation basis, such as technical services, courier services, returning clothes to stores and currency exchange, or special services provided during Christmas or back-to-school campaigns, among others.

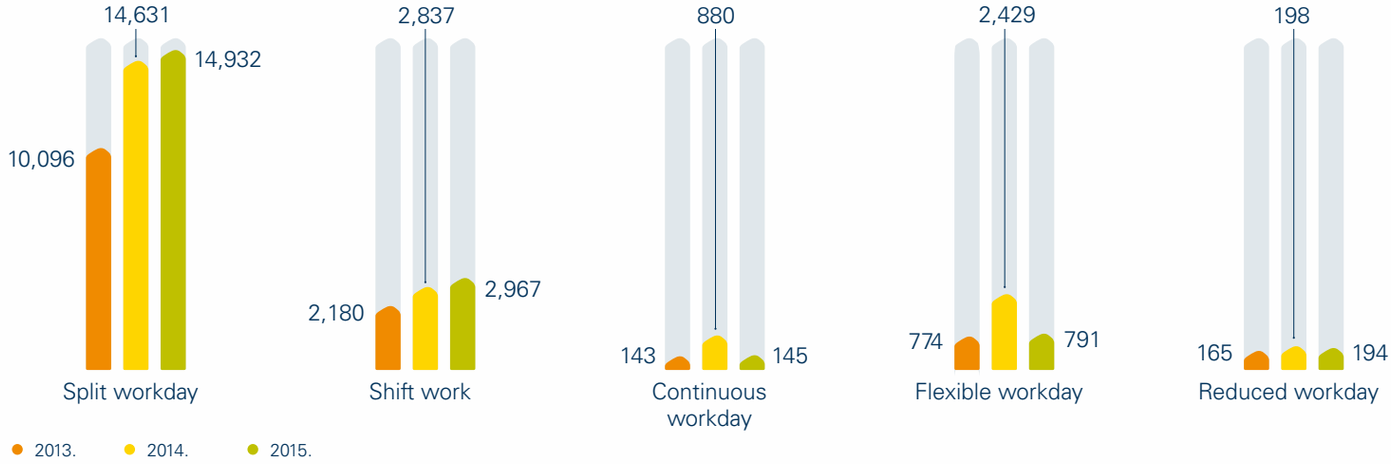
In 2015, the Time Bank of Gas Natural Fenosa became a reality in Spain and we are working to be able to export this model in the near future to the remaining countries where the company operates.

Comparison of employees with maternity/paternity leave with those of who made use of this right

[G4-LA3]



Flexibility and support for the personal environment



Employee satisfaction

Work Environment Survey

In 2015, Gas Natural Fenosa launched the 3rd Work Environment and Commitment Survey, targeted at all employees in all countries where the company operates.

The aim is to find out the level of satisfaction and commitment of the workforce overall and in each of the countries, areas and businesses, in order to introduce global and/or local action plans to improve those aspects that reveal the worst result and which have the biggest impact on employees' commitment.

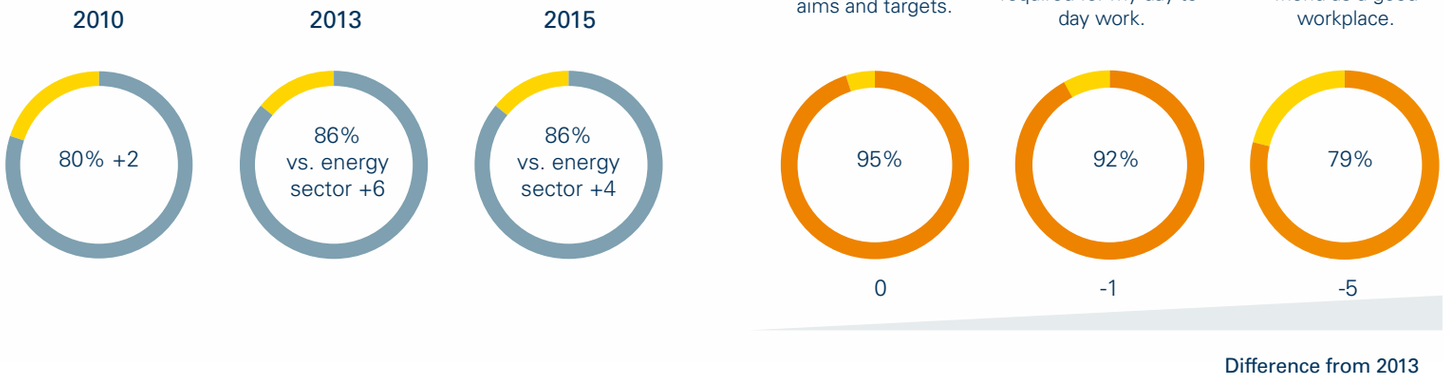
It is worth mentioning that we have introduced a multidevice accessible technology that makes it easier and quicker to take part in the survey. The results were disclosed to employees in the last quarter of 2015 and we are working on the action plans resulting from the findings obtained.

2015 Work Environment and Commitment Survey

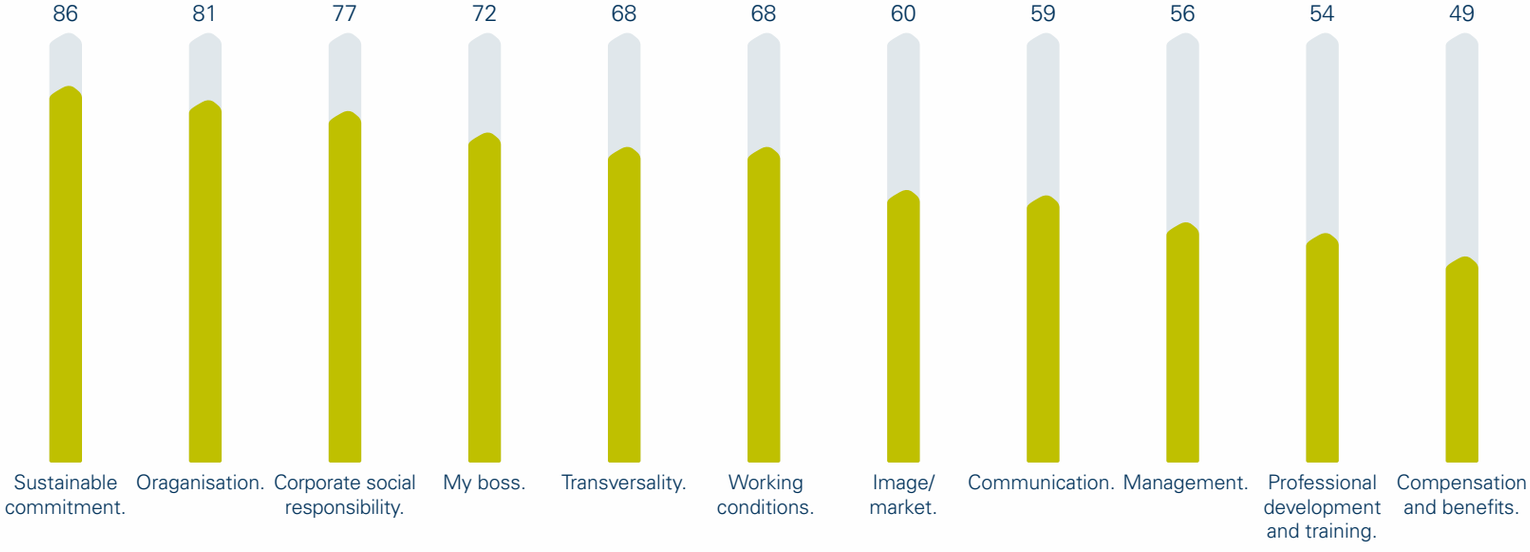
- Participation was up 3% on 2013, at 84%. The results reveal that this initiative is warmly welcomed by employees.
- Corporate social responsibility is consolidated as a strength, consistent over time and with a very uniform assessment throughout the company.
- In the "Working conditions" category we can highlight the improvements in work safety, the facilities and the measures adopted to reconcile professional and personal life.

Sustainable commitment

Positive replies about sustainable Commitment



Summary of results by category



Talent management

[G4-DMA] (Training and education)

Gas Natural Fenosa's commitment to individual development and the evolution of its employees' professional careers is reflected in the company's Talent Management Model, which helps define the learning of every professional in a controlled and consistent manner to ensure that their development is in line with corporate requirements.

In 2015, the talent identification process was technically validated with the design of a set of indicators in order to improve its management. The assessment and segmentation of talent takes into consideration aspects such as a person's objective conduct, results obtained, competence, learning and interest in making progress.

Furthermore, in accordance with each person's profile and potential, the model incorporates variables such as mobility or the assignment to relevant projects.

Leadership model

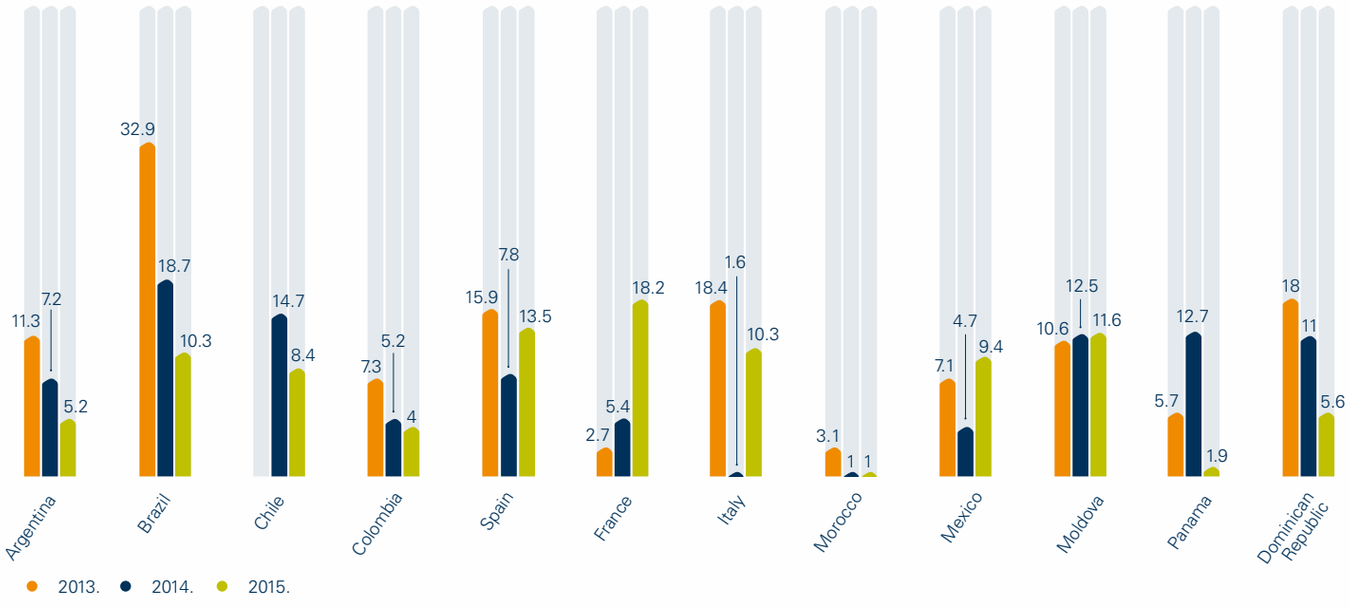
In the Talent Management Model, a single leadership model was defined for all employees, made up of skills (observable, usual conduct that contributes to success in a function or task) focused on achieving a sound business balance and growth.

The Leadership Model includes a new process for segmenting talent, which is used as a base for development and succession, so that professionals can be offered opportunities in accordance with their potential and profile.

In addition, the design of a 360º multisource system to assess skills (and which has been gradually and uniformly introduced to executives and middle managers), gives professionals an opportunity to find out their position with regard to the company's Leadership Model, and to define development actions associated to different skills, through individual action plans.

Among the key actions that took place in 2015, we can point to the review and finalisation of the individual plans undertaken by 146 executives of Gas Natural Fenosa two years ago, and the introduction of a new multisource skills assessment of the Leadership Model, which has been sent to 260 executives. This new assessment represents an element of reflection to design new action plans in which to define actions for improvement, supported by the resources made available by the Corporate University.

Staff promoted (%)



NB: no promotions were made of staff in Australia, Costa Rica, Guatemala, Ireland, Portugal, Puerto Rico or Uganda in 2015.

Talent attraction

Aware of the need to maintain constant renewal and upgrading of talent, in 2015 Gas Natural Fenosa continued with the programmes to recruit new professionals from MBA programmes. In order to drive to these programmes forward, designed to promote the internationalisation of these young profiles, individuals from seven different nationalities were recruited. The company also continued with the Summer Internship Programme, with students with different degree and postgraduate qualifications.

Corporate University

[G4-LA10]

The Corporate University is a strategic lever of transformation that serves the business, and its aim is to build the future, transmit culture and create value. In summary, it is a venue for meeting, debate and training that fosters innovation and excellence in the development of talent to enable the professionals of Gas Natural Fenosa to turn the company's objectives into reality.

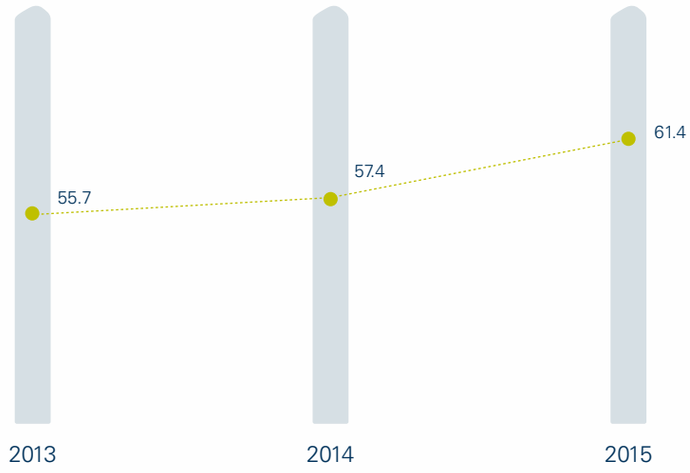
In 2015, a total of 832,144 training hours were given (42.9% online) with 165,987 participants from 14 countries. A total of 164 in-house experts provided 34.5% of the training hours.

The Corporate University has an alliance network with academic institutions, both in Spain as well as the rest of the world. It also has an Advisory Board made up of the Polytechnic Universities of Barcelona and Madrid, the Monterrey Technological Institute, IESE, ESADE and Boston Consulting Group which, coupled with the internal units of Gas Natural Fenosa, can ensure a permanent connection between the company's strategy and the programmes carried out.

The training model of the Corporate University responds to training needs both with regard to skills as well as technical expertise, and this is performed through the Leadership Institute and the Technical Institute, respectively.

- **Leadership Institute:** it guarantees the development of skills associated to the Leadership Model of Gas Natural Fenosa. It is divided into three schools:
  - Management School.
  - Leaders School.
  - Individual Contributors School.
- **Technical Institute:** it guarantees the training associated to the business and its schools and classrooms are structured to respond to the different areas of the group's value chain. It is divided into five schools:
  - Generation School.
  - Up&mid School.
  - Distribution School.
  - Commercial School.
  - Corporate Processes School.

Evolution of training hours per employee



Furthermore, the contents are structured through training itineraries. These itineraries enable us to benefit from training synergies and to cover development needs in an organised, complete and sustainable way.

This training model, which was initially rolled out in Spain, in 2013, was extended to all the countries in which Gas Natural Fenosa has its own employees in place. During 2015, there was a review of the itineraries of the 2013-2015 plan, reorganising these and internationalising some of them.

Training itinerary figures

	2015
Total itineraries implemented	**57**
Spain	52
Other countries	5
Training under this model (%)	**39.3**
Professionals who have their training itinerary	**13,383**

Participation in training itineraries

Knowledge of context: general and common to all itineraries.

- In the Environment Classroom, 5,217 students were trained in different subjects with a total of 11,241 class hours.
- In the Prevention Classroom of the Technical Institute, 220,873 training hours were taught in 13 countries
- In the Quality Classroom, 13,720 hours of training were conducted, with the participation of 4,651 students.

Functional knowledge: of the post or profile.

- In the training conducted in combined-cycle plants, 206 professionals in Spain and Mexico spent 3,983 using training simulators to prepare for unusual one-off situations.
- In the area of waste management, a total of 1,704 attendees from 12 countries took part (Argentina, Brazil, Colombia, Costa Rica, Spain, France, Italy, Morocco, Mexico, Moldova, Panama and the Dominican Republic) with a total of 5,485 training hours.
- In Colombia, 736 hours of training was given in natural parks, attended by 349 people. Of particular note in Spain was the environmental legislation and electricity distribution course, with 146 participants and 730 hours of training.
- As regards the Higher Course on Energy, 140 participants formed part of the programme, either completing the course in full or some of the modules, and a total of 14,536 hours of training was given.

Skills: based on the 24 skills which are part of the Leadership Model.

- In total, 3,015 attendees took part on a course targeted at the development of individual management skills, with an overall total of 16,622 hours of training completed.

Management development

- Of prominence in Spain were the courses on Leadership in a Disruptive Environment (64 attendees, with 828 hours of training), Leading Multinational Organisations (44 attendees, with 704 hours of training) and the Avanza Programme (32 attendees, with 1,600 hours of training).
- The Meeting between Managers took place in Argentina, with 63 participants.
- In Italy, we can highlight the Learning Agility Programme course, with 10 attendees and 870 hours of training.

In 2015, a total of 832,144 training hours were given (42.9% online) with 165,987 participants from 14 countries

Key training programmes

Health and Safety Commitment Plan

Gas Natural Fenosa has consolidated itself as a leading company in health and safety following the introduction of an ambitious plan targeted at carrying out an in-depth cultural change, which started in 2012, called the "Health and Safety Commitment Plan". The Corporate University has contributed to this process through the "Health and Safety Commitment Programme" training programme.

This programme has trained 13,500 persons and entailed 100,000 hours of training in health and safety leadership, with a satisfaction rate of 8.9 out of 10, in 21 countries. More than 70 individualised sessions have been carried out with key managers and we have continued to make progress in the training programme defined jointly with the Management Network of Process Safety.

Thanks to this plan, the accident rate has fallen by 21.6% and the incident rate has decreased by 24%.

Following this initial impetus, the training has become standardised and is included as part of the Prevention Itinerary. We have also conducted an online course "Induction to the Commitment to Safety" for new workers.

In 2015, a total of 7,453 employees received training, representing roughly 30,400 hours of preparation, distributed between 102 classroom sessions and 13 virtual modules.

Savia programme

The first edition of the Savia programme finalised in 2015. This programme is targeted at the group of leaders and featured participation by 2,436 attendees. In this edition, participants delved further into operational excellence and the skills required for managing teams. A total of 131,000 hours of training was given, 30% of which was online, with an overall satisfaction score of 8.9 out of 10. In addition, there were 10 accreditation events held in Spain and other countries, with 2,166 participants.

This initial edition has been extended to Chile, focusing on operational excellence and change management for 683 participants.

The second edition of the programme -Savia 2.0- was launched in June 2015, with a particular focus on change management and the experience with the customer, targeted at 2,500 participants and with 68,000 hours of training scheduled. This second edition features the inclusion of a business simulator that uses an innovative and dynamic methodology.

We have also relaunched the Savia Channel with a more attractive image and new contents adapted to the needs of the group.

We have introduced accreditation criteria for participants which have been substantiated through the issue of certificates and acknowledgement by two external entities: Monterrey Technological Institute and Deusto Business School.

We Look After Experience programme

The We Look After Experience programme is targeted at employees over the age of 55 who are in operational jobs. An initial pilot project has taken place with 24 persons, and over the next five years it will be extended to around 300 employees.

The main targets of The main targets of this programme is to showcase the experience of these persons, to prevent risks related to health and safety and to rejuvenate the workforce through new recruits.

Key training programmes (continuation)

Smile project

Its main objective is to level down, globalise and expedite the company's distribution and commercialisation processes and systems. The Corporate University is carrying out the training and the creation of learning forums to guarantee the proper introduction of new processes and systems.

In 2015, a total of 4,300 users were trained, with 2,300 of these being internal users and 2,000 external users, and with a satisfaction score of 8.6 out of 10.

The Smile project has included programmes targeted at management of gas supplies, energy management and the commercial management of retailers, among others.

Dual Professional Training

We have signed a framework collaboration agreement with public administrations in employment and educational issues, to introduce a new model of dual professional training in which the student will combine two years' training at the educational centre with work at the company. This model enables us to train students, from the academic sphere, in the knowledge and skills required for the company's business reality. It represents a qualitative leap in attracting, training and selecting local talent.

OnBoarding programme

The programme is designed to welcome and to accompany new recruits in their integration at Gas Natural Fenosa, as well as to assist professionals in their transition to other positions within the company.

At the start of the programme, each participant receives a welcome pack with an online course, summary sheets with corporate details and two initial informative notes, which will be complemented with a further five that they will receive during the entire process.

We have already started to distribute these packs in Germany, Belgium, Spain and Holland.

Results of the Corporate University

The Corporate University is equipped with its own measurement model. The objective of the model is to measure how effective training is through satisfaction surveys, applying learning and managers' perception.

To complete the training initiatives, surveys are conducted to obtain participants' average satisfaction levels. It is measured using a standard questionnaire which pinpoints areas for improvement in the training process. It is also used to evaluate the average application of knowledge and skills in the position. Lastly, perception is measured using surveys in which the directors assess the importance and satisfaction with training activities, infrastructures and the management team in the Corporate University.

The Corporate University is equipped with a certified Quality Management System in accordance with the ISO 9001:2008 certification, which covers all its activities. In 2015, AENOR audited the processes of the Corporate University, and no non-conformities were detected.

The Corporate University has successfully passed the CLIP Mid Term Report of the European Foundation for Management Development (EFMD), an organisation with its head office in Brussels, known worldwide as a quality assurance organisation for business schools and corporate universities. This institution operates as a catalyst to improve excellence in education, management of knowledge and comprehensive development of persons.

Corporate University's figures

	2015
Satisfaction surveys answered	24,467
Participants' average satisfaction (0-10)	8.9
Average degree of application of knowledge and skills in the job (%)	77.8
Number of programmes with evaluation of application	222
Average perception index (0-10)	8.2

In 2015, a specific report was especially presented on the progress achieved by the Corporate University over the last two years, anticipating the reaccreditation set to take place in 2018. This report was submitted in October during the events held in London, in which the EFMD, as well as the points already acknowledged in the 2013 accreditation, particularly recognised the progress of the Corporate University with regard to its capacity of anticipation, its fundamental role in the company's internationalisation, its support to the levelling down of processes and the transmission of corporate culture, as well as the introduction of the new Leadership Module in a global environment.

The Corporate University has also received an award for the Savia programme in the Executive Development Programme, awarded by the Committee for Assessing Awards in Executive Education of the TEC (Tecnológico de Monterrey, Mexico).

Training indicators

[G4-LA9]

	2015	2014	2013
Staff trained (%)	95.1	97.1	97.1
Training hours per employee	61.4	57.4	55.7
Total course hours	**832,144**	**756,145**	**752,901**
Men	627,984	572,246	553,375
Women	204,159	183,899	199,526
Annual investment in training (euros)	10,493,080	11,525,099	10,332,184
Investment in training per person (euros)	774.5	874.2	764.5
Attendees	165,987	133,519	92,117
Online hours	356,805	169,733	–
Employees who accessed the online platform (%)	86.3	83.4	
People who were trained through the online channel (%)	73.2	60.5	62.0
Participants' degree of satisfaction (out of 10)	8.9	8.9	9.0

Training hours by areas of knowledge

Area of knowledge	Hours	Percentage with regard to the total
Technical Institute	**679,991**	**81.7**
Business	**139,783**	**16.8**
Up & midstream and regulation	1,211	0.1
Generation	40,961	4.9
Energy markets	1,235	0.1
Gas distribution	39,329	4.7
Electricity distribution	29,642	3.6
Commercial	27,405	3.3
Processes	**380,992**	**45.8**
Occupational risk prevention	220,833	26.5
Quality and environment	24,961	3.0
Engineering and innovation	3,674	0.4
Information systems	46,444	5.6
Other corporate services	85,080	10.2
Internationalisation	**159,216**	**19.1**
Corporate culture and responsibility	67,836	8.2
Languages	91,380	11.0
Leadership Institute	**152,153**	**18.3**
Management and high potential	10,681	1.3
Skills school	16,622	2.0
Savia programme (Leaders programme)	124,850	15.0
Yearly plan total	**832,144**	**100**

Training hours per employee and professional category

[G4-LA9]

		Management team	Middle managers	Technicians	Operators
Staff trained (%)	Men	97.5	99.3	94.6	94.3
	Women	97.9	97.8	93.1	91.6
	Total	**97.6**	**99.0**	**94.1**	**93.5**
Training hours per employee		97.4	95.6	56.8	42.3
Total course hours		127,161	240,452	207,426	257,104

Internal communication with employees

Internal communication strategy

The purpose of internal communication is to actively contribute towards achieving the objectives set out in the company's Strategic Plan, in close collaboration with the group's businesses and divisions, and to create feelings of belonging and motivation.

Bearing in mind this mission, the internal communication objectives are focused on:

- Aligning employees with the company's strategic objectives.
- Fostering the culture and corporate values which, in 2015, have particularly focused on growth, including efficiency and safety as enhancers of this growth, and the customer, as the central point of all activities and the determining factor in how the company works.
- Improving the work environment, helping employees to feel proud of where they work.

Gas Natural Fenosa uses a range of channels to reach its employees; these include the corporate intranet, Naturalnet, the internal magazine, Natural, which is sent to all countries in different languages, and all those actions that foster direct communication with managers and other work teams. In 2015, there were around 800 publications on Naturalnet and more than 45 videos, many of them from our own employees.

Awareness-raising campaigns

The internal communication campaigns have enabled the company not only to inform employees about the company's key projects, but more specifically to involve them and to align them with initiatives that have a direct repercussion on their day-to-day work.

Campaigns such as the Health and Safety Commitment programme, on the new positioning of the company, launch of the Work Environment Survey or the Customer Experience Project have become the driving forces of cultural change for persons that form part of the company.

All these campaigns are implemented through different channels, whether this involves informative publications on the intranet, posters put up at work centres, emails sent to employees, informative audiovisual material, conferences or impact actions, among others.

Emotional-type activities with employees

Some of the internal communication initiatives that we carry out are for the purpose of getting employees involved and participating with other teams and people either within their job setting or outside of work. Actions such as the annual Our Energy Awards, which encourage people to submit their innovative and work improvement ideas, competitions or taking part in the Sports Club activities of Gas Natural Fenosa are good examples of this.

These actions serve to recognise personal involvement in the company, helping workers to feel proud of working for the company, as well as assessing and strengthening the value of innovation. In 2015, the annual Our Energy Awards continued, and we also introduced other initiatives that invite participation, such as the Safety Contacts competition.

Reinforcing proximity through direct communication

During 2015, the company continued with the Dialogue programme, whose aim is to bring senior management and employees closer together through dialogue, communication and the transfer of information.

These actions include "Breakfasts with the Directors"; "I have a Question", where questions are put to company managers; and "Talking about the Company", in which managers from the Top 50 offer informative sessions featuring previously compiled corporate content, as well as answering spontaneous questions from employees. These also include specific subject matters from their management area.

In 2015, 74 direct communication actions were carried out as part of the Dialogue programme, featuring participation from 5,000 persons. Of those actions, 42 referred to "Talking about the Company", 6 to "Talking about the International Company", 1 to "Talking about the Company with regard to Generation", 19 to "Breakfast with the Directors" and 6 to "I have a Question".

Other actions, such as the functional meetings of divisions, have enabled people to align themselves with common business objectives, whilst simultaneously facilitating interrelationships between employees and the exchange of experiences.

At Gas Natural Fenosa we regularly provide channel-access statistics, satisfaction surveys and the internal communication annual audit, to measure the impact of these projects and employees' perception.

"Done and Said" and "Done for You" communication campaigns

In 2015, we launched a new brand repositioning campaign, based on anticipation, commitment and compliance.

"Done and Said" and "Done for You" are two mottos to recall the status of Gas Natural Fenosa as a company that anticipates customers' needs and satisfies these, thanks to the aptitude and attitude of its employees.

This new focus reinforces the vision as a leading company in service and attention, and as a benchmark brand of which customers, shareholders and the employees themselves can feel proud.

Gas Natural Fenosa is a company of facts, a company that complies with its commitments and anticipates its customers' needs. This is the attitude that forms part of all internal projects and initiatives that are being carried out.

The internal communication campaign consolidates this commitment and transmits to employees that everything that is done for customers is done for them, under the in-house claim: "Done for You".

In addition, the campaign was strengthened from the outset through a clear message from the Chairman of the company to all employees, to highlight the importance of the excellent service given to customers, as well as the importance of anticipation: first do things and then explain them, which is the brand value at Gas Natural Fenosa.

Compensation and remuneration
[G4-EC3]

Remuneration policy

Gas Natural Fenosa's remuneration policy is governed by equity on an internal scale and competitiveness from the market point of view. There are two models:

- The remuneration level of employees included in the collective bargaining agreement depends on the professional group and subgroup to which they belong.
- For those not included in the agreement, it is established on an individual basis according to the remuneration policy approved by the Board of Directors' Appointments and Remuneration Committee.

General principles of the remuneration policy

- Reward employees with a comprehensive offer of monetary and non-monetary components, which recognises and respects the diversity of their needs and expectations related to the professional environment, whilst serving as a tool to communicate the organisational purposes and business objectives.
- Foster a culture of commitment to the company's objectives, where individual contribution as well as teamwork is fundamental.
- Assess -systematically and using uniform criteria of professional development- the results of the action and the level of adaptation to the skills required at any given time.
- Provide fair and competitive remuneration. Fair, by recognising differences in accordance with the responsibilities and critical nature of the job or the person's worth for the group. Competitive, by applying a flexible market positioning adapted to the specific nature of local markets to be able to attract the best professionals and ensure they remain with the company.
- Guarantee application of the remuneration and reward criteria as a whole, unique and transparent for everybody, to ensure objective management.

Variable remuneration

Variable remuneration, within the remuneration policy of Gas Natural Fenosa, is for the purpose of reinforcing employees' commitment and motivating them to perform to the best of their ability, aligning these functions with the company's long-term interests and those of its shareholders.

The annual variable remuneration assesses the contribution to achieving individual objectives in accordance with the job, related to economic-financial variables of efficiency and growth. It also considers issues such as quality and safety, as these are directly tied to achieving the objectives set out in the Management by Objectives Plan.

Share in results

The Management by Objectives and variable commercial remuneration are methods in place at Gas Natural Fenosa as incentives for employee involvement in achieving the company's targets and direct share in results. Both of these are instrumented through two types of annual variable remuneration, depending on the group at which it is targeted:

- Management: based on management by objectives and assessment of performance. This applies to persons that belong to the management group and who are excluded from the bargaining agreement.
- Commercial: based on meeting commercial targets. This is aimed at those persons that hold a commercial function within the group.

The company also has monetary incentive schemes for all management personnel, on a three-year basis, tied to achieving medium-term objectives. The aim of these programmes is to help retain and motivate key personnel tied to these objectives and to achieve an alignment with maximising the value of Gas Natural Fenosa in a sustained way over time.

Breakdown of personnel costs (millions of euros)

	2015	2014	2013
Wages and salaries	820	691	657
Social Security costs	134	126	122
Defined benefit plans	41	36	39
Defined benefit plans	10	5	5
Work carried out for the company's fixed assets	(113)	(86)	(81)
Others	81	56	85
Total	**973**	**828**	**827**

Social benefits and flexible remuneration

The remuneration package of Gas Natural Fenosa employees is supplemented with a social benefits system, which includes a pension plan, the main vehicle of funding post-employment commitments.

By the same token, the company provides a series of social benefits that complement the remunerative package of employees. In the international arena, and pursuant to the provisions set out in the legal frameworks of each country where the company is operational, we have established or agreed with employees' representatives the introduction of social benefits and different measures of reconciliation, the extension and limits of which will depend on each sphere, country or regulatory agreement.

The system of flexible remuneration, which has consolidated itself at the company since its launch in 2012 for management and technical personnel excluded from the collective bargaining agreement in Spain.

This enables the recipients to voluntarily design the composition of their remuneration package.

In 2015, the flexible remuneration system campaign received 12% more requests than in 2014. This percentage is indicative of its success at the company.

Furthermore, and complying with the target set in 2014, the flexible remuneration system has been extended to all company personnel.

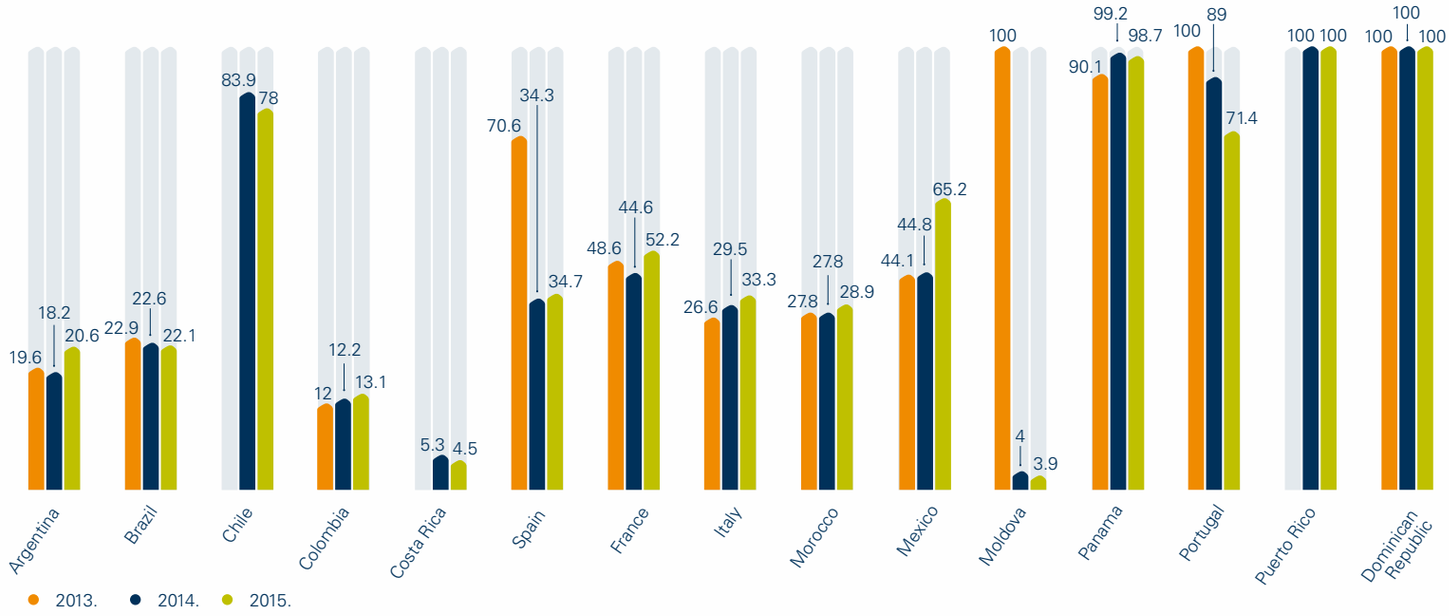
The management by objectives and variable commercial remuneration are methods used as incentives for employee involvement in achieving the company's targets and direct participation in results

Social benefits to employees

- Flexitime and intensive working hours in summer.
- Extension of time off work for births, marriages, deaths and similar.
- Medical insurance and services (hospitalisation, care, medicines, ophthalmology assessment, dentistry plan and similar).
- Supplements to public welfare benefits in cases of temporary invalidity.
- Collaboration on cultural, sport and leisure activities.
- Financial contributions to compensate meal expenses
- Family Plan for relatives (parents, children, siblings and spouses) of employees with a level of disability equal to or greater than 33% and between 0 and 65 years of age.
- Aid for the professional studies of employees and for scholarship programmes for their children, book allowances and scholarship fund with different regulations and scope.
- Pension plans and/or savings funds.
- Loans, advances and credit and insurance facilities for employees and their families.
- Electricity or natural gas consumption allowances.
- Preferential agreements with insurance companies and banks.
- Summer residences.
- Family allowance for the birth of a child, marriage, financial assistance for nurseries and for disabled children.

Performance Management and Management by Objectives Indicators*

[G4-LA11]



*Percentage of participants in the Management by Objectives system. The breakdown by gender for this indicator is available in the appendix of this report.
NB: in Australia, Costa Rica, Guatemala, Ireland and Uganda there is a workforce volume that is irrelevant for the purposes of this indicator.

Labour relations

[G4-DMA] (Labor/Management Relations, and Freedom of Association and Collective Bargaining) [G4-HR4]

The willingness to negotiate, and the respect and protection of the fundamental right to join a union and the freedom of association represent fundamental pillars in the actions of Gas Natural Fenosa in every country where it has a presence. The companies in the group have workers' representatives who are elected freely, with full respect for the principal of legality and trade union membership.

To this end, and pursuant to the provisions set out in the regulatory frameworks of each country, Gas Natural Fenosa encourages a dialogue of culture and negotiation with workers' representatives and social agents, fostering and maintaining permanent channels of communication as an active part of its corporate policies.

Particularly noteworthy are the negotiation procedures undertaken in the international arena, such as salaries, settlement issues, pension schemes, the introduction of equality plans, and work conditions in different environments and societies. Among others, in Argentina, Brazil, Chile, Colombia, France, Italy, Morocco, Mexico, Moldova and Panama, which in 2015 totalled 45 negotiations with unions.

In addition, in 2015, in Spain, the negotiating table was set up for the 2nd Collective Bargaining Agreement of Employees of Gas Natural Fenosa, which affects close to 5,500 workers in 23 societies. Furthermore, there were union elections held at all work centres; the Professional Development Plan was approved, and we negotiated and signed the new Regulations of the Joint Pension Plan for Employees of Gas Natural Fenosa in Spain.

At 31 December 2015, there had been a total of 66,117 visits, enquiries and downloads of "Employment Information" on Naturalnet across the group, and 10,854 enquiries, incidents and requests through the Employee Attention Service, dealt with directly by the service or through Labour Relations.

Organisations and union representatives in 2015

- Within the sphere of all societies in which Gas Natural Fenosa operates, a total of 68 organisations had representation in all spheres of action, seven in Spain and 61 in the international business.
- In Spain, at 31 December 2015, there were 433 union representatives freely elected at 96 work centres and 25 companies.

Annex of indicators

			Argentina	Australia	Brazil	Chile	Colombia	Costa Rica	Spain	France	Guatemala
Number of employees			795	3	535	5,090	2,227	22	8,262	90	2
Breakdown of staff by age range (%). [G4-LA12]	18–35		16.48	0.00	33.46	38.02	21.96	36.36	15.21	65.56	0.00
	36–50		39.12	100.00	52.34	43.81	46.61	54.55	52.22	31.11	50.00
	>50		44.4	0.00	14.21	18.17	31.43	9.09	32.57	3.33	50.00
Breakdown of staff by gender (%). [G4-10], [G4-LA12]	Men		77.0	100	62.2	76.5	66.9	95.5	69.8	61.1	0.0
	Mujeres		23.0	0.0	37.8	23.5	33.1	4.5	30.2	38.9	100.0
Women in management posts (%).[1]	2013		16.7	–	32.4	–	42.6	–	24.4	0.0	0.0
	2014		14.7	–	32.4	11.5	43.7	–	24.4	20.0	–
	2015		14.3	–	31.1	16.0	42.5	–	24.9	25.0	–
Senior managers from the local community (%). [G4-LA12]	2013		75.0	–	66.7	–	75.0	–	99.4	0.0	–
	2014		100.0	–	66.7	–	66.7	–	99.4	0.0	–
	2015		100.0	–	60.0	–	50.0	–	99.4	33.3	–
Breakdown of staff by professional categories and gender (%). [G4-10	Management team	Men	3.8	0.0	5.8	2.0	2.1	0.0	9.9	10.0	0.0
		Women	0.6	0.0	2.6	0.4	1.5	0.0	3.3	3.3	0.0
	Middle managers	Men	10.8	0.0	12.0	6.8	10.7	9.1	14.8	11.1	0.0
		Women	3.5	0.0	6.5	1.6	5.2	0.0	3.4	3.3	50.0
	Technicians	Men	11.8	100.0	17.2	20.1	12.1	9.1	18.9	40.0	0.0
		Women	3.6	0.0	12.0	5.2	8.8	0.0	11.7	25.6	0.0
	Operators	Men	50.6	0.0	27.3	47.7	42.0	77.3	26.2	0.0	0.0
		Women	15.2	0.0	16.6	16.3	17.5	4.5	11.8	6.7	50.0

[1] There are no executives in Australia, Costa Rica, Guatemala, Ireland, Peru and Uganda.

Ireland	Italy	Morocco	México	Moldova	Panama	Peru	Portugal	Puerto Rico	Dominican Republic	Uganda	**Total**
1	378	97	1,041	727	379	8	14	7	107	33	**20,641**
0.00	13.76	14.43	42.07	22.42	33.51	37.50	42.86	28.57	28.97	63.64	**25.3**
100.00	63.49	57.73	50.82	41.68	29.55	50.00	57.14	42.86	57.94	36.36	**48.1**
0.00	22.75	27.84	7.11	35.90	36.94	12.50	0.00	28.57	13.08	0.00	**26.7**
0.0	78.0	85.6	73.8	71.5	70.2	62.5	28.6	71.4	81.3	78.8	**72.0**
100.0	22.0	14.4	26.2	28.5	29.8	37.5	71.4	28.6	18.7	21.2	**28.0**
–	19.4	25.0	18.5	38.5	30.8	–	100.0	0.0	66.7	–	**25.3**
–	20.0	25.0	20.4	36.0	34.5	–	100.0	0.0	66.7	–	**24.0**
–	17.6	25.0	20.3	34.6	32.1	–	100.0	0.0	66.7	–	**25.1**
–	0.0	0.0	0.0	50.0	50.0	–	–	0.0	–	–	**94.8**
–	0.0	0.0	16.7	50.0	66.7	–	–	0.0	–	–	**93.2**
–	–	–	33.3	–	66.7	–	–	–	–	–	**92.0**
0.0	7.4	3.1	4.9	2.3	5.0	0.0	0.0	42.9	0.9	0.0	**5.6**
0.0	1.6	1.0	1.2	1.2	2.4	0.0	7.1	0.0	1.9	0.0	**1.9**
0.0	13.0	37.1	16.5	18.0	23.2	12.5	0.0	0.0	19.6	42.4	**12.4**
0.0	2.4	2.1	3.4	5.4	8.2	12.5	0.0	0.0	7.5	9.1	**3.4**
0.0	16.9	12.4	22.8	6.3	14.0	25.0	21.4	14.3	7.5	9.1	**17.6**
100.0	7.1	1.0	10.1	6.2	9.2	12.5	42.9	0.0	7.5	0.0	**8.8**
0.0	40.7	33.0	29.6	44.8	28.0	25.0	7.1	14.3	53.3	27.3	**36.4**
0.0	10.8	10.3	11.5	15.7	10.0	12.5	21.4	28.6	1.9	12.1	**13,9**

Annex of indicators

			Argentina	Australia	Brazil	Chile	Colombia	Costa Rica	Spain	France	Guatemala
Breakdown of staff by professional categories and gender (%). [G4–10]	Permanent contracts	Men	77.0	100.0	62.2	74.6	55.7	95.5	68.9	61.1	0.0
		Women	23.0	–	37.8	23.0	25.6	4.5	29.9	38.9	100.0
	Temporary contracts	Men	–	–	–	1.9	11.2	–	1.0	–	–
		Women	–	–	–	0.5	7.5	–	0.2	–	–
Average salary of men and women by professional category (euros).	Executives	Men	64,725	–	59,486	124,644	57,349	–	93,944	92,993	–
		Women	52,293	–	48,534	89,569	45,976	–	79,308	75,629	–
	Technicians	Men	27,553	–	20,994	43,753	13,286	–	49,606	44,289	–
		Women	23,625	–	19,049	37,809	11,952	–	45,084	43,104	–
	Administrative staff	Men	21,277	–	16,302	25,013	6,341	–	42,277	26,603	–
		Women	19,678	–	15,543	23,378	5,719	–	35,354	30,685	–
	Operators	Men	23,237	–	12,401	14,309	5,041	–	38,234	–	–
		Women	26,798	–	17,337	12,993	5,603	–	31,896	–	–
Ratio between the standard minimum salary and the local minimum salary by country and gender.[2]	**Total**		**2.93**	**–**	**2.88**	**1.52**	**1.46**	**–**	**2.03**	**1.45**	**–**
	Men		2.86	–	3.05	1.69	1.50	–	2.03	1.43	–
	Women		2.99	–	2.70	1.35	1.42	–	2.03	1.47	–
Total annual ratio of the best paid person of the company with the total annual average remuneration of the workforce.[2 and 3] [G4–54]	2015		6.99	–	12.74	12.14	21.71	–	14.63	4.20	–
Ratio between the percentage increase of total annual remuneration of the best paid person of the company with the percentage increase of the total annual average remuneration of the entire workforce.[2 and 4] [G4–55]	2015		1.06	–	1.03	0.78	0.93	–	4.64	1.84	–

[2] In Australia, Costa Rica, Guatemala, Ireland, Peru, Puerto Rico and Uganda there is a workforce volume that is irrelevant for the purposes of this indicator.
[3] Relationship between the total annual remuneration of the best paid person of the organisation in each country where significant operations are carried out with the average annual total remuneration of the entire workforce (without counting the best paid person) of the corresponding country.
[4] Relationship between the percentage increase in the total annual remuneration of the best paid person of the organisation in each country where significant operations are carried out with the percentage increase of the average annual total remuneration of the entire workforce (without counting the best paid person) of the corresponding country.

Ireland	Italy	Morocco	México	Moldova	Panama	Peru	Portugal	Puerto Rico	Dominican Republic	Uganda	**Total**
–	77.8	85.6	66.5	70.8	70.2	50.0	28.6	71.4	81.3	78.8	**69.4**
100.0	22.0	14.4	23.9	27.6	29.8	37.5	71.4	28.6	17.8	18.2	**26.7**
–	0.3	–	7.3	0.7	–	12.5	–	–	–	–	**2.7**
–	–	–	2.3	0.8	–	–	–	–	0.9	3.0	**1.3**
–	67,825	81,873	39,612	15,335	41,303	–	–	–	52,409	–	**–**
–	63,932	73,936	37,872	16,025	44,033	–	72,150	–	85,706	–	**–**
–	36,274	30,683	15,483	6,403	16,734	–	32,808	–	22,341	–	**–**
–	37,715	27,607	15,261	6,437	18,387	–	31,950	–	24,547	–	**–**
–	29,813	11,100	8,143	6,994	17,954	–	–	–	12,785	–	**–**
–	28,527	11,902	10,180	8,411	16,789	–	22,333	–	10,086	–	**–**
–	30,399	15,078	6,461	3,987	14,326	–	–	–	12,403	–	**–**
–	0	0	6,462	4,121	0	–	–	–	–	–	**–**
–	**1.25**	**3.24**	**3.08**	**2.51**	**1.49**	**–**	**3.61**	**–**	**2.77**	**–**	**–**
–	1.26	2.42	2.99	2.63	1.52	–	4.24	–	2.23	–	
–	1.23	4.06	3.16	2.39	1.46	–	2.97	–	3.30	–	**–**
–	3.80	3.19	7.87	6.43	15.17	–	2.81	–	6.60	–	**–**
–	0.29	1.03	0.96	0.92	0.81	–	0.88	–	0.96	–	**–**

Annex of indicators

			Argentina	Australia	Brazil	Chile	Colombia	Costa Rica	Spain	France	Guatemala
Rotation index (number of layoffs/average staff) (%). [G4–LA1]	2015		3.5	32.5	4.4	18.6	3.4	0.0	2.7	18.0	0.0
Voluntary rotation index (number of voluntary layoffs/average staff) (%). [G4–LA1]	2015		1.8	32.5	1.3	8.2	1.5	0.0	0.8	14.4	0.0
Performance management and management by objectives indicators broken down by gender and professional category. [G4–LA11]	Management team	Men	4.7	0.0	4.9	2.2	1.7	0.0	9.8	10.0	0.0
		Women	0.9	0.0	2.6	0.4	1.3	0.0	3.3	3.3	0.0
	Middle managers	Men	4.2	0.0	7.1	7.7	2.6	4.5	3.6	7.8	0.0
		Women	3.6	0.0	4.7	2.3	1.5	0.0	1.6	3.3	0.0
	Technicians	Men	4.7	0.0	1.1	14.9	3.2	0.0	7.6	12.2	0.0
		Women	1.3	0.0	1.7	3.7	2.7	0.0	4.0	15.6	0.0
	Operators	Men	0.4	0.0	0.0	35.1	0.0	0.0	3.1	0.0	0.0
		Women	0.8	0.0	0.0	11.7	0.0	0.0	1.8	0.0	0.0
	Total	**Men**	**14.0**	**0.0**	**13.1**	**59.9**	**7.5**	**4.5**	**24.0**	**30.0**	**0.0**
		Women	**6.6**	**0.0**	**9.0**	**18.1**	**5.6**	**0.0**	**10.6**	**22.2**	**0.0**
Staff promoted (%).[5]	2013		9.4	–	32.9	–	7.3	–	15.7	2.7	–
	2014		7.2	–	18.7	14.7	5.2	–	7.8	5.4	–
	2015		5.2	–	10.3	8.4	4.0	–	13.5	18.2	–
Employees with collective bargaining agreement. [G4–11]	Not covered by collective bargaining agreements.		18.7	0.0	24.3	1.7	15.6	0.0	26.6	53.3	0.0
	Covered by collective bargaining agreements		81.3	100.0	75.7	98.3	84.4	100.0	73.4	46.7	100.0
Trade union membership (%).	2013		47.3	–	12.7	–	49.5	–	22.7	–	–
	2014		47.8	–	12	–	58.01	–	24.8	–	–
	2015		31.3	–	10.3	41.9	46.3	–	25.6	–	–

[5] No promotions were made of staff in Australia, Costa Rica, Guatemala, Ireland, Peru, Portugal, Puerto Rico or Uganda in 2015.

Ireland	Italy	Morocco	México	Moldova	Panama	Peru	Portugal	Puerto Rico	Dominican Republic	Uganda	**Total**
0.0	2.4	0.0	6.7	6.1	10.1	0.0	0.0	0.0	3.7	19.7	**7.9**
0.0	1.6	0.0	4.5	2.4	5.2	0.0	0.0	0.0	2.8	19.7	**3.5**
0.0	7.1	3.1	4.8	2.3	5.0	–	0.0	42.9	0.9	0.0	**–**
0.0	1.6	1.0	1.2	1.2	2.4	–	7.1	0.0	1.9	0.0	**–**
0.0	4.8	9.3	14.3	0.3	23.2	–	0.0	0.0	19.6	0.0	**–**
0.0	2.4	2.1	3.3	0.0	8.2	–	0.0	0.0	7.5	0.0	**–**
0.0	10.8	12.4	22.2	0.0	13.7	–	14.3	14.3	7.5	0.0	**–**
0.0	6.6	1.0	9.7	0.0	9.2	–	42.9	0.0	7.5	0.0	**–**
0.0	0.0	0.0	5.6	0.0	27.2	–	7.1	14.3	53.3	0.0	**–**
0.0	0.0	0.0	4.1	0.0	9.8	–	0.0	28.6	1.9	0.0	**–**
0.0	**22.8**	**24.7**	**46.9**	**2.6**	**69.1**	**–**	**21.4**	**71.4**	**81.3**	**0.0**	**–**
0.0	**10.6**	**4.1**	**18.3**	**1.2**	**29.6**	**–**	**50.0**	**28.6**	**18.7**	**0.0**	**–**
–	18.4	3.1	7.1	10.6	5.7	–	–	18	–	–	**–**
–	1.6	1.0	4.7	12.5	12.7	–	–	–	11.0	–	**–**
–	10.3	1.0	9.4	11.6	1.9	–	–	–	5.6	–	**–**
0.0	1.9	33.0	80.2	0.0	59.4	37.5	0.0	57.1	2.8	0.0	20.4
100.0	98.1	67.0	19.8	100.0	40.6	62.5	100.0	42.9	97.2	100.0	79.6
–	43.6	69.4	22.1	66.0	35.7	–	–	–	–	–	45.9
–	40.2	67	21.4	66.2	38.6	–	–	–	–	51.5	**–**
–	42.3	67.0	19.8	62.8	39.1	–	–	–	–	39.4	**–**

Annex of indicators

		Argentina	Australia	Brazil	Chile	Colombia	Costa Rica	Spain	France	Guatemala
Employees five years from retirement age (%). [EU15]	Management team	14.3	–	6.7	5.0	8.8	–	2.6	0.0	–
	Middle managers	8.8	–	5.1	5.4	6.2	0.0	7.9	0.0	0.0
	Technicians	6.5	0.0	4.5	2.8	4.1	0.0	3.7	0.0	–
	Operators	18.5	–	3.0	5.1	17.5	0.0	11.6	0.0	0.0
	Total	**15.1**	**0.0**	**4.1**	**4.5**	**12.6**	**0.0**	**7.3**	**0.0**	**0.0**
Employees ten years from retirement age (%). [EU15]	Management team	45.7	–	15.6	18.5	21.3	–	12.5	0.0	–
	Middle managers	30.7	–	17.2	12.7	20.8	0.0	20.8	0.0	0.0
	Technicians	15.4	0.0	9.6	6.5	13.1	0.0	12.6	3.4	–
	Operators	39.6	–	8.5	12.7	42.6	0.0	32.7	16.7	100.0
	Total	**34.8**	**0.0**	**11.0**	**11.3**	**32.2**	**0.0**	**21.7**	**3.3**	**50.0**
New employees. [G4–LA1]	2013	14	–	26	–	55	2	94	11	2
	2014	26	0	45	890	844	0	176	16	0
	2015	41	0	50	644	236	3	306	31	0
No. of employees with maternity or paternity leave entitlements.[6] [G4–LA3]	Men	7	0	9	32	22	0	201	2	0
	Women	4	0	9	117	25	1	96	1	0
	Total	**11**	**0**	**18**	**149**	**47**	**1**	**297**	**3**	**0**
No. of employees who took maternity/paternity leave. [G4–LA3]	Men	7	0	9	31	22	0	165	2	0
	Women	4	0	9	117	25	0	96	1	0
	Total	**11**	**0**	**18**	**148**	**47**	**0**	**261**	**3**	**0**
No. of employees who did not return to work once their maternity/ paternity leave was complete. [G4–LA3]	Men	0	0	0	0	0	0	1	2	0
	Women	0	0	1	6	0	0	2	1	0
	Total	**0**	**0**	**1**	**6**	**0**	**0**	**3**	**3**	**0**
Ratio of employees who returned to their position following paternity/maternity leave and continue in the company one year after their leave (%). [G4–LA3]	Men	100.00	–	100.00	90.63	81.82	–	98.10	100.00	–
	Women	100.00	–	100.00	72.67	79.17	–	95.96	100.00	–
	Total	**100.0**	**–**	**100.00**	**75.82**	**80.00**	**–**	**97.28**	**100.00**	**–**

[6] The concept of maternity/paternity leave and the related social benefits present specifics that are connected to the labour laws in force in each of the countries where Gas Natural Fenosa operates and must be taken into account when interpreting this information. For instance, legislation in Moldova determines that women have the right to maternity leave of 126 days 100% paid by the Social Security system. After this period, they have the right to take maternity leave of absence for up to 3 years, with 30% payment by the social security system, and from 3 to 6 years of unpaid leave, which explains why the number of people who did not return to work after their leave was complete was so high for this country.

Ireland	Italy	Morocco	México	Moldova	Panama	Peru	Portugal	Puerto Rico	Dominican Republic	Uganda	**Total**
–	0.0	0.0	3.1	11.5	21.4	–	0.0	33.3	0.0	–	**4.1**
–	3.4	10.5	2.9	18.8	19.3	50.0	–	–	6.9	0.0	**7.9**
0.0	0.0	15.4	2.3	12.1	14.8	0.0	0.0	0.0	0.0	0.0	**3.7**
–	2.6	0.0	4.2	26.1	34.0	0.0	0.0	0.0	11.9	0.0	**10.6**
0.0	**1.9**	**6.2**	**3.3**	**22.1**	**24.0**	**12.5**	**0.0**	**14.3**	**8.4**	**0.0**	**7.9**
–	5.9	75.0	7.8	26.9	32.1	–	0.0	33.3	33.3	–	**14.9**
–	10.3	44.7	7.2	30.0	35.3	50.0	–	–	10.3	5.9	**19.9**
0.0	5.5	23.1	4.7	15.4	19.3	0.0	0.0	0.0	6.3	0.0	**10.4**
–	14.4	23.8	12.9	40.7	52.1	0.0	0.0	0.0	18.6	7.7	**26.0**
0.0	**10.8**	**34.0**	**8.7**	**34.5**	**37.7**	**12.5**	**0.0**	**14.3**	**15.0**	**6.1**	**20.1**
–	13	–	85	31	22	–	–	–	7	8	**373**
0	9	1	87	38	25	–	2	1	2	2	**2,164**
0	11	0	126	36	40	0	5	0	2	7	**1,538**
0	5	3	35	18	0	0	0	0	3	5	**348**
0	13	1	17	6	10	0	0	0	3	0	**305**
0	**18**	**4**	**52**	**24**	**10**	**0**	**0**	**0**	**6**	**5**	**653**
0	5	3	35	6	0	0	0	0	3	4	**298**
0	13	1	17	7	5	0	0	0	2	0	**299**
0	**18**	**4**	**52**	**13**	**5**	**0**	**0**	**0**	**5**	**4**	**597**
0	0	0	0	1	0	0	0	0	0	0	**4**
0	1	0	0	5	0	0	0	0	0	0	**16**
0	**1**	**0**	**0**	**6**	**0**	**0**	**0**	**0**	**0**	**0**	**20**
–	100.00	100.00	91.18	–	–	–	–	0.00	100.00	66.67	**95.52**
–	100.00	100.00	95.45	90.00	100.00	–	–	0.00	100.00	–	**84.68**
–	**100.00**	**100.00**	**92.86**	**90.00**	**100.00**	**–**	**–**	**0.00**	**100.00**	**66.67**	**89.62**

Health and safety

[G4-DMA] (Occupational Health and Safety)

Gas Natural Fenosa plans and carries out its activities with the firm belief that nothing is more important than health, safety and well-being. In this regard, the company's action goes beyond compliance with legal obligations and other requirements that it voluntarily adopts, driving continuous improvement in working conditions and in management of health, safety and well-being. This involves not only persons that work for Gas Natural Fenosa, but also suppliers, collaborating companies, customers and other stakeholders, in order to avoid and to prevent accidents and damages to health, providing a safe and healthy environment as well as promoting health and well-being.

Commitments and principles of responsible action in health and safety

- Guarantee that health and safety are **non-delegable individual duties**, and that they are taken on by senior management through a visible **collective commitment**, proactively accepted and implemented by the entire organisation, and by our suppliers and partner companies.
- Establish health and safety as an individual responsibility and as a **condition of employment** at Gas Natural Fenosa and of the activity of its partner companies.
- Ensure that any potential situations of risk that may affect employees, suppliers, customers, the general public and the safety of facilities are **brought to attention, assessed and managed in the appropriate manner.**
- Work to maintain a risk-free working environment by integrating prevention of occupational risks and the protection and promotion of health and well-being into business management.
- Establish **learning as the driver** towards a safety culture, by means of ongoing training, accident and incident analysis, the dissemination of lessons learnt and the promotion of health.
- Incorporate **health and safety criteria** into business processes, new projects, activities, facilities, products and services, and in the selection and assessment of suppliers and partner companies, non-compliance with which will condition the commencement or continuity of their activity.
- Investing new strategies of **health education and promotion** that turn the workplace into a vector for transmitting healthy behaviour for the worker and his environment.
- Introduce actions targeted at improving **life quality, well-being and health** of persons that make up the **communities** where the company operates.
- Provide the resources and means necessary to enable compliance with established safety standards at all times.

Health and safety as a strategy

Health and safety are essential elements in the strategy of Gas Natural Fenosa, and this been ratified by the Board of Directors. It is a priority issue that occupies its daily agenda, as well as an aspect that is inwardly digested in all segments of a company that cannot conceive of any other way of thinking about or working.

The principles of the company's business culture are based on the motto "nothing is more important than health and safety".

The challenges of Gas Natural Fenosa are geared towards the implementation of global strategies for health and safety as a means to improve working conditions. Therefore, the strategic approaches of recent years are maintained:

- Maintaining a solid culture of health and safety as a consequence of the implementation of the Commitment to Health and Safety Plan.
- Consolidating accident rate monitoring tools to identify areas for improvement and reduce occupational accidents.
- Standardising safety management.

The company's actions are not limited to simply complying with legal obligations and other requirements which it chooses to adopt of its own free will; in fact, it continuously seeks to improve working conditions and management of safety, health and well-being

Value actions

Proposed actions 2015		Planned actions 2016
Establishment of the overall management tool of the company, which unifies all prevention efforts.	+	Global action plan for collaborating companies.
Establishment of regular top down safety meetings targeting all levels of the company and creation of safety and health committees in all departments.	+	Global implementation of the documentary management tool Controlar (Achilles).
Definition of a framework of internal and external audits to ensure the correct implementation of all the tools in all units.	+	Implementation of the Health and Safety Commitment Plan in Chile.
Accident reduction plan in electrical regulated businesses where there are more accidents with fatal consequences.	+	Implementation of cardio protection through the gradual introduction of defibrillators, at international level at work centres and at all medical services of the company.
Implementation of the healthy company model progressively at an international level.	+	Gradual implementation of the healthy company model in those countries where it has not yet been introduced.

Level of fulfilment: + Finalised. + Major progress. + Intermediate progress. + Little progress. + Not started.

Health and Safety Commitment Plan

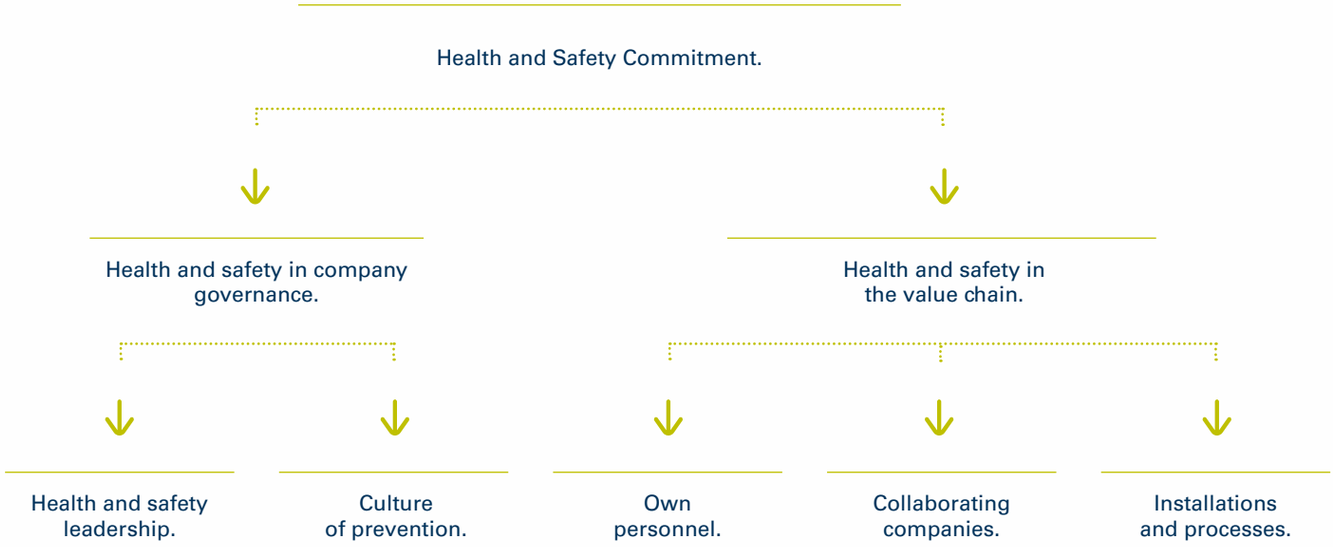
The Health and Safety Commitment Plan, launched in 2012, is based on developing four drivers: leadership, employees, partner companies and installations and processes, which are the levers which will shape the cultural transformation of Gas Natural Fenosa and allow its commitment towards health and safety to be extended and to have greater cover.

The plan has achieved a qualitative change in the company's safety culture through a new focus based on safe individual conduct and the identification and anticipation of hazard situations by workers. Progress continued in 2015 with activities geared towards training, information, and raising awareness about health and safety at all levels and throughout the company.

This progress enables Gas Natural Fenosa to consolidate its leadership in this area, and allow the company to extend this cultural change to the remaining fields of action.

This culture has been palpable and real at the company for the following reasons:

- It has been a commitment of the company's chief executive from the outset of the plan.
- A major investment has been made and the deployment of means has been increasing.
- The actions carried out represent a visible and measurable impact.



Project progress is positive, although we need to continue improving. Consequently, in 2016 the company will continue to work along the same line as it has done for the past three years, strengthening the belief that all accidents are avoidable and that day-to-day actions support this.

Progress in the Health and Safety Commitment Plan

Diagnosis stage

In 2012, the Health and Safety Commitment Plan was launched. A diagnosis was conducted to find out the situation, in safety and health management within the company.

Kick-off stage

The second stage was developed during 2013 and the aim was to introduce a new culture of health and safety by creating 10 networks of design and implementation coordinated by a central team, which acts as the overall manager and revitaliser, responding to the needs of different groups.

Introduction stage

During 2014, we achieved all of the milestones related to the drivers identified. Furthermore, we managed to consolidate tools to lay down the ground work for management of safety and processes.

Consolidation stage

In 2015 and 2016, with the full execution of the plan, the aim is for all employees to understand that safety is a first-level priority and that tolerance of unsafe actions in the company and its social perimeter must be zero. The aim is also for all employees to feel motivated and proud of working in a safe environment and aware that their contribution is vital.

Leadership

Gas Natural Fenosa has focused on the visible commitment of the entire organisation, aware that health and safety is key for its business leadership.

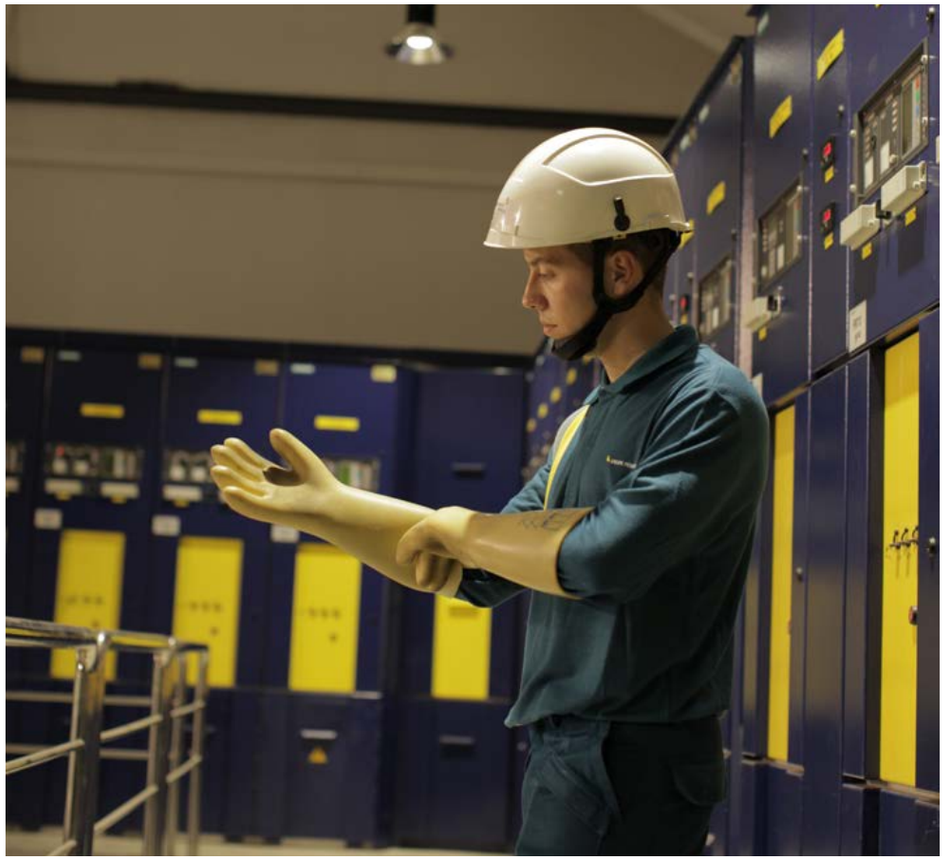
Leadership is considered as the driver of cultural change in the company. This means efforts have to be made at all organisational levels, and is promoted by the management, with a visible, solid and firm commitment in taking all business decisions, with safety paramount at all times.

As a sign of the visible commitment, spearheaded from senior management and which permeates throughout all levels of the organisation, particular relevance was given to the health and safety indicators as part of the performance assessment.

We should also point out the introduction of the Health and Safety Management Committees, forums for presentation, discussion and decisions on proposals, and coordination, introduction plans, monitoring and supervision of health and safety activities in the company's different departments.

Gas Natural Fenosa is committed to quality training in this area, spearheaded by personnel with responsibility at the company, and targeted not only at all employees of the company but also at collaborating companies that take part in the development of activities in all businesses and countries where Gas Natural Fenosa is operational.

The transmission of the message to partner companies through a range of actions, such as workshops on leadership and raising awareness, revealed themselves to be an excellent way of externalising these concepts with efficiency and quality.



Health and safety culture among employees

Gas Natural Fenosa firmly believes that maintaining the health and safety of everybody that works for the organisation, whether these are the company's own employees or those of collaborating companies, is an element as important to the business as production, profits or customers.

Achieving the target of zero accidents means that everybody has to be able to take decisions and make changes, in their day-to-day work, that consolidate this commitment to health and safety.

The efforts of everybody that forms part of Gas Natural Fenosa, since the introduction of the plan in 2012, have been vital. In the main, it is the employees that are chiefly responsible for the excellent results obtained.

In 2015, Gas Natural Fenosa continued to introduce new tools and to consolidate those that already existed, through training sessions and different preventive and communication actions for the entire group, specific for some groups and partner companies.

Survey on the perception of the health and safety culture

In recent years, we have moved from being a company whose employees did not always acquire sufficient responsibility and many of whom believed that health and safety was more a question of luck than management, to a company where workers take responsibility for themselves and consider that safety is a personal responsibility.

This is one of the key conclusions of the survey on the perception of the health and safety culture carried out with the entire group, and which featured participation by 62%, up 2% on the survey conducted in 2012, as a preliminary analysis before introducing the plan.

Three years later, the comparison between both surveys reveals the change that has taken place throughout the group in health and safety issues. In 2015, Gas Natural Fenosa is above average in the electricity industry and virtually at the level of the gas industry, when in 2012 it was below the total averages.

Culture in response to the highest standards

With the firm belief that health and safety requirements must be uniform, irrespective of the country, the regulations or the social reality that exists, in 2015 Gas Natural Fenosa continued to identify uniform criteria in each country, as well as designing, publicising and introducing high standards of health and safety:

- Guidance and information for collaborating companies.
- Regular health and safety meetings.
- Works at low voltage.
- Assessment of performance of collaborating companies in health and safety issues.
- Signposting.
- Management of learning and experience.
- Requirements for qualification, screening and assessment of bids in awarding contracts to collaborating companies.
- Classification of the health and safety risk of collaborating companies.
- Discharging electricity facilities with voltage distribution >= 1 kV to carry out works without the presence of voltage.
- Managing the works of contractor companies.
- Health and safety scorecard.
- Zero tolerance with deviations (0 tolerance).
- Penalties applicable to contractor companies.
- Personal Action Plan Programme (PAP).

Risk management

The main objectives of the health and safety areas are to avoid the materialisation of risks and to improve conditions in which workers perform their activity. Accordingly, the company has a number of specific mechanisms designed to risk management in order to prevent this type of occurrence and reduce any consequences.

Risk assessment

The assessment of occupational hazards is designed to estimate the magnitude of those that could not be avoided. Accordingly, the company obtains the information it needs in order to decide on the need for adopting preventive measures and, where applicable, those that are most appropriate.

Gas Natural Fenosa uses a general procedure that applies to the entire group and which establishes the guidelines and principles to be followed for the identification, assessment and control of occupational risks. It also introduces a three-year maximum period for review of assessments, annual health and safety checks, and quarterly monitoring of the preventive measures to be introduced as a consequence of assessing risks and periodic controls.

Other risk management mechanisms

Gas Natural Fenosa has specific management mechanisms to achieve its target of reducing the number of accidents to a minimum:

- **Preventive safety observations:** targeted at raising awareness about unsafe acts, in which the employees themselves detect conduct that can be improved at safety level. A total of 21,128 were carried out in 2015.
- **Documented inspections:** targeted at effective supervision of Occupational Health & Safety and at correcting any anomalies detected. A total of 49,173 were carried out in 2015.
- **Zero tolerance:** targeted at removing risk situations at source. A total of 6,436 were recorded in 2015.
- **Safety rests:** targeted at reinforcing the commitment to health and safety, communicating to the entire organisation on the need to adopt changes in our day-to-day work that efficiently consolidate our commitment to safety. 5,694 were recorded.
- **Personal Action Plans:** in which each leader undertakes to implement personal actions to showcase health and safety within their sphere. A total of 4,448 actions were carried out in 2015.
- **Monitoring of actions:** aimed at performing proper management of the actions to be carried out as a consequence of detecting deficiencies through any of the company's management tools, and ensuring their effective introduction and resolution. A total of 22,854 were recorded during 2015.
- **Investigation of accidents and incidents:** targeted at learning from the mistakes made so as not to repeat them and also for the purpose of reducing the number of accidents. In 2015, all accidents and incidents that took place were investigated.
- **Lessons learned:** recommendations obtained from the analysis of accidents and incidents, related to unsafe behaviour, and which is shared with the organisation's workers to avoid recurrence. 85 were published in 2015.
- **Safety contacts:** all meetings start with a safety contact, describing actual cases that enable us to improve our day-to-day conduct. 130 safety contacts were recorded.

On the basis of the foregoing, Gas Natural Fenosa continues to work on managing risks, minimising accidents and unsafe acts in its daily activity.

The health and safety commitment has been strengthened with the periodic publications on the company's intranet and with the establishment and consolidation of Prosafety, the software tool for global safety management in the company.

In 2015, we launched a management standard that sets out and develops the commitments established at Gas Natural Fenosa for the creation and maintenance of security conditions, in which people are safe, assets and information are protected, business processes can be developed, the company's reputation is safeguarded and strengthened, and opportunities for improvement are identified, attracting value for the organisation.

Action plans

Throughout 2015, several specific plans were introduced that were relevant in the achievements obtained in health and safety issues.

Communication Plan

The communication plan of the Health and Safety Commitment Plan has had two priority objectives for 2015:

- To reinforce the commitment.
- To acknowledge the effort.

These twin objectives have been achieved through the following actions:

- Placing the focus on offices and collaborating companies.
- Providing value-added to the employee through participative actions.
- Giving the employee prominence through acknowledgement.

Safety in Electricity Grids emergency plan

In 2015, the company launched and implemented an accident plan in electrical regulated businesses where there are more accidents with fatal consequences.

The plan seeks to have a detailed x-ray of the safety management (both at technical as well as management level) carried out by collaborating companies that work on behalf of the electricity distribution business in Spain. This will allow us to oversee evolution towards excellence in the management of safety by collaborating companies, through a process of selection and ongoing improvement. The aims of the plan are as follows:

- Initial diagnosis of the safety management of collaborating companies.
- Preparation and showcasing of specific action plans to improve the safety of collaborating companies.
- Global map of the safety management of collaborating companies.
- An observatory showing the evolution of ongoing improvement in safety management at collaborating companies.
- Materialisation of technical standards applicable at collaborating companies.

Road Safety Plan

Gas Natural Fenosa continued with the work that began in 2014, in order to complete the ambitious Road Safety Plan in 2015, a plan targeted at all of the company's employees in more than 30 countries.

The project is based on classroom training, online teaching, vehicle servicing campaigns and actions to raise awareness and provide information on road safety.

Road safety has been taught to more than 9,600 workers at the offices in Argentina, Brazil, Colombia, Spain, Italy, Morocco, Mexico, Moldova and Panama, among other countries. Road safety is taught through the use of driving, efficiency and tilting simulators.

This enables employees to be aware of the risks both as a driver and as a pedestrian, and more importantly employees learn how to avoid these risks and minimise their consequences to reduce the number of accidents. The main objective of the campaigns carried out is to improve driving safety.

Employee involvement

[G4-LA5] and [G4-LA8]

Gas Natural Fenosa participates in shaping key elements of prevention, establishing channels of information, consultation and appropriate participation. Employee involvement is an essential element in managing health and safety in the company.

To this end, in 2015 we launched and introduced a new system to ensure regular communication in health and safety, thus enabling us to maintain our commitment in this area and encourage awareness and participation by all employees, responding to their information needs through their management lines.

With regard to this groundbreaking initiative, all of the company's personnel are invited to attend and actively take part in the development of regular health and safety meetings organised in their corresponding area. In 2015, there were a total of 10,870 meetings.

These meetings are supplementary and do not replace the different occupational health & safety committees that exist in each country and in accordance with labour legislation.

This framework applies to the whole company, which means that 100% of workers have a direct channel for participation through the joint health and safety meetings between management and employees.

Among the health and safety items discussed with the workers' representatives, and which have been formally established on the different health and safety committees of the company, are the following:

- Health and Safety Commitment Plan.
- Analysis of accidents.
- Integral health.
- Launch of the new mandatory internal regulations.
- Quarterly monitoring of preventive measures.

Furthermore, in 2015 we launched several initiatives for participation by employees:

- Launch during the Health and Safety Week of the new internal communication campaign under the motto "We like Health and Safety" which, through a positive gesture, acknowledges both safe conduct as well as those employees, teams, offices and facilities most involved in health and safety issues.
- Organisation of the Health and Safety Contact Competition of Gas Natural Fenosa for the purpose of raising awareness and active participation of employees by recognising those persons that prepare safety contacts and encourage occupational health and safety through their own behaviour.

Training and awareness

In recent years, most hours of training have focused on health and safety.

The company gave 220,833 training hours in health and safety for 67,491 people as part of 3,409 training sessions in 2015. The average number of training hours per employee was 15.46.

Raising awareness and leadership for collaborating companies

We have designated 400 internal promoters to transmit the company's health and safety philosophy through leadership workshops attended by executives and managers of all companies that collaborate with Gas Natural Fenosa in the performance of works.

These executives and managers have subsequently been responsible for disseminating the messages at their own organisations to the rest of their colleagues, through the workshops designed to raise awareness.

This means that the commitment has been penetrating all of the company's operating area, both with its own personnel as well as personnel of collaborating companies.

Gas Natural Fenosa will only be able to work with those collaborating companies that accept, share and apply its health and safety commitment. It has therefore established the most appropriate and efficient mechanisms for dissemination, communication and raising awareness.

Raising awareness in management of emergencies for evacuation teams

Throughout 2015, we prepared and reviewed 419 documents related to emergencies and carried out 226 training actions concerning management of emergencies. We also undertook 388 emergency drills at our facilities and buildings.

The main corporate buildings of the company hosted specific sessions to raise awareness about management of emergencies, to allocate the best management tools to those persons responsible for taking operational decisions during an emergency situation.

This is a pioneering training methodology, with a highly didactic and innovative focus, which emphasises practical actions to be carried out by teams in an emergency.

These sessions finished off with practical workshops on evacuating people in situations of reduced visibility and support to evacuation of dependent people or those with some kind of disability.

Safety training

	2015	2014	2013
Attendees in terms of total staff (%)	85.88	96.15	70.26
Training actions completed	3,409	3,605	2,464
Training hours per employee	15.46	16.32	14.46

The training given as part of the Health and Safety Commitment Plan has been a cornerstone in reinforcing awareness and commitment. In this area, we have managed to train the entire workforce, thanks to the collaboration of more than 100 internal instructors in all countries and businesses where the company is present.

Furthermore, we have undertaken a new review and strengthened training in health and safety in all training itineraries. These itineraries set out the training needs with regard to work risks. We have also introduced a system for training management to ensure that each person at the company has the best training available at any given time.

Accident indicators (employees)

[G4-LA6]

	Target 2016	Target 2015	2015			2014			2013		
			Total	Men	Women	**Total**	Men	Women	**Total**	Men	Women
Accidents requiring medical leave[1]	106	106	**125**	109	16	**118**	102	16	**152**	129	23
Days lost[2]	3,122	2,732	**3,674**	2,639	1,035	**3,035**	2,887	148	**4,184**	3,524	660
Mortalities[3]	0	0	**1**	1	0	**1**	1	0	**0**	0	0
Frequency rate[4]	2.61	3.54	**3.08**	3.72	1.41	**3.93**	4.82	1.80	**5.07**	6.10	2.61
Severity rate[5]	0.07	0.09	**0.09**	0.09	0.09	**0.10**	0.14	0.02	**0.14**	0.17	0.07
Incidence rate[6]	5.38	7.49	**6.33**	7.66	2.90	**8.32**	10.21	3.81	**10.56**	12.69	5.43
Absenteeism rate[7]	1.92	1.77	**2.02**	–	–	**1.86**	–	–	**1.70**	–	–

NB: we have reduced the overall rates of accidents with regard to the previous year, resulting from the Health and Safety Commitment Plan. 2015 was the first year of consolidation of subsidiary companies of the CGE group, which means that the major decrease in the accident rate with regard to the previous year has been masked. Comparing 2015 figures with those of 2014, and taking into consideration the same sphere of operation (excluding CGE), we see major advances in the accident rates, with a 38% reduction of accidents with days lost and 35% in the frequency rate.

[1] Accidents requiring medical leave: number of accidents in the workplace leading the employee to take medical leave.
[2] Days lost: days not worked due to medical leave caused by accidents at work. Calculated from the day following the day the medical leave is received and considering calendar days.
[3] Mortalities: number of workers who died due to accidents at work.
[4] Mortalities: number of accidents with medical leave occurring during the working day for every million hours worked.
[5] Severity rate: number of days lost as a result of occupational accidents for every 1,000 hours worked.
[6] Number of occupational accidents for every 1,000 employees.
[7] Absenteeism rate: absence of employees from their jobs.

The company gave 220,833 training hours in health and safety for 67,491 people as part of 3,409 training sessions in 2015

Accident indicators by country (employees)

	Accidents requiring medical leave	Days lost	Mortalities	Frequency rate	Severity rate	Incident rate	Absenteeism rate
Argentina	13	403	0	7.78	0.24	16.45	4.45
Brazil	1	86	0	1.01	0.09	1.92	1.48
Chile	45	790	0	3.94	0.07	8.66	–
Colombia	33	522	0	7.76	0.12	15.33	1.45
Spain	17	1,242	0	1.19	0.09	2.33	2.35
Italy	0	28	0	0.00	0.04	0.00	1.89
Kenya	1	12	0	4.92	0.06	9.73	0.35
Mexico	5	186	0	2.20	0.08	4.87	0.62
Moldova	1	105	0	0.63	0.07	1.36	2.35
Panama	5	9	1	6.60	0.01	12.97	1.06
South Africa	4	291	0	2.74	0.20	5.63	2.92

NB: there have been no accidents with days lost in Germany, Australia, Belgium, Costa Rica, Egypt, France, Guatemala, Holland, Ireland, Italy, Morocco, Peru, Portugal, Puerto Rico, the Dominican Republic and Uganda. We have reduced the overall rates of accidents with regard to the previous year, resulting from the Health and Safety Commitment Plan. There has been a virtually general decrease in the accident figures with days lost and the different accident rate indices. We can highlight the elimination of all accidents in Italy and the Dominican Republic, and the 71% decrease in Mexico, 54% decrease in Spain, 50% in Moldova and 34% in Colombia. Moreover, the inclusion of subsidiaries of the CGE group means that Chile is included among the countries with the lowest number of accidents and masks the reduction with regard to the previous year of other countries, such as Argentina.

Accidents and incidents management

One may assume that the main risks for the company's workers stem from the business activities, such as coming into contact with electricity, fires, intoxications or incidents involving gas, but the reality is that those activities account for less than 2% of accidents.

In statistical terms, the main risks involve vehicles, falls and loads, which represents two thirds of all accidents with days lost of the group. This is why we started the Road Safety Plan and are implementing actions to reduce falls and strains to the same level.

An in-depth analysis of these occurrences provides very important information to find out how to address these risks, fostering the performance of specific campaigns and the commitment of the entire hierarchical line and all workers.

Achieving the objective of removing or reducing situations of risk and, with this, the accident rates, is a fundamental issue and represents a huge challenge. In 2015, there were 1,556 incidents reported; in other words, events that have not caused personal injuries or environmental damages but which under other circumstances could have led to personal injuries or environmental damages.

Since project commencement, the frequency rate has been reduced by 54%, although the company believes this is not enough.

We want to continue increasing the exigency and rigour in the investigation of incidents and accidents. The lessons we learn and which are passed on to the entire company for expeditious and uniform implementation are the keys in achieving the eradication of the situations that lead to these.

One of the main concerns is to reduce accidents. The result of this concern, and in the actions referred to in the Health and Safety Commitment Plan, six standards were published that directly connects with the principle that all accidents can be avoided:

- Process of communication, research and monitoring accidents and incidents.
- Classification of incidents.
- Management of learning.
- Health and Safety Management Committees.
- Regular health and safety meetings.
- Classification of the risk of collaborating companies.

The new actions carried out and the standards resulting from the project have allowed us to achieve major milestones in reducing the accident rate.

Actions carried out to reduce accidents

Greater importance given to the targets associated to reducing the accident rate, among managers, particularly of operational areas.

Creation of the accident rate committee, comprising the principal representatives of the general divisions, to introduce action plans for the whole company.

Increase of the direct involvement of the management line in all stages of the occurrence.

Creation of committees to analyse and investigate accidents and incidents at the operational businesses, to take up common measures to avoid a repetition.

Introduction of the Safety Pause for the entire company in the event of mortal accidents, so that the preventive measures and causes are circulated to all employees.

Analysis of accidents and incidents on all of the company's regular health and safety meetings and committees.

Introduction of specific emergency plans, in addition to those of the previous year, to reduce accidents and deficiencies arising from specific breaches, together with the specific plans by country.

Standardisation of the weekly dispatch to all company employees of lessons learned from any accidents and incidents that have taken place.

The inclusion of a scale of penalties in procurement with those collaborating companies that have the highest accident rates..

Decertification of collaborating companies where we detect serious repetitive breaches or which lead to a serious or mortal accident.

Introduction of specific action plans and operating outlines, as well as the monitoring of these, to reduce the accident rate of those recently incorporated business groups (CGE group).

Increase of collaboration on specific inter-sectoral workgroups to increase knowledge and to pass on learning, as well as taking part at international conferences.

Certifications

Certification according to health and safety standards is a fundamental part of the process for the consistency and standardisation of working conditions at Gas Natural Fenosa and one of the targets set in the integrated management system.

Gas Natural Fenosa has an internal audit system throughout the company at global level. In 2015, eight audit processes took place covering the core lines of business, achieving satisfactory results in all of them.

Throughout 2015, 28 internal audits were carried out by qualified auditors, along with 27 audits of the management system pursuant to OHSAS 18001 by an outsourced agency of recognised prestige, which has enabled us to find out and objectively assess the management system of Gas Natural Fenosa.

Likewise, health and safety management systems of the 13 companies of Gas Natural Fenosa were subjected to regulatory audits, and also scored satisfactory results.

For 2016, we plan to introduce an internal audit system that will enable each business to analyse the level to which the health and safety plan has been introduced at each of the company's businesses.

Occupational health

[G4-LA7]

Gas Natural Fenosa is firmly committed to offering its employees a healthy working environment and well-being. The Integral Health and Well-being Unit contributes to achieving this goal and improve working conditions, the working climate, productivity and performance, with a positive impact in terms of costs and profitability.

Healthcare Management Plan

The plan defines the strategic guidelines and establishes the general framework for action of Gas Natural Fenosa in the field of healthcare, ergonomics and psychology/ sociology in all countries where it is present.

The responsibilities under the plan correspond to each and every one of the business areas and countries within the group. In addition, comprehensive health services act as advisors for the development, monitoring and control of the plan in each of the areas.

Objectives of the master health plan

Standardised actions
Ensuring the health of workers, developing standardised actions respecting differences inherent in each country.

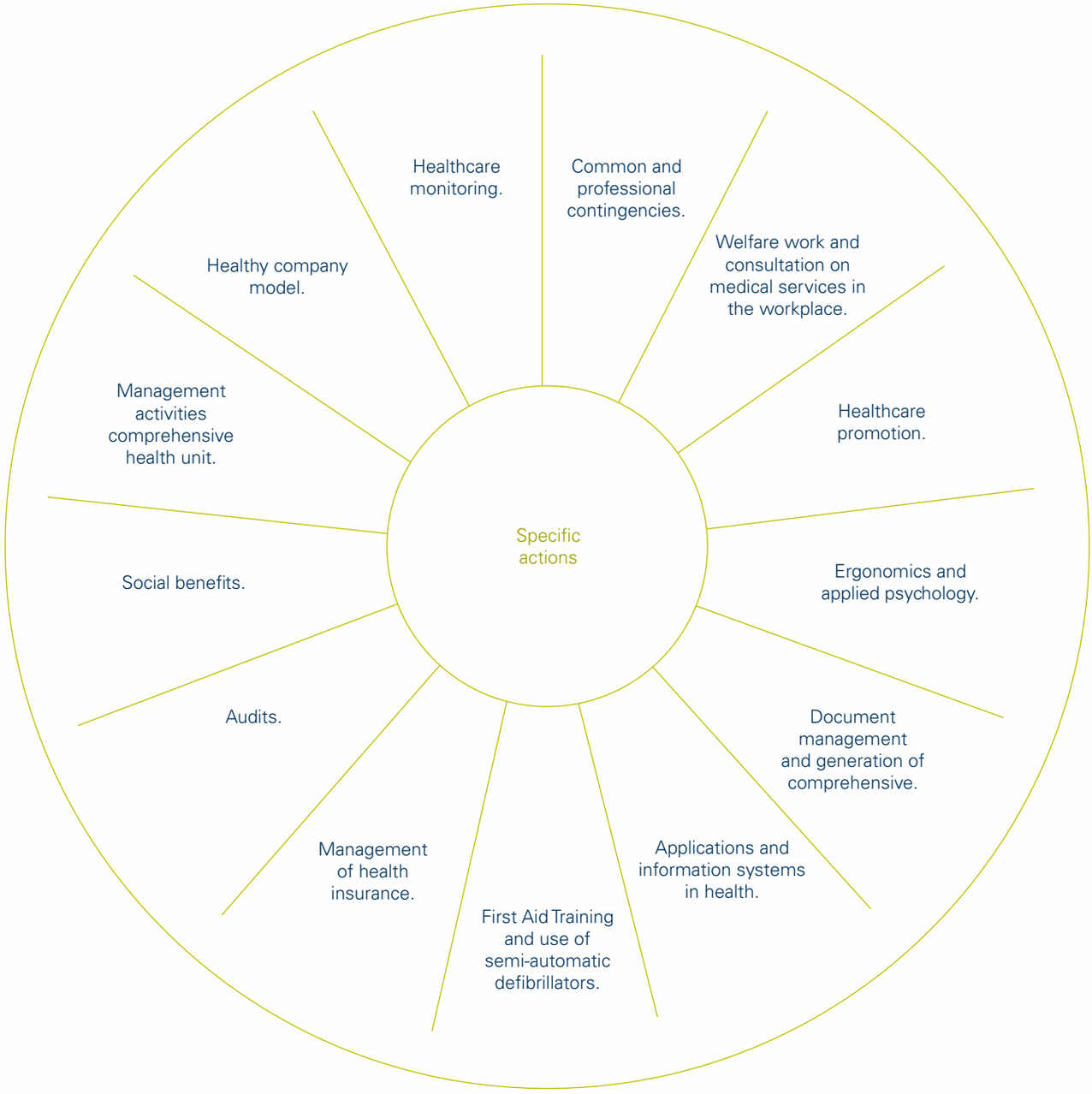
Compliance with regulations
Monitoring compliance with the relevant regulations to each area in health.

Development of activities by external collaborators
Coordinating the development of activities by external collaborators and establish monitoring and control measurements.

Definition of indicators
Defining the indicators necessary to assess the implementation and development of the Healthcare Management Plan, as well as all of the involved activities.

Continuous training
Ensuring continuous training of professionals in the activity, information about the latest technological developments and promoting creativity for innovation.

Furthermore, the deployment of these objectives involves the implementation of specific actions in the following areas:



The Health Unit carries out ergonomics and applied social psychology activities, campaigning for health promotion, designed after studying the epidemiological data of workers and analysing gaps and needs in matters of health and performing medical examinations as one of the main tasks according to the specific risks of workers at work.

In 2015, we continued to develop prevention campaigns and health promotion in order to sensitise and mobilise workers to generate a culture of prevention of disease, promote healthy lifestyles and control risk factors to significantly reduce the incidence of various diseases. Furthermore, on the international stage, we significantly increased secondary prevention campaigns.

During 2015 we continued with the customary campaigns, in addition to a campaign targeted at employees that are smokers as well as ex-smokers, for early detection of lung cancer.

The company also annually monitors the health of employees who carry out particularly dangerous activities, such as work involving exposure to ionising radiation, with compressed, liquefied or dissolved gases or significant use of them, and those with high voltage electrical hazards.

In terms of major diseases, the medical services of the company, coordinated with work health insurance companies, manage the provision of care, hospitalisation and treatment of children affected by cancer or serious illnesses. In these cases, the company offers reduced working hours by at least 50%.

Your Health Always on your Agenda

The multidisciplinary campaign "Your Health Always on your Agenda", promoted by the health services of Gas Natural Fenosa, forms part of the Health and Safety Commitment Plan, and has an impact on preventive aspects as important as encouraging good nutrition habits or playing sport regularly to improve cardiovascular health.

The aim of the campaign is to educate people working in the company and their families about the importance of protecting their health and prevention to ensure future quality of life, under the view that the welfare of the employees is also the welfare of those around them.

In 2015 we introduced specific campaigns on sleeping and the positive management of emotions, with some conferences targeted at workers.

Healthy company model

Gas Natural Fenosa is the first energy company in Spain that is certified as a healthy company.

This certification establishes the requirements of a management system for organisations committed to the principles and existing international recommendations for healthy companies that want to promote and protect continuously health, safety and welfare of workers and sustainability in the working environment of their workers, their families and the community in which the business operates.

In 2015, the model was implemented in Argentina and Brazil, and we expect to gradually introduce it into the remaining countries.

Introduction at international level of a computer app for health and well-being

In 2015, on the international stage we introduced a computer app for management of the health and well-being of employees, which was already operational in Spain. The aim of the application is to perform better and more centralised management of the company's workers.

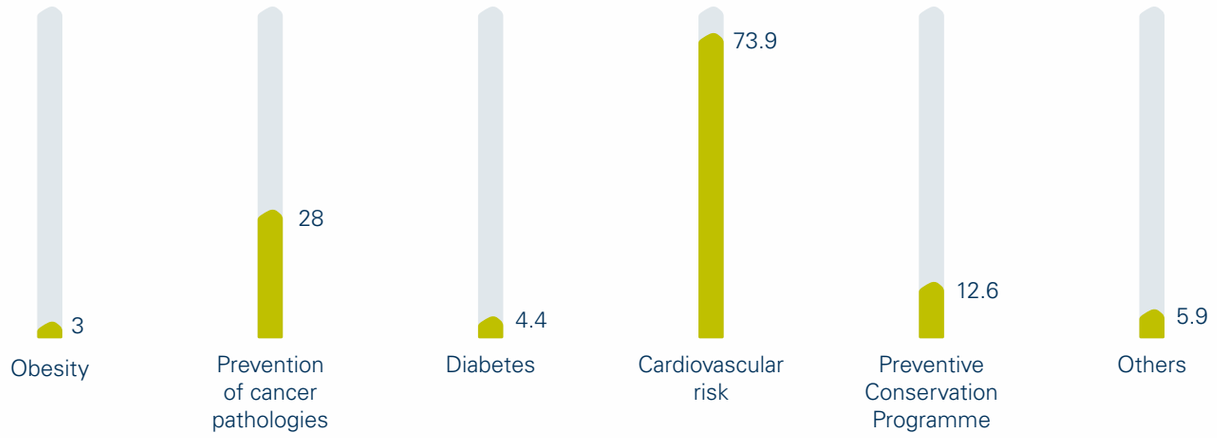
The application, which is available in Spanish, English, Portuguese, Moldavian and Italian, handles all activities related to health monitoring, including both preventive aspects and healthcare aspects.

In 2015, specifically, was implemented in Argentina, Brazil, Colombia, Morocco, Mexico, Moldova, Panama y the Dominican Republic.

Participants in occupational health campaigns

	2015	2014	2013
Prevention and/or early detection campaigns	18,034	12,568	25,165
Vaccination campaigns	3,571	3,822	3,023
Medical check-ups	11,461	14,008	12,583
Medical assistance	38,280	35,449	33,621

Staff taking part in prevention campaigns (%)



Involvement of collaborating companies

[EU17] y [EU18]

At Gas Natural Fenosa, the safety and the prevention of accidents affecting their workers is as important as that of its own workers. That's why the Health and Safety Commitment Plan has been extended to all suppliers, from the very outset.

A range of initiatives has been introduced throughout the network of collaborating companies, such as leadership workshops to explain the scope of the project and the need to eradicate unsafe behaviour, asking collaborating companies to commit to obtaining the safety targets of Gas Natural Fenosa.

These workshops will continue in 2016, along with new actions to raise awareness, to redouble efforts and to pay special attention so that all of them, without exception, comply with the regulations and have the information and tools necessary to perform safe work.

Gas Natural Fenosa understands that a safety culture is only achieved when the commitment to it is also assumed by collaborating companies. In 2015, 5,724 collaborating companies were registered with a total of 70,537,073 hours worked between contractors and subcontractors.

In 2015, additional backup activities were carried out with contractors in the area of hazard prevention, including the following:

- 4,190 activities relating to the coordination of preventive activities with contractors, most of which were coordination meetings.
- 571 meetings with health and safety coordinators in construction sites.
- 43,922 work supervision inspections by contract companies.

Gas Natural Fenosa has also developed other mechanisms to guarantee that the safety level of collaborating companies is the same as the one for its own personnel:

- Definition of the initial requirements for those collaborating companies interested in performing activities for Gas Natural Fenosa, both at the stage prior to requesting a bid as well as the stages of submitting and assessing bids.
- Definition of aspects and minimum criteria of assessment and classification of the health and safety risk required of collaborating companies, and application of the health and safety standards at these companies in accordance with the level of risk assigned.
- Definition of aspects and regular assessment criteria of collaborating companies, to objectively and uniformly assess their conduct in issues of health and safety.
- Definition of the system through which the health and safety commitment of Gas Natural Fenosa is passed on to collaborating companies.
- Introduction of the documentary control tool -Controlar-, the aim of which is to monitor and to verify compliance with legal requirements by collaborating companies and of their workers during the contractual relationship with these companies.

In terms of training, Gas Natural Fenosa's contracts include the requirement whereby all its suppliers and contractors must certify that their employees were given specific training in occupational hazards prevention and safety for the work with which they were commissioned, as laid down in the contracting conditions.

At Gas Natural Fenosa, safety and the prevention of accidents affecting their workers is as important as that of its own workers

Accident indicators (contractors and subcontractors)

	2015			2014			2013		
	Total	Men	Women	**Total**	Men	Women	**Total**	Men	Women
Accidents requiring medical leave [1]	**838**	770	68	**948**	872	76	**788**	720	68
Days lost[2]	**19,600**	18,445	1,155	**8,258**	7,522	736	**7,312**	6,681	631
Mortalities[3]	**7**	7	0	**6**	6	0	**10**	10	0
Frequency rate[4]	**12.20**	13.85	5.18	**16.92**	17.11	15.04	**18.24**	19.77	15.11
Severity rate[5]	**0.29**	0.33	0.09	**0.15**	0.15	0.15	**0.17**	0.18	0.14
Incident rate	**25.71**	29.02	11.21	**35.71**	36.19	30.93	**12.51**	12.84	9.81

NB: we have reduced the overall rates of accidents with regard to the previous year, resulting from the Health and Safety Commitment Plan. 2015 was the first year of consolidation of subsidiary companies of the CGE group, which means that the major decrease in the accident rate with regard to the previous year has been masked. Comparing the figures for 2015 with those of 2014, and taking into consideration the same sphere of operation (excluding CGE), we can see a reduction of 24% of accidents with days lost and 17% in terms of mortalities. This does not include the mortality of 25 December 2015 in Colombia, as this was due to a traffic accident where the victim tested positive for alcohol.

[1] Accidents requiring medical leave: number of accidents in the workplace leading the employee to take medical leave.
[2] Days lost: days not worked due to medical leave caused by accidents at work. Calculated from the day following the day the medical leave is received and considering calendar days.
[3] Mortalities: number of workers who died due to accidents at work.
[4] Mortalities: number of accidents with medical leave occurring during the working day for every million hours worked.
[5] Severity rate: number of days lost as a result of occupational accidents for every 1,000 hours worked.

Accident indicators by country (contractors and subcontractors)

	Accidents requiring medical leave	Days lost	Mortalities	Frequency rate	Severity rate	Incident rate
Argentina	30	2.612	0	12.19	1.06	23.85
Brazil	24	486	0	3.71	0.08	7.49
Chile	94	1.404	2	6.70	0.10	14.55
Colombia	476	6.246	2	17.29	0.23	46.18
Costa Rica	7	123	0	204.91	3.60	538.46
Spain	172	7.105	2	18.43	0.75	25.81
Italy	1	36	0	3.17	0.11	3.94
Kenya	1	4	0	sd	sd	sd
Mexico	4	165	0	2.51	0.10	3.30
Moldova	3	89	0	1.33	0.04	2.45
Panama	23	1.297	1	13.02	0.73	30.46
South Africa	3	33	0	1.32	0.01	3.20

NB: there were no accidents with days lost in Germany, Australia, Belgium, France, Holland, Morocco, the Dominican Republic and Uganda.

Safety in installations and processes

The company's field activities comply with and on occasions exceed the legal requirements. There are also systems designed to ensure the safe operation of facilities and processes, and Gas Natural Fenosa has experienced professionals who manage to operate without significant deviations even where the system presents opportunities for improvement.

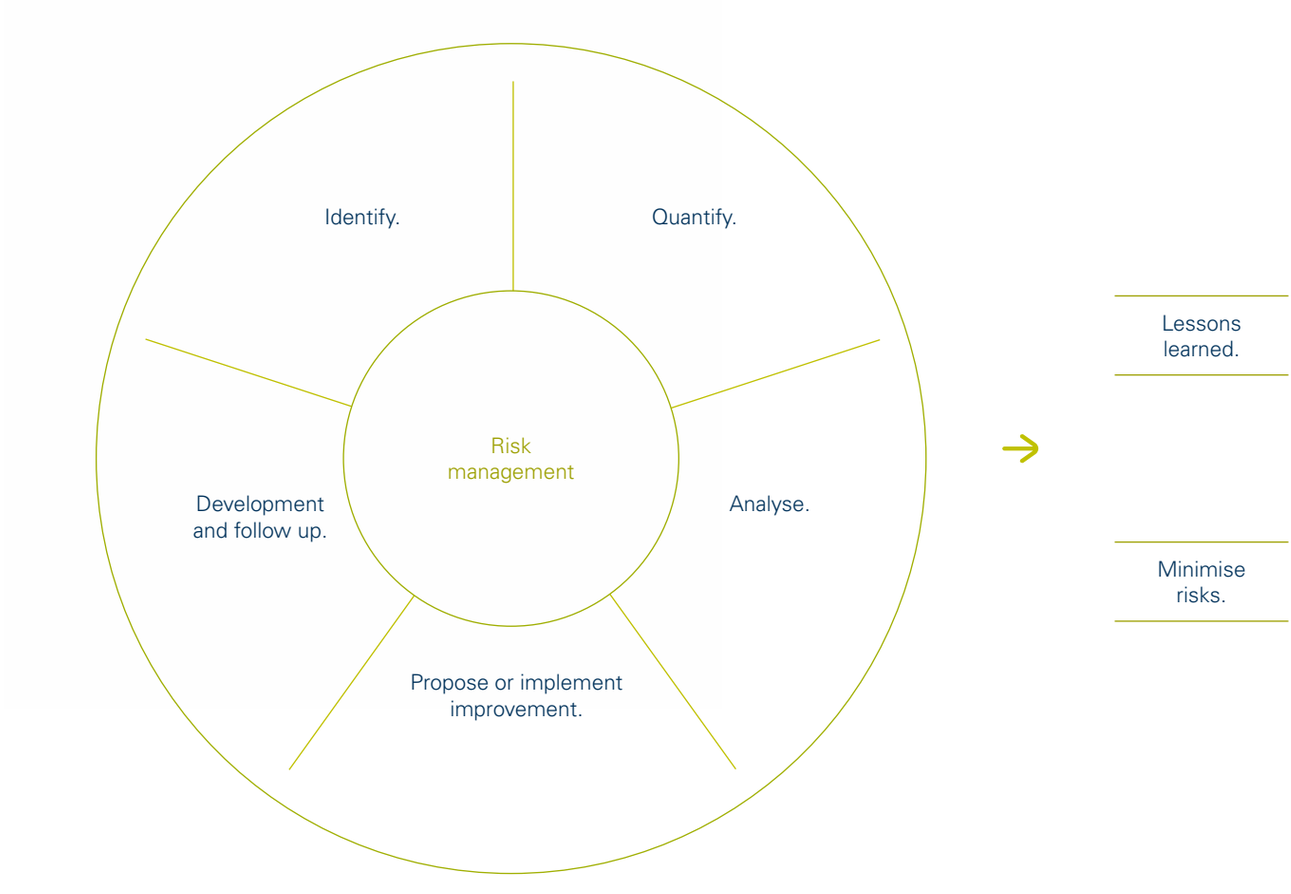
Hazard management at industrial facilities

Management of industrial risks forms part of the preventive activity at Gas Natural Fenosa.

In risk management, the main objectives are the detection and minimisation of hazards affecting activities, products and services that may have an effect on the company's facilities or its environment, causing economic, environmental and social damages.

To do this, the company has an Industrial Safety Unit, with the mission to assist in the reduction of industrial risks in the company. For compliance the following conceptual scheme is used.

Hazard management at industrial facilities



This model is based on six levers:

- Risk Map.
- Security audits and diagnostic processes.
- Actions in terms of technology and investigation of incidents and accidents.
- Fire protection.
- Training activities.
- Awareness and support activities.

During 2015, Gas Natural Fenosa continued to analyse each of the levers in more depth from a continuous improvement standpoint and within a process, which is fed with the experience of day to day life, in coordination with the various industrial businesses in the company.

Risk Map

In its commitment to innovation, Gas Natural Fenosa has designed a tool to assess the risk of the company's industrial facilities, with its own methodology for each type of facility, to detect points of risk and how these risks could possibly affect persons, properties and the environment.

The aim is to prevent and to minimise impacts through regular assessments of the facilities, to detect possible areas for improvement.

The following risk map models are currently operational:

- Maghreb pipeline.
- Electrical substations.
- Liquefied natural gas satellite plants.
- Combined-cycle power generation plants.

Additionally, we have developed a global risk map, a tool that geographically shows the overall risks to which the industrial facilities of the company are exposed. It also identifies the areas, activities and assets that could be affected by an event and reveals the risk factors thereof.

The main aim of global risk management is to guarantee the correct identification, assessment and management of the most important risks. It is possible to geographically represent an overview of the risks of the main facilities of the group, in all its businesses and internationally.

The risks dealt with are those that affect the operation of the facility as well as those of the environment. This risk assessment tool finalised in 2015 and we expect to introduce it in 2016.

Safety audits and process diagnostics

We conduct safety audits of the company's different technical processes to verify compliance with the prevailing rules and regulations of the country, of the technical procedures established by the group and the business unit's own internal regulations.

We also review the monitoring and control of operational risks related to technology, accidents and malfunctions, and impacts on the environment, and the management parameters for these. The main goal is to bring value to the business lines and assist in the continuous improvement of processes.

Also, technical processes diagnosis are performed at the request of the different business units. They show the degree of control of the process monitoring mechanisms and, if anomalies are found, the appropriate actions for correction can be carried out.

The audits and diagnoses are carried out by audit teams that specialise in the technical processes of transport and distribution of gas and electricity, strategic storage of gas, electricity generation, satellite plants of liquefied natural gas (LNG) and liquefied petroleum gas (LPG), vehicular natural gas (VNG), service stations and energy management facilities.

The following audits were conducted in 2015:

- Electricity distribution systems.
- Domestic operations at electricity facilities.
- Start-up of gas facilities.
- Maintenance of gas facilities of customers in Spain.
- Operation and maintenance of thermal power stations.
- Construction of gas distribution networks.
- Start-up of gas facilities.
- Dealing with emergencies in the Latin America electricity grids.

We also conducted diagnoses of processes in Spain related to application of the new regulation of design and construction of gas facilities, the assistance services for repair of household appliances of customers, and the conditions for installing VNG pumps for own use, among others.

Actions in terms of technology and investigation of incidents and accidents

As a preventive strategy, Gas Natural Fenosa incorporates the investigation of accidents and incidents and identifies their root causes as a basis for the formulation of improvement measures with the aim of increasing the safety of facilities and processes and prevent their recurrence.

The advisory services of workgroups designated to investigate accidents, as well as their direct participation in these investigations, represent an activity mainly targeted at reinforcing the strategy of extending the use of the root cause analysis (RCA).

In 2015, a total of nine specialised training sessions in RCA techniques in accident investigation were given to approximately 120 staff members from all areas.

The initial analyses conducted with these methodologies show that the most commonly identified root cause is weaknesses in the preparation of works, coordination of works, the need for better training and communication deficiencies.

The corrective actions embarked upon are based on the causes identified for a specific occurrence. In any case, the dissemination of lessons learned among the different groups, including personnel of collaborating companies, has shown itself to be an excellent channel in promoting reflection on the consequences of accidents and learning how to avoid these.

Also in 2015, we set up the industrial safety observatory, and a total of 10 relevant news items and newsletter have been prepared and distributed.

Fire protection

In 2015, we finalised definition of the fire protection (FP) model of Gas Natural Fenosa, for management and control of fire-fighting systems of both facilities and processes. The general procedure to accompany the model is undergoing final approval.

As part of the collaboration and consultancy services provided to businesses, in 2015 we worked on:

- Providing technical consultancy service to those that require it.
- Making progress in the technical preparation and management of the model.
- Keeping the databases updated, as these are used as a support tool for the model.
- Keeping the training modules up-to-date with new information on fire accidents at the facilities of Gas Natural Fenosa, or similar, and with regard to systems of protection.
- Disseminate the model in Argentina, Brazil, Colombia, Mexico, Panama and the Dominican Republic.

The most noteworthy fire protection activities undertaken in 2015:

- Identification of actions to improve fire protection, in order to minimise the risks of fire and explosion. This action has been carried out at the combined-cycle power stations.
- We have compiled an action plan to improve fire protection at power stations in the Dominican Republic and Nairobi (Kenya).
- Introduction of actions to improve fire protection at the electricity substations of Colombia and Panama, to increase reaction capability when faced with an undesirable contingency, and the subsequent minimisation of consequences.

Unification of fire protection criteria

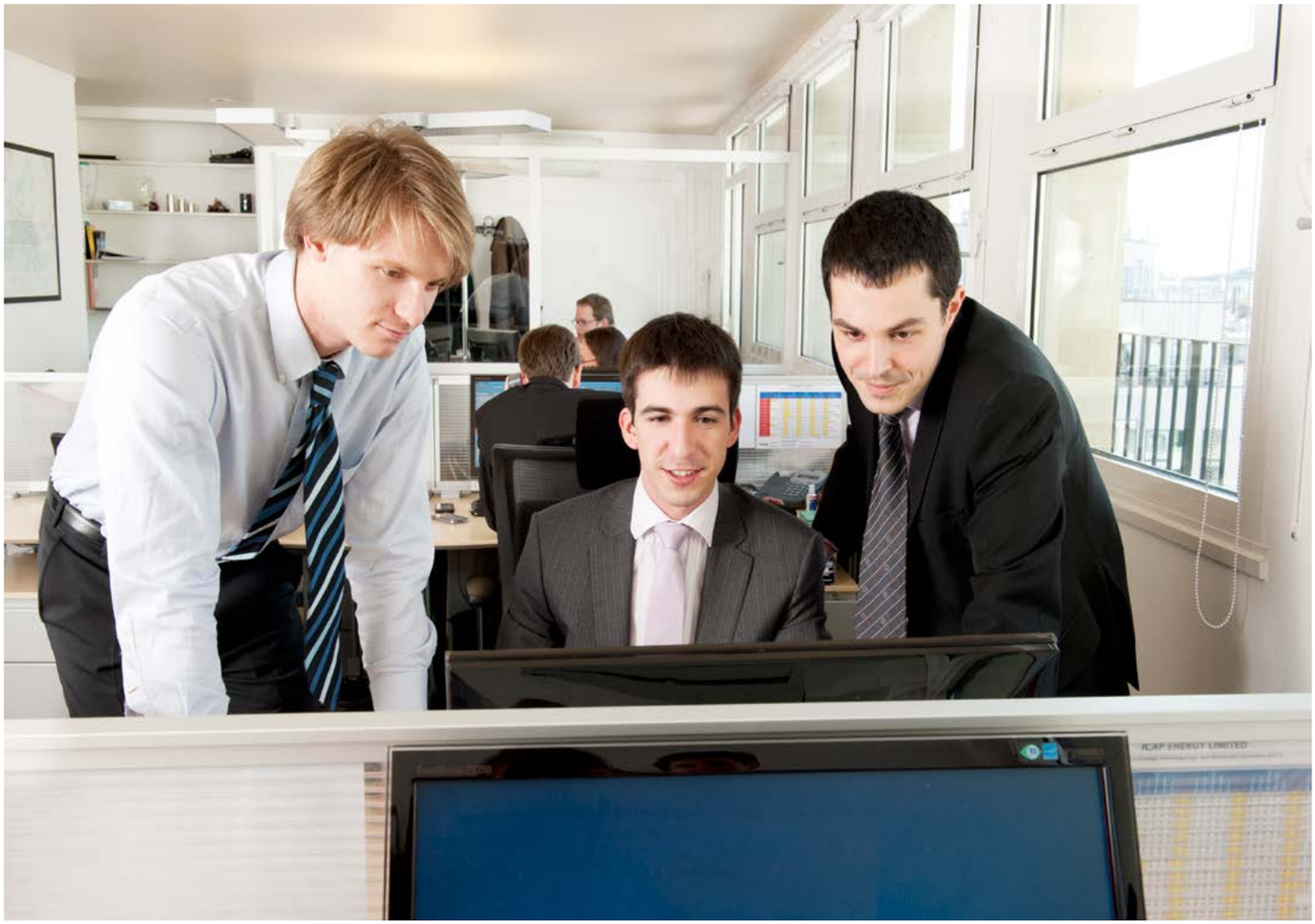
In 2015, we finalised the project for unifying fire protection criteria for the entire company.

This unification involves the use of a standardised method to analyse the fire risk at our facilities, and then define the active and passive protection criteria to be employed for each asset.

In the medium term, this unification will reduce fire-associated accidents and incidents, by introducing best practices and operative solutions at our facilities.

There will also be a cost reduction due to the following:

- A decrease in the accident rate, with the consequent saving of replacements and loss of earnings.
- Insurance company premiums, by reducing the rate of accident claims and introducing a unified approach for the company that operates under a management system.
- A higher unified volume of purchases.



Training, awareness and support activities

As regards training activities, in 2015 we developed more than 30 training actions in issues covering the safety of facilities and processes, which were attended by more than 350 employees with a high rate of satisfaction and a high take-up level.

This training was particularly targeted at the electricity distribution business and at those that work at LNG plants.

In 2015, we finalised the training modules covering technology in fire protection, which will be disseminated to the company's businesses in 2016.

As regards information distribution activities, we can draw a line between the internal ones and the external ones.

Internal dissemination falls within the Health and Safety Commitment Plan. We currently disseminate contents that arise from either one of our own events or a third-party event, with lessons learned and best practices to resolve these situations. Although the contents are internal, these are freely disseminated to external collaborators given that the spirits of said contents is to prevent accidents.

External dissemination is basically performed with official organisations and associations. Gas Natural Fenosa actively participates and collaborates with benchmark sectoral associations such as the Spanish Gas Association (Sedigas) and the Aenor Technical Standardisation Committee (CTN60) and of the Aenor Fire Protection Sector (CTN23). Furthermore, the company maintains its presence on the Board of Directors of Cepreven, and represents the Chairman's Office of the National Consumer Goods and Industrial Safety Association (Bequinor).

As regards support activities, we can highlight our participation in the Management Network of Process Safety (GSP) and the Network for Assessment of Risk Analysis of Processes (EARP).

Safety among customers and society

[G4-DMA] (Customer Health and Safety)

Gas Natural Fenosa conducts accident prevention campaigns for customers of the company, through giving advice that is communicated through the global communication channels.

The company uses the bills as a direct communication channel with customers. They contain awareness campaigns and information on correct action to take in risky situations.

These campaigns are carried out a maximum of once a year, so that users are able to use the energy they receive from the company with confidence, but without overlooking situations of risk that need to be avoided.

In relation to the distribution assets and according to the records of the various group companies, there were 198 accidents involving the general public, causing 247 injuries and 45 deaths. At the end of the year, five legal actions were brought against Gas Natural Fenosa for these causes. With regard to 2014, there was a drop of 15% in accidents, 10% in injuries and 18% in deaths. Accordingly, there were no serious safety incidents at the premises of the company in 2015.

Accident indicators by business (public affected due to Gas Natural Fenosa activities)

[EU25]

	Accidents	Injuries	Deaths	Legal actions
Gas business	64	147	8	1
Electricity business	134	100	37	4
Total	**198**	**247**	**45**	**5**

Responsible supply chain

Suppliers and collaborating companies are key players in optimum performance of the value chain of Gas Natural Fenosa, and the company therefore promotes long-term relations based on trust that are stable, sound and of mutual benefit, under the principles of risk efficiency and management.

Commitments and principles of responsible action with suppliers

- **Extending the culture** of Gas Natural Fenosa to the supply chain, passing on the target of excellence in service and the company's principles of acting responsibly, and encouraging the **incorporation of sustainability criteria** in their daily management.
- Fostering **compliance with the codes and policies** of Gas Natural Fenosa in the supply chain, in particular in the area of human rights, ethics and health and safety.
- Promoting procurement of **suppliers from the country or region** where the company carries out its activities, helping to generate a positive social impact.
- Fostering practices that encourage **traceability and fair trade of raw materials** at source.

Value actions

Proposed actions 2015		Planned actions 2016
Commencement of the development of a methodology to prepare the purchase family tree, considering the country variable and risk management.	✚	Extension and introduction of the purchase family tree at the main subsidiaries.
Setting up the authorisation procedure through documentary application.	✚	
Providing subsidiaries with advanced tools in purchase management.	✚	Extension and introduction of the Bravo platform at the main subsidiaries.
Incorporation of environmental, social and governance criteria into the assessment and selection of suppliers process.	✚	

Level of fulfilment: ✚ Finalised. ✚ Major progress. ✚ Intermediate progress. ✚ Little progress. ✚ Not started.

The supply chain

Suppliers are key players in optimum performance of the value chain of Gas Natural Fenosa, and the company therefore promotes long-term relations based on trust, under the principles of risk control and management.

In the performance of its activity, Gas Natural Fenosa sets up trade relations with a total of 7,370 suppliers, which in 2015 accounted for a total expenditure of 3.009 billion euros. Two thirds of these are service suppliers that fundamentally take part in the following business areas:

- Development and maintenance of grids, both gas and electricity.
- Operators and maintenance workers of energy plants.
- Commercial management services.

The remaining third corresponds to suppliers that provide materials required for the construction and maintenance of grids as well as generation plants.

The company seeks to maintain long-term, stable, solid relationships with its suppliers from which both sides stand to benefit, subject to efficiency and risk management principles

Specific nature of the supply chain

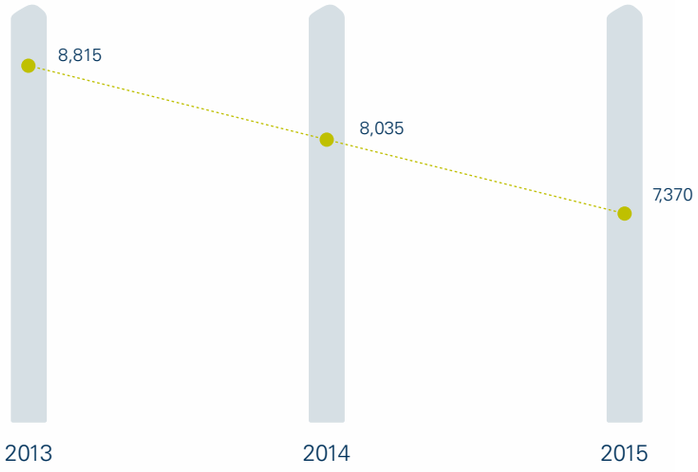
Local service suppliers
The service suppliers are local supplies of each country. Gas Natural Fenosa mainly carries out its activity in Argentina, Brazil, Colombia, Spain, France, Italy, Mexico, Moldova and Panama and, to a lesser extent, in Australia, Costa Rica, Kenya, Morocco, the Dominican Republic and South Africa.

Global management of the purchase of materials
Managing the materials purchase process is mainly conducted globally, except for those that require local management because of market characteristics.

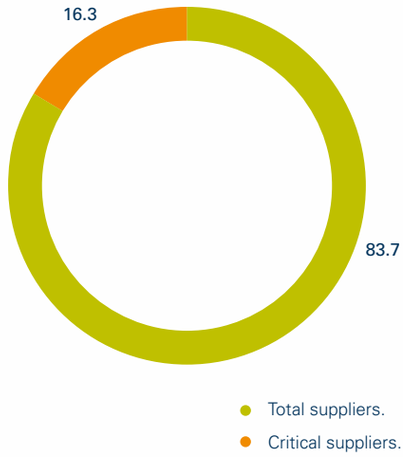
The company encourages the award of these purchases to local and regional suppliers. The electricity materials are mainly purchased in Colombia, Spain, Mexico and Portugal. As regards gas materials, these are essentially purchased in Argentina, Colombia, Spain, Italy and Mexico.

Regulated activity that requires prior official approval
Part of the sector activity is a regulated activity, so therefore it is subject to strict regulations. This requires both the suppliers as well as the materials used to be officially approved for those critical activities of the business.

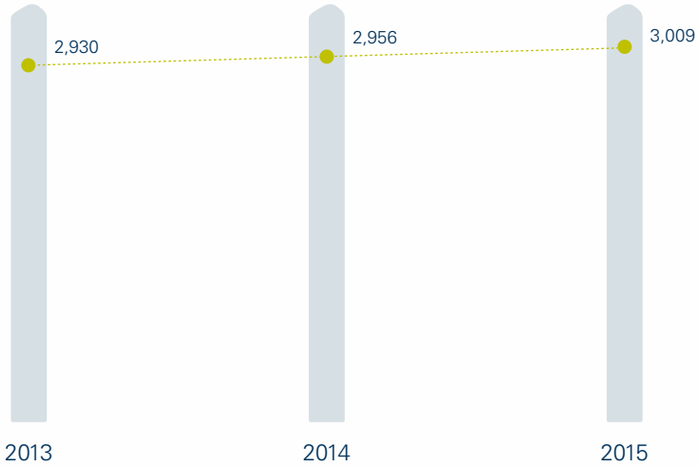
Suppliers with contracts currently in force



Critical suppliers (%)



Total purchase volume awarded (millions of euros)



Purchases from local suppliers

[G4-EC9]

	2015			2014			2013		
	Orders issued	Orders made to local suppliers %	Purchasing budget targeted at local suppliers %	Orders issued	Orders made to local suppliers %	Purchasing budget targeted at local suppliers %	Orders issued	Orders made to local suppliers %	Purchasing budget targeted at local suppliers %
Argentina	486	100.0	100.0	487	100.0	100.0	562	96.8	78.5
Australia	183	88.0	93.3	176	88.1	85.8	305	90.5	86.9
Brazil	1,929	97.6	99.6	1,933	98,6	99,5	1,567	98.5	99.4
Colombia	2,798	98.7	97.5	3,263	98.3	97.6	2,566	98.1	98.4
Costa Rica	169	80.5	77.1	147	67.3	18.4	98	72.4	31.0
Spain	10,533	96.5	95.9	12,711	96.4	94.9	17,068	95.3	95.7
Guatemala	–	–	–	405	83.5	80.5	242	74.8	61.4
Italy	1,890	97.1	97.6	2,246	97,9	97.2	2,271	98.2	98.1
Kenya	558	80.3	31.9	1,204	81.4	44.7	992	80.6	40.3
Morocco	264	52.7	71.1	282	63.8	41.3	309	58.3	42.7
Mexico	6,927	92.1	82.0	5,087	95.3	75.3	3,983	95.2	87.9
Moldova	939	96.3	92.9	1,178	96.1	91.7	1,400	95.4	60.0
Panama	1,029	70.2	70.9	2,104	83.6	81.9	1,268	82.2	80.0
Dominican Republic	677	61.9	51.3	684	63.6	58.6	813	67.7	47.6
South Africa	4,487	1.6	1.4	5.108	99.0	100.0	7.933	100.0	100.0
Total	**32,869**	**80.7**	**92.3**	**37.015**	**94.7**	**92.9**	**41.377**	**94.9**	**91.9**

Management of the supply chain

[G4-12]

By virtue of Law 31/2007 of 30 October, on procurement procedures in the sectors of water, energy, transport and postal services, Gas Natural Fenosa segregates the supplier approval function from the purchasing function, by defining supplementary and independent figures that oversee application of the regulation and of the company's policies and procedures.

One of the features of this system is that the prior approval guarantees the free concurrence of suppliers. Purchase decisions are agreed on the purchasing board, which analyses all bids and helps choose the best offer, in accordance with economic, quality and reliability criteria.

The supplier qualification process is traceable, transparent and auditable, employing the e-tools available such as Total Supply Management Solution (TSMS), already introduced in Argentina, Brazil, Colombia, Spain, Italy and Mexico. The incentives of decision takers are aligned with the results to be obtained.

Approval function	Purchase function	
Approval of suppliers.	Purchase planning.	Process for tendering bids.
Performance monitoring.	Purchasing request.	Awarding proposal.
Corrective action plan.	Hiring strategy.	Drawing up of orders and contracts.
	Selection and assessment of potential suppliers.	Monitoring of contracts.

As in previous years and for the purpose of discovering the best practices in the sector and applying these to its own procedures, Gas Natural Fenosa actively participates at associations, national and international fairs on supply chain management. In this regard, the company is member of the Association Representing Purchasing and Materials Management Professionals in Spain (Aerce) and RePro in Argentina, Brazil, Colombia, Spain and Italy.

Furthermore, the company subscribes to the worldwide Procurement Leaders network and in 2015 took part in the Aerce annual conference in Spain and in workshops regarding corporate responsibility at Unesa. It is also a member of the Procurement Leadership Council, an initiative led by the Corporate Executive Board (CEB). In the Aerce El Diamante de la Compra Awards, the company was acknowledged in the strategy category for its purchase family tree project.

Purchasing model

The Purchasing Department conducts monthly monitoring of the acquisition volumes that it carries out, through the purchasing plan. The plan is drawn up at the beginning of every year, based on the forecast of units and the budget available. There is also a monthly monitoring process as the needs of user units become known. Over the year, there are between two and three updates of the plan, in line with the company's budget reviews.

The purchasing model is fundamentally based on maintaining a long-term relationship with suppliers and awarding the supply to the offer that is most beneficial for the company; not only from an economic point of view, but also taking into consideration the performance of suppliers (which includes things like safety, quality, resource management, among others) and how these, as a whole, allow savings to be made with regard to the overall cost of the purchase.

Furthermore, as part of the Health and Safety Commitment Plan we have implemented a regulation that transfers this commitment to all stages of the purchase process. We should point out that, since 2014, Gas Natural Fenosa has asked its suppliers and contractors in every country in which it operates to undertake to comply with the company's health and safety principles and policy. In a supplementary way, we continue to invite suppliers that have demonstrated excellent performance in safety.

Supply chain management process

[G4-DMA] (Procurement Practices) [G4-12]

The large number of suppliers that the company has makes it necessary to standardise the selection processes, in accordance with the supplier procurement policy, based on the General Standard on External Procurement. The regulations lay down general principles for all procurement of works, goods and services, ensuring a uniform, efficient and quality model for management of the purchase processes of Gas Natural Fenosa and for the approval and procurement of services. The purpose is to minimise possible risks in contracting suppliers.

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

Stages in the supply chain management process

1. **Rating and official approval**
   Classification of suppliers in accordance with the purchasing sub-families that are able to supply and the rating obtained in accordance with the risks that this supply involves. The results of this process is the supplier tree that pools together all suitable suppliers to take part in the different bids.

2. **Contractual compliance and documentary management**
   Documentary monitoring of the requirements set out in the contractual conditions given to suppliers that are awarded contracts. The greater or lesser scope of this process is determined by the risk and complexity of the purchase.

3. **Performance evaluation**
   Monitoring and analysis of the performance of suppliers from different points of view, to obtain an objective assessment of suppliers that can be used for subsequent bidding processes.

Risk management of the supply chain

Gas Natural Fenosa has established a process to detect risks in its supply chain. Thus, the company carries out systematic verification of compliance with the legal requirements and of the basic structure of potential suppliers before entering into trade relations with the suppliers.

The corporate responsibility criteria analysed are either mandatory or additional:

- Mandatory criteria: these include laws/standards governing the prevention of occupational risks, tax obligations, civil liability and social security, as well as the resolution of outstanding judgements, sanctions or fines for breach of ethical and human rights issues.
- Additional criteria: these include the environmental regulations of those countries in which we operate, the application of a human rights policy, a code of ethics in line with the provisions set out in the Code of Ethics of Gas Natural Fenosa, and declarations of sustainability undertakings and policies or declarations of adherence to the UN Global Compact. It also includes social inclusion policies or practices for disabled persons.

We expect to roll out the Controlar tool to the remaining subsidiaries over the 2015-2016 period. This tool focuses on suppliers that have been given contracts, and for the term of the contract, as a platform to ensure compliance with the principles of prevention of workplace accidents in the supply chain.

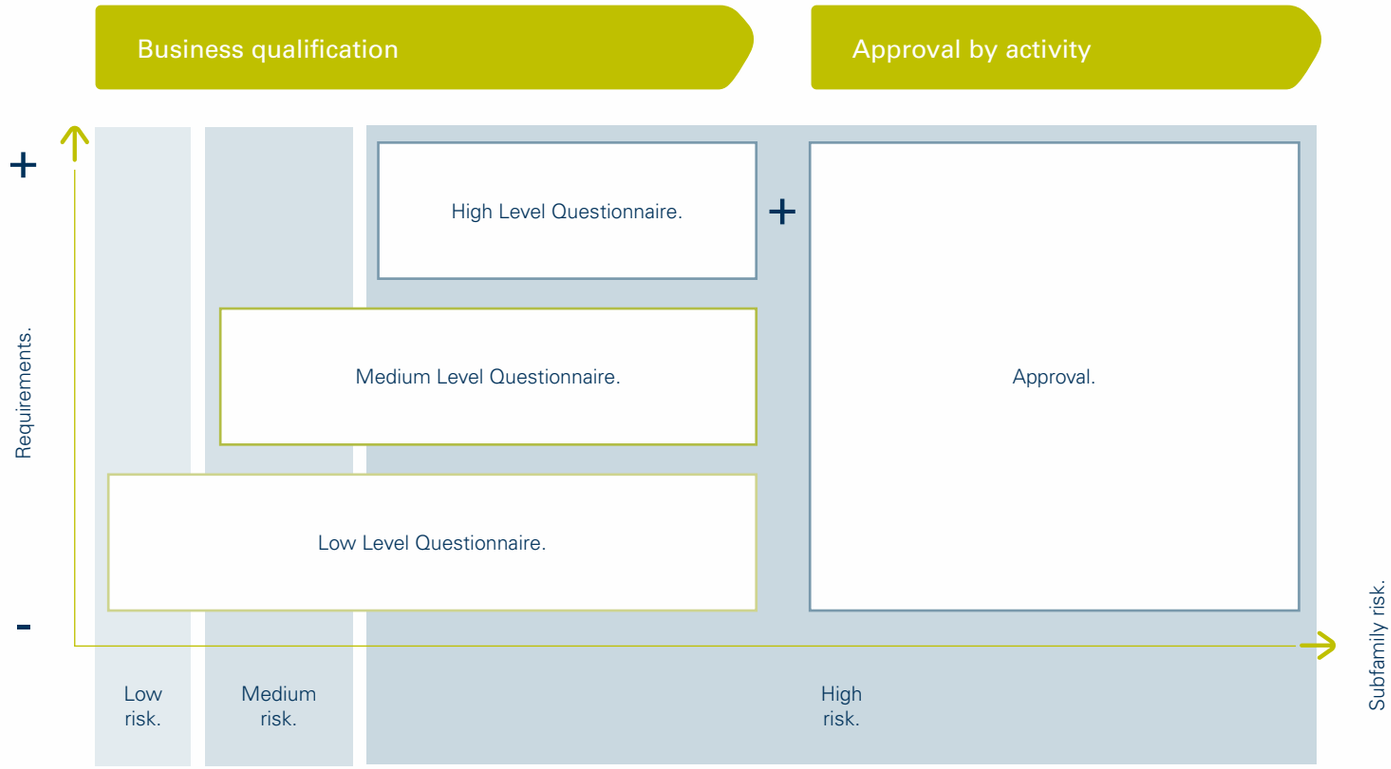
We should point out that in 2015 we begun to introduce the new supplier rating model. The new model brings together and integrates the results of other closely related initiatives, mainly the project for managing environmental, social and governance (ESG) risks in the supply chain, the Health and Safety Commitment Plan, and a benchmark process focused on identifying best practices in management of the risk, both in the energy sector as well as other similar sectors.

Assessment of suppliers

[G4-DMA] (Procurement Practices, Supplier Environmental Assessment, Supplier Assessment for Labor Practices, Supplier Human Rights Assessment and Supplier Assessment for Impacts on Society), [G4-EN32], [G4-EN33], [G4-HR10], [G4-HR11], [G4-LA14], [G4-LA15], [G4-SO9] and [G4-SO10]

Supplier assessment at Gas Natural Fenosa encompasses the supplier qualification process and the approval process. Both processes are set out in the risk map by subfamily.

In 2015, Gas Natural Fenosa assessed a total of 6,997 suppliers based on environmental, social and employment practices criteria, during the official approval and/or procurement process, and we can report that none of the suppliers were excluded from the process through failure to comply with these criteria.



Supplier qualification

As regards the supplier rating process, in 2015 the Purchasing Department developed, approved and started to introduce a new supplier rating model in Spain, which is expected to be rolled out to the remaining subsidiaries of the company in 2016.

The new model appreciably improves, strengthens and consolidates the model that has existed hitherto. As a result, we have assessed four risk factors that shape the base of the risk map.

Risk factors assessed

Health and safety
This measures the potential risk of an incorrect action, service and/or product fault with regard to the life or physical integrity of persons.

Quality
The impact that breach by the supplier with regard to the expected or agreed quality levels would have at Gas Natural Fenosa.

Enviromental, social and corporate governance (ESG)
This measures the existing risk of purchasing products or contracting services that are not environmentally friendly, which are manufactured or generated under socially unfair conditions, or using labour practices that are ethically incorrect.

Operational risk
The potential impact on operations incurred by Gas Natural Fenosa as a consequence of a lack of continuity in the supply of a good or service by suppliers that have been awarded contracts.

The ESG risk comprises the environmental, social and governance risk, with the following aspects measured:

- **Environment risks:** we have taken into consideration the impact on the atmosphere, biodiversity, waters, soil, the countryside, waste and consumption of resources.
- **Social risks:** it includes aspects such as the well-being of communities, human rights, workers' rights, data protection, safety and quality of products and health and prevention of occupational risks.
- **Governance risks:** it includes aspects of fraud, corruption, competition, terrorism, professional ethics and regulatory compliance.

With the evaluation of the ESG risks of more than 300 subfamilies of purchases that are managed worldwide, and assessing the risks of 50 countries where the company contracts, we obtain the ESG risk of each subfamily of purchases in accordance with the activity of the same and the country where the activity is conducted.

This risks matrix is the result of the combination of the ESG risk inherent to the activity and of the ESG risk inherent to the country. This combination allows us to assign a high, medium or low ESG risk to each purchase category, which is integrated into the map, thus obtaining the risk of each subfamily of purchases by country, which feeds the process that was already being formalised to detect risk situations in the supply chain.

Furthermore, the company carries out a systematised verification of compliance with the legal requirements and basic structure of potential suppliers which makes up a business qualification that all suppliers must pass before they can commence commercial relations with Gas Natural Fenosa.

The risk levels of the map are allocated in accordance with the most restrictive risk factor of the four, awarding a single level of risk (high, medium or low) to each of the purchase subfamilies.

The qualification is applied to self-assessment questionnaires that delve into more depth in accordance with the risk level. These questionnaires are filled in on the RePro platform (supplier classification system). For high risk cases, it is necessary to provide documentary and audit evidence. In 2016 the corporate responsibility audit will be introduced for those high-risk suppliers, with priority given to those with the largest invoices.

We should point out that suppliers that have a high risk level associated to the subfamily where the supplier intends to supply will be considered by the company as critical suppliers.

The high and medium level qualification process includes obtaining a grade that enables suitable suppliers to be assessed in accordance with objective and measurable criteria, for use in the different stages of the bid processes.

The result of the overall process shapes a suppliers tree in which they are classified in accordance with the subfamilies for which they are able to supply services or products, and for which they have been rated as suitable with regard to the associated risk.

Consequently, the suppliers trees contains eligible suppliers in each country that can take part in bidding and contract award procedures, complying with the guidelines set by Gas Natural Fenosa.

In 2015, 3,221 approved suppliers were subject to impact assessments on the environment, labour practices, human rights and society.

Official approval and management of supplier quality

[G4-DMA] (Procurement Practices)

The Purchasing Department has a specialised organisational structure, the Supplier Quality Unit, which is responsible for the official approval and supplier performance processes, and it has a presence in all countries where purchases are organised. This organisational structure is also responsible for conducting the pertinent audits on current or potential suppliers, even if they are in countries where the company does not have a business presence.

The management of official approval, inspection and monitoring of suppliers is carried out in a uniform way, pursuant to a single model on suppliers quality, in all countries in which the Suppliers Quality Unit is present. This model employs corporate systems that enable us to have supplier databases that optimise the management of purchases and the quality of suppliers. The model is also supported through the in-depth experience and expertise acquired by the company in its diversified operation of businesses and countries.

The company determines the approval perimeter in accordance with criteria of availability, operative cost, safety of persons, environmental safety and the amount of the purchase. Through this, the company makes sure that the top-tier, critical suppliers comply with the strict requirements related to the activity and/or supply contracted.

In addition, for certain suppliers the company assesses documentary and audit evidence to check compliance with specific requirements, using its own specialist personnel or companies of recognised prestige. It also carries out corrective action plans for certain suppliers that have not been officially approved.

The company systematically verifies compliance with the legal requirements and the basic structure of potential suppliers which makes up a business qualification that all suppliers must pass

Auditing officially approved suppliers

Audits represent a key element of the supplier quality model. In 2015, Gas Natural Fenosa conducted 171 audits with suppliers in Spain to check compliance with specific requirements, including the prevention of occupational risks and environmental management.

In 25 of these audits, targeted at official approval of service suppliers, we applied requirements in addition to the health and safety standards of Gas Natural Fenosa, raising the required level in those high-level subfamilies with regard to the health and safety risk factor.

As a consequence of these audits, two suppliers have had their official approval status withdrawn through contractual breach related to occupational risk prevention and safety requirements.

Furthermore, in 2015 we conducted around 500 audits of the company's subsidiaries outside Spain, mainly in Latin America. As a result of these audits, official approval was withdrawn from nine suppliers on the grounds of contractual breach related to safety and the quality of services and supplies.

It should be pointed out that Gas Natural Fenosa only considers suspension of the official approval of suppliers in those cases in which it is clear that the supplier is unable to efficiently correct the deviations detected.

Monitoring of the performance of officially approved suppliers

The supplier quality model of Gas Natural Fenosa also includes monitoring the performance of active suppliers. For service providers, the company carries out service satisfaction surveys. In 2015, the surveys were conducted in Argentina, Brazil, Colombia, Spain, Italy, Mexico, Moldova and Panama.

It is worth pointing out that that year Gas Natural Fenosa developed and introduced a specific corporate IT system for carrying out surveys, to obtain annual results and check the trend of these by supplier and by contract types.

In 2015, the company conducted approximately 1,000 supplier performance assessments by sending 2,000 surveys to user units. We were therefore able to assess a total of 600 suppliers, which account for more than 650 contracts in eight countries.

In addition to the general satisfaction level of the service user, the surveys include detailed aspects on the quality of service, health and safety, and management of resources.

The survey also requires a more in-depth and objective assessment of the supplier in the areas of health and safety at those suppliers classified as high risk, in accordance with the new procedures of the health and safety standard introduced by Gas Natural Fenosa.

Lastly, the results and classification obtained are reported to the affected internal units of the company which, where appropriate, may pass these on to the supplier, also specifying their weak points and where they need to improve.

Development of suppliers

[G4-DMA] (Procurement Practices)

Gas Natural Fenosa performs actions targeted at the development of suppliers based on the information collected in the supplier tree, the approval data and the results of measuring ESG performance.

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

In this regard, the Extended University of Gas Natural Fenosa helps to establish common planning and management model, to offer training to partner companies and to other agents which form part of the value chain.

Since 2012, the Extended University has been rolled out in Argentina, Brazil, Colombia, Spain, Italy, Mexico and Moldova, and in 2015, in Chile and Panama. Throughout that year, the Extended University provided around 247,000 training hours to over 40,000 people who took part belonging to partner companies. It is important to note the high level of satisfaction with training shown by attendees, a score of 8.6 out of 10, obtained from the feedback on the more than 2,000 courses taught.

During 2015, the Extended University has definitively consolidated itself as a strategic partner in all businesses of Gas Natural Fenosa. It has worked alongside the businesses in the company's major transformation projects:

- Commercialisation and distribution processes, with a total of 1,800 attendees.
- Customer Experience, introducing a training model for the entire company, so that the customer experience is uniform, with a total of 750 attendees.
- Commitment to Safety, with a workshop targeted at raising awareness, with 2,000 attendees, and a preliminary control course with 4,000 attendees. We also commenced development of the occupational risk prevention (ORP) itinerary for the eight profiles most closely related to occupational safety.

In total, online training increased by 23% in terms of hours, versus 4.9% in 2014 (in the case of Spain, this figure reached 50%).

Impact on business indicators

Brazil
We provided training to the areas of construction, installation and maintenance of the gas network. The percentage of defects in construction and renovation works with regard to all works inspected has been reduced from 10.7% in 2014 to 6.2% in 2015.

Colombia
The percentage of gas networks that were constructed without defects was 99.5% with regard to the close of 2014, when the figure was 98%. By the same token, the average of nonconformities in the process to review residential facilities rose by 0.99%, versus the annual 2% target.

Mexico
Having trained the installers, we reviewed 14% more of residential facilities than in 2014, maintaining the critical defects at the same level as the previous year.

Panama
Once the foremen had been trained, the percentage of commissioning improved by 1.7% versus the previous year. Moreover, the payment indicator on billing from the previous month improved 1.3% versus the close of 2014.

Atenea Channel

In 2015, we launched the Atenea Channel to maximise use of new technologies used for training, introducing a YouTube-type video channel for collaborating companies with a focus on safety and quality of operations.

The Atenea Channel is a platform that includes video clips on issues of regulations, safety, accident prevention and in-situ operations, and these can be consulted from any device. There were more than 3,600 visits at the close of 2015.

Among other things, this channel provides better access to training; increased and improved communication and collaboration between the business and its collaborators; more effective alignment with the company's strategy, and a reduction in the cost of training collaborators.

Furthermore, the company seeks to involve suppliers in some of its commitment to society policies. For this reason, the company continued to promote the Social Supply Chain project, the aim of which is to achieve the greatest efficiency and social return possible through the involvement of suppliers and, more specifically, increasing the social insertion of disabled persons.

As part of the social action initiatives spearheaded by the Latin America Integrated Operation Centre (COIL), there is also a special emphasis on training suppliers through the Value for Suppliers programme, which provides technical and business training for self-employed suppliers and micro-enterprises associated to the energy sector.

Bettercoal: responsible purchase of coal guarantee

bettercoal
defining standards.refining practice

During 2013, Gas Natural Fenosa became a member of the Bettercoal international initiative, an initiative made up of major European energy companies (Dong Energy, EDF, Enel, E.ON, Fortum, Engie, RWE, Drax and Vattenfall, among others) and which strives to attain the ongoing improvement of corporate responsibility in the coal supply chain.

The initiative, launched in 2012, seeks to include social, environmental and ethical practices into the coal supply chain, with the aim of producing changes that benefit employees, communities, businesses and the environment.

The adherence to an initiative such as Bettercoal provides the additional guarantee that purchases of coal by the company comply with certain criteria and conditions that are perfectly aligned with the undertakings set out in the human rights policy of Gas Natural Fenosa.

One of the first advances of Bettercoal was to develop a new code of practices based on already existing mining standards, which recognises the current best practices in the sector. The Bettercoal Code sets out the ethical, social and environmental principles on which members of the initiative will base their coal supply chain.

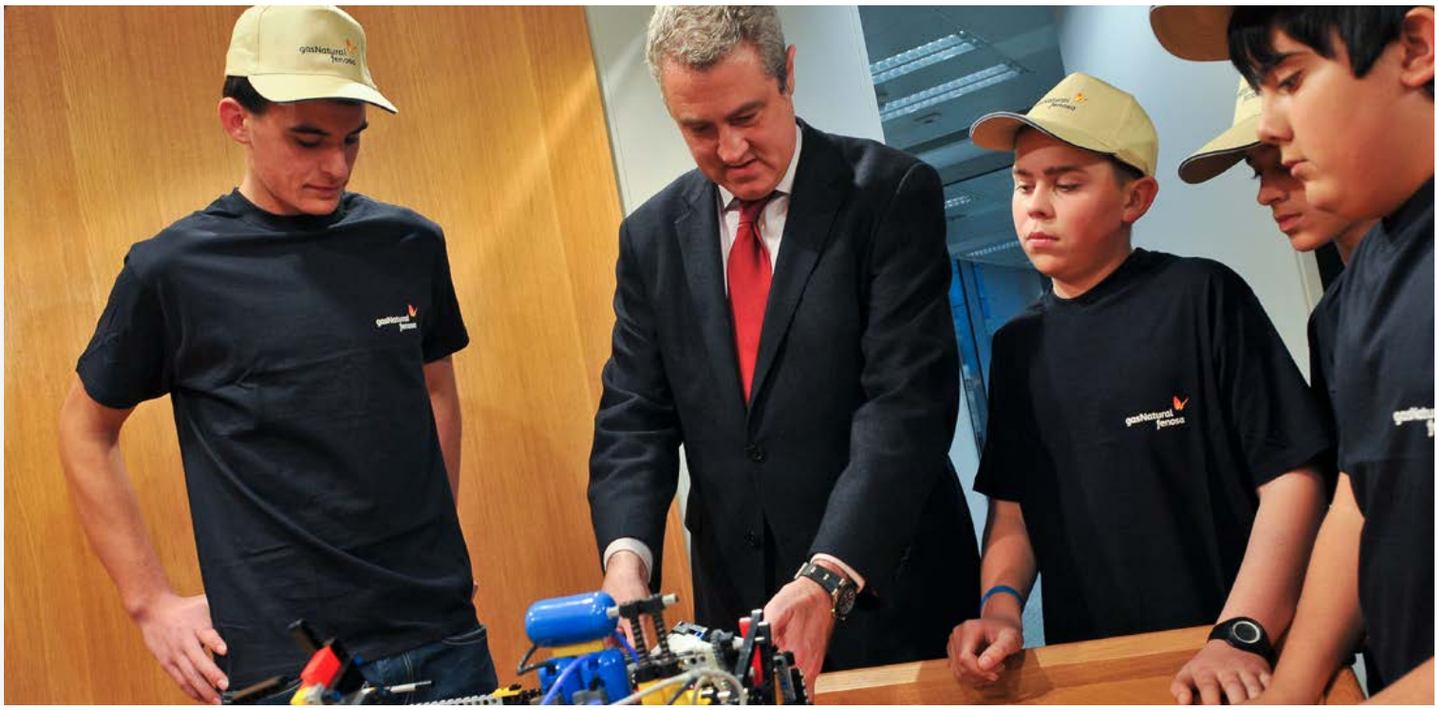
These principles will be the basis for performing in-situ assessments conducted by outsourced consultants. The findings of these assessments will be shared among members of Bettercoal.

The Bettercoal Code was developed with the help of an independent group representing the different stakeholders and comprised of experts from civil society, unions and the mining community. The code was subject to a global process of public consultation and included meetings with stakeholders in Colombia, Indonesia, Russia and South Africa, all of which are major producers of coal.

In 2015, Gas Natural Fenosa became a member of the Bettercoal Board.

Furthermore, in 2015 and as part of the commitments that Gas Natural Fenosa has as a member of Bettercoal, Kangra Coal (held 70%) performed the self-assessment of its Savmore mine in South Africa and published the findings on the database that the initiative places at the disposal of its members.

Likewise, last year the company acquired 1,675,000 tonnes of coal (57% of the total acquired) under a formal agreement with suppliers, to cater to the requirements defined in the Bettercoal Code.



Social commitment

[G4-DMA] (Local Communities)

Gas Natural Fenosa is committed to the economic and social development of those regions where it performs its activities, providing expertise, management capacity and creativity, as well as spending part of its profits on social investment. Fluid and ongoing dialogue with society enables the company to be aware of the expectations and interests of those communities where it operates and thus be able to involve itself in their development, seeking to give a more appropriate response to their needs.

Commitments and principles of responsible action with society

- Guarantee fluid and two-way dialogue and to encourage involvement in **local communities**, respecting the culture, rules and the environment, so that their concerns are responded to appropriately and expeditiously.
- Assess the **social impact** that the company's activity could cause, to avoid or mitigate the adverse effects these could generate and to foster positive effects.
- Develop initiatives within the **venture philanthropy** framework to create shared value and to have a positive social impact in energy projects.
- Promotion of education, cultural wealth, health, research and the inclusion of the more underprivileged collectives through **social investment.**
- Transfer **knowledge and values** to society through partnership agreements with the academic community and to use the necessary and/or existing mechanisms as a vehicle for transmitting the service quality levels to collaborating companies and suppliers.

Economic contributions

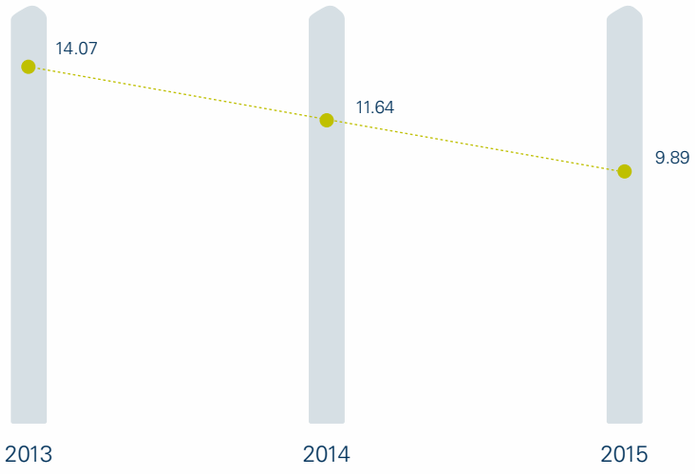
[G4-15]

Economic contributions to social investment programmes are another important part of Gas Natural Fenosa commitment. In 2015, they totalled 9.9 million euros.

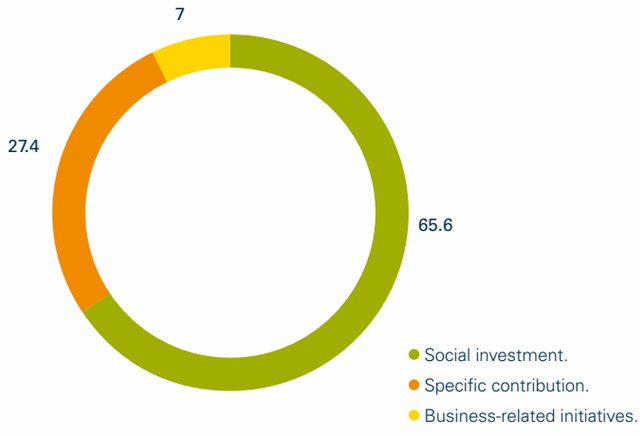
The aim of the company is to generate a higher corporate commitment to society of which it forms a part. The programmes to which these resources are therefore allocated form part of the business development strategy.

In order to measure the results, Gas Natural Fenosa has tools for assessing the reputation of the social programmes it carries out. As in previous years, in 2015 it continued to use the London Benchmarking Group methodology (LBG), which offers an overall view of social investment and enables a comparison of the results obtained with those of other companies.

Evolution of contributions (millions of euros)

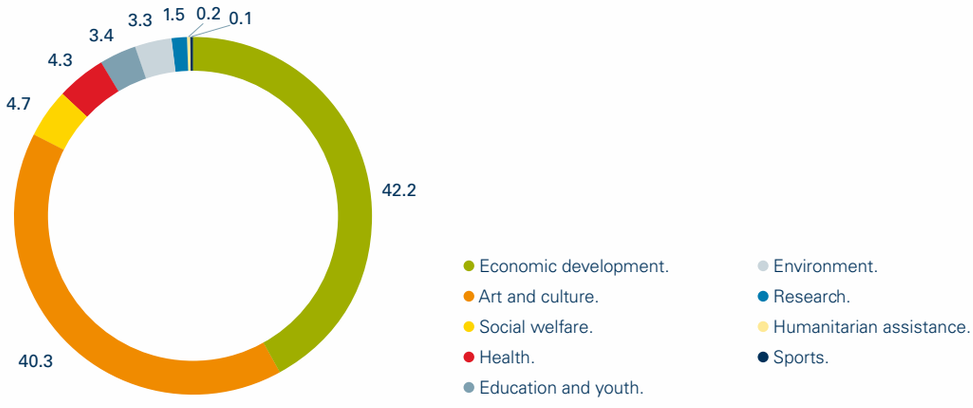


Motivation for initiatives (%)*



* London Benchmarking Group methodology (LBG).

Area of action (%)*



* London Benchmarking Group methodology (LBG).

Value actions

Proposed actions 2015		Planned actions 2016
Extending the Cinergía initiative and bringing it closer to the brand values and all stakeholders, working transversely on energy efficiency and the development of a social strategy to encourage the participation of young talent in the project.	+	Conducting the third edition of Cinergía for the purpose of reporting the savings from energy efficiency as well as its impact on the environment. Encouraging the promotion of new talent with the second edition of Cinergía Talent.
Developing an action plan for social networks in order to generate content and activities of general interest in line with the support of culture and energy efficiency.	+	Extending an action plan for social networks in order to generate content and activities of general interest in line with the support of culture, energy efficiency and savings.
Continuing to spread the social impact assessment to new investment projects.	+	Taking part in certain investment projects to assess the social impact.

Level of fulfilment: + Finalised. + Major progress. + Intermediate progress. + Little progress. + Not started.

Lines of action

Patronage and sponsorship			
Cultural.	Social.	Energy and environment.	Foundation and Contemporary Art Museum (MAC).
Social actions. Latin America Integrated Operational Centre (COIL)			
Value for suppliers.	Responsible use.	Relatives of employees.	
Relationship with communities. Social impact			
Corporate Governance.	Environmental management.	Infrastructure.	Products and services.
Employment.	Skills and training.	Suppliers.	Taxes.
Access to energy			

Generation of wealth and well-being

[G4-16]

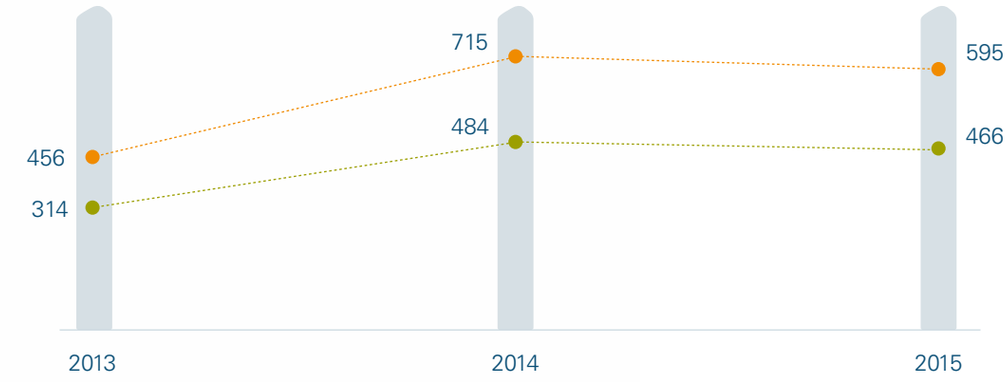
Gas Natural Fenosa develops its commitment to society through four main lines of action that are aligned with the company's core activities.

- **Access to energy:** providing and facilitating access to this basic service by those populations with limited resources, in areas where the company is present.
- **Relationship with communities:** ensuring fluid dialogue and to be aware of and improve the social impact the company's business has.
- **Social action:** developed through the Latin America Integrated Operational Centre (COIL) through the strong presence the company has in this area. Three model social action programmes have been defined. The idea is for them to be aligned with the company's business as well as catering to the different stakeholders with which the company has relations.
- **Patronage and sponsorship:** through which the company supports projects and initiatives that generate value for society and, in turn, strengthen the company's social commitment. These values are based on support for culture, social causes and the environment. The adoption of these values is channelled through the different sponsorship and activity initiatives, both of the Gas Natural Fenosa Foundation and the Gas Natural Fenosa Contemporary Art Museum.

Gas Natural Fenosa actively collaborates with prestigious national and international sectorial and business institutions, in which it participates with its experience, know-how and resources. It is also part of the governing bodies of the business federations for the electricity and gas sectors, Unesa and Sedigas respectively, of the International Chamber of Commerce (ICC) and the Spanish Energy Club.

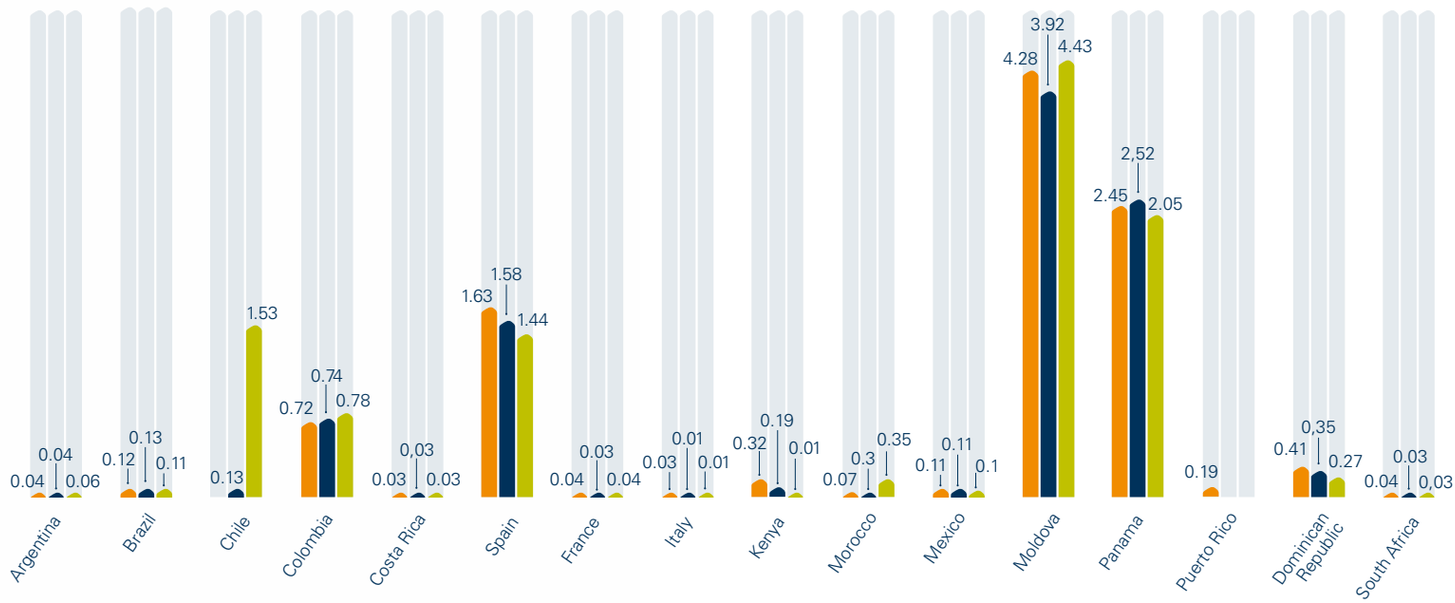
In the field of corporate responsibility, Gas Natural Fenosa is a member of Forética and of the Spanish Association for the UN Global Compact. The company also takes part in the Foundation for Renewable Energy & Environment and in the Corporate Excellence-Centre for Reputation Leadership.

Contribution to society (millions of euros)



Intangible investments. Corporate income tax.

Contribution to GDP by country (%)



2013. 2014. 2015.

Access to energy

Gas Natural Fenosa performs its activity in areas where the energy supply does not reach the entire population. The company considers it a priority to reach the people that live in these areas. This is why it actively works in developing its distribution networks to offer these populations a service under safe conditions.

The company has extensive experience in this regard. Accordingly, the projects carried out through its commercialisation company Energía Social in Colombia, the project carried out at Cuartel V in Argentina or the CGE group agreement in Chile made it possible to provide access to clean and reliable energies to tens of thousands of people.

The company has also reached agreements for the protection of vulnerable customers, in Spain, to prevent supply cut-off to customers that the municipal social services have reported as vulnerable.

Inclusive integral gas supply model (Argentina)

In Argentina, this model continues to be rolled out to allow districts with scant resources access to the gas network.

Together with the Pro-Vivienda Social Foundation (FPVS), the gas network continued to spread to more than 10 other neighbourhoods in the Partido de Moreno district, in Buenos Aires, such as: Alem, Anderson, Don Máximo and Don Sancho, *inter alia*. The expansion projects will continue over the next few years, which will enable the company to reach a higher number of families.

Residents of these neighbourhoods have certain advantages with regard to other customers, ranging from the distribution of bills by people that live in the neighbourhoods themselves, to the possibility of receiving a different treatment with regard to payment of monies owed, among others.

In 2015, the natural gas network reached 50 properties through the construction of 1,350 m of new network. In global terms, since its inception more than 25,000 people (a figure that accounts for over half the population) have benefited from this programme and have achieved access to cleaner energy thus increasing the value of properties, thanks to the overall construction of 127,332 m of gas network.

In addition, in 2015 Resolution I/910 was approved for Ente Nacional Regulador del Gas (Enargas), authorising commencement of works for the Neighbourhood Trusts of Unión and Futuro, where the distribution grid is set to be extended by more than 60 km, with gasification potential of more than 3,500 homes. Since the start of this initiative, the company has spent more than 840,000 euros on investment in these areas.

This model has demonstrated that it is possible to include customers by applying a working model that benefits the business as well as residents of impoverished neighbourhoods. The model's success requires the company to work on specific issues such as management of projects or providing customers with the service they require. This involves several areas in the overall process and requires long-term partnering, through the Customer Service area, from the time when new users join the company.

Within the framework of other gasification projects of low-income neighbourhoods, we could mention the Federal Housing Plan being introduced in Argentina, in the Padre Mugica district (which has been totally gasified since 2014), in the town of Virrey del Pino.

During 2015 we have managed to attract 39% of the customers in the Roberto Arlt neighbourhood. We also undertook a gasification project in Malvinas Argentinas, where the Parque Alvear district gasification concluded, with a total of 50,000 additional metres and 3,000 potential customers. This means that the most populated area of Malvinas Argentinas was fully gasified.

Energía Social (Colombia)

In Colombia, since May 2015 customers from non-standardised neighbourhoods in the Caribbean, hitherto managed by Energía Social, have been transferred to the distribution company Electricaribe.

The company continues to develop a range of social initiatives with the residents of these districts to facilitate their access to safe electricity supply. Among other activities, the personalised management of these customers was kept in place, offering them mechanisms to split the payment of their bills, and we continued to develop programmes targeted at improving customer service. We also undertook initiatives such as the installation of more than 2,000 LED low consumption lightbulbs, and the organisation of informal talks targeted at raising awareness on the safe use of energy.

CGE Group (Chile)

In the sphere of CGE, to help remote villages access basic services, we signed four agreements that will allow energy to be introduced to rural sectors of the Magallanes region, one of the southernmost areas of Chile. Thanks to coordination between CGE and the community, 265 families will be able to resolve their difficulties in accessing basic services, thus improving their quality of life and integration with the rest of the country.

Providing vulnerable customers with access to energy

Gas Natural Fenosa is sensitive to the different issues and situations that can cause difficulty in paying for the supply. For this reason, the company uses a range of mechanisms to ensure the supply is not cut off, thus protecting vulnerable customers. These mechanisms include payment by instalments, applied in specific situations.

In 2015, in Spain, Gas Natural Fenosa reached agreements to protect vulnerable customers with different administrations to prevent cutting off customers that social services had reported as being vulnerable. In these cases, the company provides operational solutions for payment of its bills through the mechanisms that the authorities use in cases of social emergency.

In 2015, we reached agreements with the following administrations: A Coruña city council, Almassora town council, Barcelona city council, Metropolitan Area of Barcelona (AMB) and Castellón, Logroño and Zaragoza city councils; Community of Madrid, and Valencia, Junta de Castilla-La Mancha, Junta de Castilla y León and la Xunta de Galicia Regional Governments.

We are also finalising agreements with the governments of the Balearic Islands, Cantabria, Basque Country and Navarre.

Relationship with communities

[G4-DMA] (Evaluation) [G4-HR9], [G4-SO1], [G4-SO2] and [OG9]

Gas Natural Fenosa, under its Policy on Human Rights, makes a firm commitment to the respect of local communities. To achieve this commitment, the social impact that company activities may have on affected communities and contributing to improving the living conditions of these communities are key aspects.

Gas Natural Fenosa has a method based on the Measuring Impact methodology of the World Business Council for Sustainable Development (WBCSD) and the aim is to define initiatives and programmes for the effective management of social impacts associated with the company's business.

The company bases its relationship with communities on the following principles:

- Identifying communities affected by the company's activity, and finding out their needs and aspirations.
- Analysing the potential environmental and social impacts that its activity could cause to the communities, using the social impact assessment methodology designed for this purpose.
- Reporting to and inviting participation from the community at the different stages of the project through a consultation procedure that enables us to listen to their concerns and questions as well as benefit from their contribution.

- Incorporating into the impact assessment studies the opportunities identified through dialogue with the communities and which encourage sustainable development of the community.
- Introducing a system of communication and relations with communities that ensures that these communities receive project information in a clear, updated and efficient way.

The company currently prioritises the performance of social impact assessments in those locations where the company is looking to carry out new investment projects. These assessments measure a range of impacts, including the impact on human rights.

Bujagali hydroelectric plant (Uganda)

During 2015, we continued with the implementation and development of programmes derived from social impact assessment conducted in 2012 in the hydroelectric power plant operated by a subsidiary of Gas Natural Fenosa, Operación y Mantenimiento Energy. The social impact project of the Bujagali hydroelectric plant celebrated its third anniversary since its launch in 2013.

Programmes deriving from the project at the Bujagali hydroelectric power station (Uganda)

Local procurement programme
It aims to encourage people to buy from local suppliers, taking into account sustainability criteria in their selection and assessment. During 2015, we continued to develop a broad base of local suppliers that provide products and services necessary for the operation of the plant.

Currently, around 12% of the plant's suppliers are locally sourced and the local purchase percentage has risen from 21% to 38%.

Suppliers development programme
Gas Natural Fenosa provides training and advice (on tax, safety and accounting aspects, inter alia) to local suppliers in order to adapt the quality of the services and products they provide to the needs of the company. In 2015, a total of 12 companies received some kind of aid or training to improve their quality, technical level and efficiency.

The initiative to improve road safety continued to be implemented, with participation of almost 3,000 students from neighbouring schools on courses to raise awareness about road safety and first aid.

Healthcare and life insurance programme
Its objective is to improve the resources available to meet the health needs of plant employees and the community, and simultaneously reducing days missed due to health, thus, increasing productivity. The programme is aimed at raising awareness on issues related to health, prevention and early detection of diseases.

In 2015, the second medical camp was organised for the local population in the area where training and diagnosis of diseases activities were conducted. More than 1,500 people benefited from this initiative. Company personnel also benefited from a range of actions to raise awareness about health-related issues.

Training programme
In collaboration with local educational institutions, the aim is to provide access to training programmes for young people in the area, in order to improve their qualifications and simultaneously have people in the catchment area of the plant with the training and skills in line with the needs of Gas Natural Fenosa. In the last years, over 75 students have benefited from this programme.

Fight against energy poverty
Programme to address one of the main demands of the community. Since it is not possible to directly provide the electricity produced in the area to its inhabitants, agreements were established with certain organisations, to provide renewable generation sources such as sunlamps. At the end of 2015, a total of 76 families benefited from this programme, of which 74% had already repaid the microcredit extended to them for the purchase.

Bií Hioxo wind farm (Mexico)

The Bií Hioxo wind farm is a project of 234 MW in Juchitan de Zaragoza (Oaxaca, Mexico). It began commercial operations in October 2014.

Gas Natural Fenosa, according to its firm commitment to respect for human rights and specifically the traditional ways of life, has consistently worked with the affected community and, additionally to the project itself, generating wealth, and implementing actions that contribute to improving the living conditions of the inhabitants of the area.

Having identified the needs of the community affected by the project, the company is developing several programmes for various stakeholders based on different lines of action.

Nairobi thermal power plant (Kenya)

Since 1997, Gas Natural Fenosa participates in the electricity production market in Kenya through the Nairobi South power plant that has 109 MW of installed capacity.

In addition to the management of the plant, the company has a community action programme in low-income neighbourhoods surrounding the centre, known as slums.

In 2015, the company continued to collaborate with neighbouring districts to implement the ongoing programmes. The collaboration between local authorities and neighbourhood committees was key to the success of the projects.

These programmes have continued to improve the view that local residents have of the company, progressively appreciating the importance of a clean environment.

Programs derived from the Bií Hioxo wind farm project (Mexico)

Support for education and culture
This considers initiatives targeted at improving the equipment of schools, or training courses to encourage employment. More than 2,000 people benefited from these initiatives in 2015.

Commitment to health
More than 700 people benefited from these programmes.

Direct support to the community directly affected by the project
More than 300 people benefited from the initiatives implemented in this area. Of particular success was the contribution to developing the fishing activity in the zone.

Programmes derived from the thermal power plant project in Nairobi (Kenya)

Educational initiatives
The company provides grants to students without resources to go to university and donates books for subjects in higher education.

In 2015, eight students were awarded grants, and 26 had the possibility of work experience at the plant itself.

Health
Campaigns focusing on improving the health of employees and their families were conducted, such as the diagnosis and prevention of diabetes, cancer and cardiovascular disease, awareness days and nutrition programmes campaigns.

Environmental protection
Involvement in conservation, cleaning and awareness. Through planting trees, cleaning up the slums around the plant and awareness of environmental protection and waste separation.

Promotion of local art and culture
Collaboration through an annual donation to the Kenya National Youth Orchestra made up of young musicians in the country.

Torito hydroelectric power plant (Costa Rica)

Gas Natural Fenosa has developing in Costa Rica a 50 MW hydroelectric generation power plant, As a result of the cooperation agreement signed with communities in 2013, the company continued to develop several programmes to meet the needs of the population affected by the project.

Programmes derived from the Torito hydroelectric power plant (Costa Rica)

Improved infrastructure and technology
It includes initiatives such as the construction of sewage, road repair and construction of an aqueduct in Yama, which has given the population access to drinking water.

Among these programmes we can highlight the finalisation of projects to improve school facilities and community halls.

Cultural and social initiatives
Since 2013, we have participated closely with the community and entities of the Government of Costa Rica in cultural and artistic activities and those benefiting the environment, such as the Festival of Arts, the Science Fair, the Environmental Fair and reforestation projects, among others.

Relationship with communities (Chile)

The distribution companies of CGE are introducing plans to encourage relations with social organisations to foster their links with neighbourhood councils, through participative meetings. In 2015, there were a total of 196 meetings in which information was given on the services that the company provides and advice given to find a solution to the more complex concerns.

We also continued to make progress in consolidating the policy on this issue, with the social and environment approval of the Strengthening of the Electricity System project in the province of Arauco. For this project, we conducted informative sessions to unveil the project and to clear up any queries, and we also introduced workgroups to channel local development projects targeted at the indigenous communities.

As a complement to this, we should give specific mention to the participative activities carried out with the community of Viluco to establish the layout design of the Fátima Transmission Line project, on the island of Maipo.

Social action

Gas Natural Fenosa believes that its community investment programmes have to focus on the geographical areas where it has a presence and must develop in tandem with the corporate activity. To meet this target, the Latin America Integrated Operational Centre (COIL) for management of community investment programmes was created in 2011. Under the motto "Energy to Grow", it implements three kinds of projects.

Types of COIL projects

Value for Suppliers
These are technical and business training projects for suppliers, self-employed workers and micro-companies involved with the gas and electricity sector, so that they can become integrated into the value chain. The programme is implemented in Argentina, Brazil, Colombia, Panama and Mexico.

Responsible Use
Projects targeted at customers and society, providing knowledge about energy in general; safety and efficient use, of both gas and electricity, and caring for the environment.

We designed the programmes Responsible Use of Gas, which is being introduced in Argentina, Brazil, Colombia and Mexico in its versions for children and adults; and Responsible Use of Electricity, which is being undertaken in Panama and Colombia, also in versions for children and adults.

In 2015, to improve communication of the programmes designed, we redefined the image of the Natural Family to adapt it to the needs of all subsidiaries. The Natural Family as a graphic resource comprising a family of four members and a pet, used by the company as a communication element in its awareness campaigns.

We also published an educational brochure for children on this issue, under the name of Rubbish Reducers. The purpose is to raise awareness on the reduction, reuse and recycling of waste generated in everyday living, whether in households or at schools.

In addition, as part of the Health and Safety Commitment Plan, which is being introduced by the company worldwide, we published a new brochure on general safety in everyday life.

Programmes for employee families
Set of three programmes for children of company employees in Latin America.

- The Training for Leadership programme offers the possibility of receiving a leadership training course, taught by the Corporate University of Gas Natural Fenosa, to the children of employees who are finishing their university education. It was implemented in Argentina, Brazil, Colombia, Mexico, Panama and the Dominican Republic.
- The Planning your Future programme provides a financial grant for those who are starting college. It was developed in Argentina.
- The Natural Vocation and Summer Internship programmes offer participants a vocational career advice or the possibility of work experience in the company in the summer months. It was also developed in Argentina.

Social innovation programmes

	Total since the beginning	2015
Responsible use (trained children)	1,000,981	112,517
Responsible use (trained adults)	940,267	159,369
Value for suppliers (trained and advised companies)	24,292	11,193
Staff families[1]	103	29

[1] Includes the Training for Leadership, Planning your Future, Natural Vocation and Summer Internship programmes.

Patronage and sponsorship

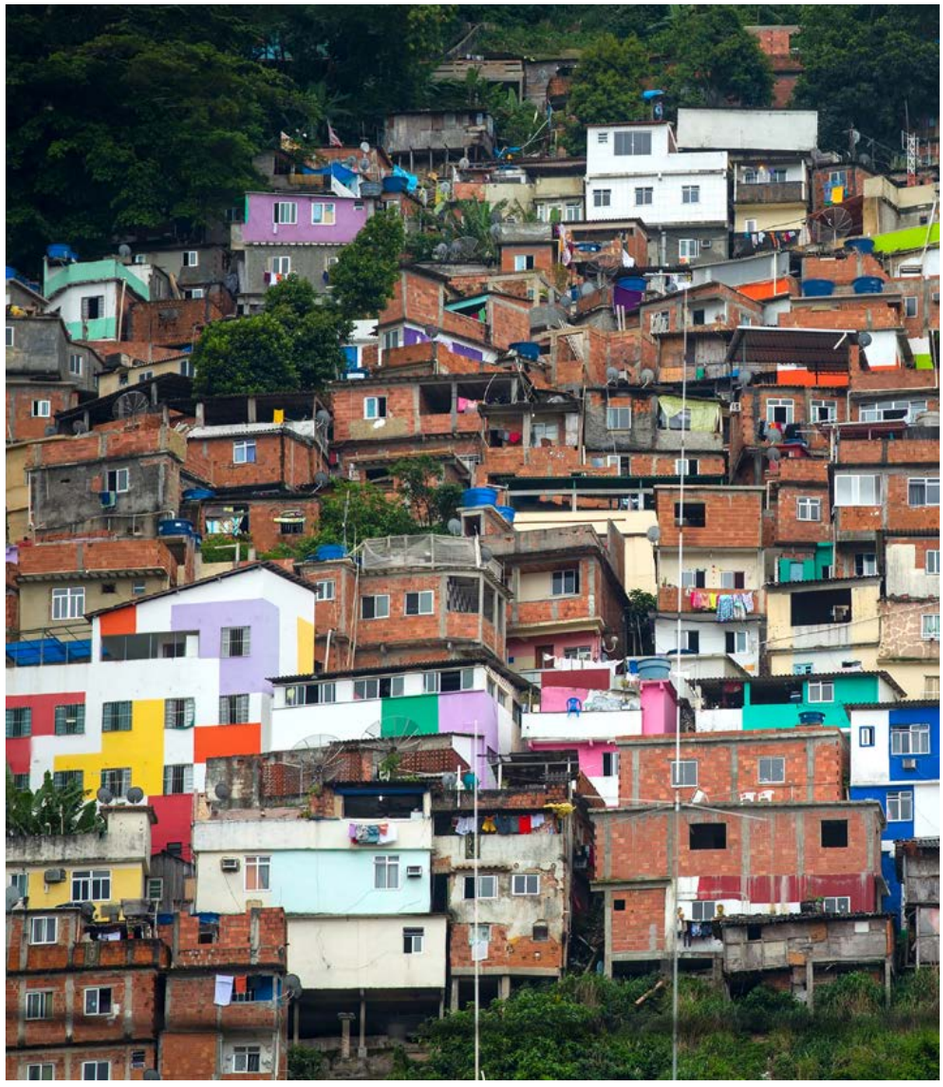
To help develop society through the promotion of culture, art, science or other disciplines, Gas Natural Fenosa provides occasional financial support to specific sponsorship projects and donations. This improves its image and attraction for the general public.

Through the General Regulations on Sponsorship and Donations, the general management principles are established for sponsorships and donations by the company and to define the processes that regulate and control its development. Similarly, activities related to sponsorship and donations are subject to a process of 100% transparency. The regulations also provide priorities, which can be summarised in social action, culture and energy and the environment.

Educational initiatives

The educational initiatives for young persons represent one of the main activities of Gas Natural Fenosa as part of its commitment to society, particularly with regard to the good use of energy and to sustainable development.

By the same token, the company implemented a wide range of collaboration, participation and sponsorship initiatives with different educational entities in Spain and Latin America.



Social action focused on underprivileged groups

Gas Natural Fenosa drives and support projects targeted at integrating the most vulnerable social groups and to mitigate problems stemming from social exclusion.

The company therefore collaborates financially with foundations and associations whose corporate purpose is to help mitigate or minimise these problems in some of the countries where it performs its activity.

Promotion of health and research

As part of its sponsorship and donations programme, the company also has an action line that provides support to health and research.

Among the different programmes in which the company participates, we can highlight research targeted at improving the life quality of the infirm and their relatives, or research into cardiovascular diseases, which are the leading cause of mortality worldwide, through the Procnic Foundation, as well as the awareness and prevention campaigns "Wind and Life against Cancer" and "Wind and Life against Diabetes" in Mexico, and collaboration with the Pedriatría en la Red paediatric network in Argentina.

Promotion of music, theatre and films

Gas Natural Fenosa also maintained its commitment to collaborate with the world of film, music and theatre, by providing support to festivals, musical events and concerts.

With its support to the world of film, through sponsorship of the main festivals and cinemas, the company collaborates with one of the industries that has been most affected in recent years, in particular in the case of festivals, through cutbacks in the public aid that they use to receive.

In this regard, in 2015 we launched the second edition of Cinergía, to bring energy saving closer through the cinema and to encourage talent in the Spanish film industry.

Cinergía Talent competition

To encourage young talent, in 2015 we launched a script competition among audio-visual communication and film students, to produce a short film in the second edition of Cinergía.

The competition winner had the chance to produce their short film with the help of a prestigious producer and to present it as part of the Festival Madrid Premiere Week.

The criteria used in choosing the best short film include its association to energy efficiency; that it be of the humour genre and that it last for less than 10 minutes.

The final winner was Beta, produced by the film student Josep Pujol. It is about a woman who is fed up of her husband's bad habits in energy issues, so she decides to carry out an experiment to convert her home into a more efficient place.

Josep Pujol therefore adds his name to those of recognised directors such as Paco León, Santiago Segura and Isabel Coixet, who have also produced short films for the second edition of Cinergía.

It is worth mentioning that Cinergía already has its next rising star, Alberto Ruíz, who will produce a short film with all production costs paid by Gas Natural Fenosa, and he will premiere his film at a Spanish film festival.

Gas Natural Fenosa also maintains its commitment to collaborate with the world of film, music and theatre, by providing support to festivals, musical events and concerts

Fostering cultural enrichment. Museum of Contemporary Art.

An important part of the company's cultural investment is carried out through the Gas Natural Fenosa Contemporary Art Museum (MAC). The MAC is a multidisciplinary, dynamic, flexible and open space of modern culture, which blends the exhibition activity with the integration and participation of the public, to motivate the artistic creation within all cultural spheres.

Since its opening in 1995, it has consolidated itself not only as an exhibition benchmark but also as a meeting venue for artists, fans and the public at large. It offers a broad range of exhibitions, conferences cycles, courses and workshops for students and professionals, film programmes and concerts, among others, as well as a series of initiatives to support artists, such as the artistic residencies or grants for artistic creation abroad.

The museum pays special attention to groups with any kind of functional diversity and designs specific activities for persons suffering from intellectual and/or sensory disability, mental illness, autism and cognitive deterioration.

Likewise, the company supports other institutions, such as the National Art Museum of Catalonia (MNAC), the Contemporary Art Museum of Barcelona (MACBA), the Valladolid Science Museum and the Royal Association of the Queen Sofia National Art Gallery and Museum.

Corporate volunteers and employee participation

Gas Natural Fenosa is firmly committed to encouraging corporate volunteer work within the company as part of a global focus. To this end, the company approved in 2015 the General Corporate Volunteer Standard to make these kinds of actions uniform at any company of Gas Natural Fenosa.

The approval of the standard aims to introduce a common framework to ensure that all of the company's volunteer actions are aligned with the strategic focal point, corporate values and the corporate responsibility policy, which was amended in December 2015.

Gas Natural Fenosa understands corporate volunteer work as those actions promoted by the company as a tool to drive the participation of employees and volunteers in the performance of non-lucrative projects and actions. The aim is to foster social cohesion, the values and the spirit of solidarity among citizens, contributing, to the extent possible, to generating a fairer and more sustainable society from a social and environmental standpoint.

With this in mind, the company's initiatives are based on two pillars: environmental protection and the commitment to society. This materialises in two essential types of programmes: environmental voluntary work and social voluntary work.

For the purpose of ensuring that volunteer work at Gas Natural Fenosa is built on a solid and responsible structure, in November 2015 we set up 11 Volunteer Work Operating Committees, in the 11 countries where the company has a major presence: Argentina, Brazil, Chile, Colombia, Peru, Spain, Italy, Morocco, Mexico, Moldova, Panama and the Dominican Republic. These committees will be in charge of promoting volunteer work within their territorial sphere. Simultaneously, and to guarantee the corporate alignment, we set up a Corporate Volunteer Committee responsible for approving the actions proposed by the different operating committees.

To date, more than 88,000 hours have been spent on volunteer work or actions with employees related to the environment and social problems. The commencement of these volunteer programmes, undertaken in the different countries where the company operates, will be definitively rolled out during 2016.

Under the Corporate Volunteer Standard, in 2015 we spent more than 4,540 hours on volunteer actions promoted by the company, and have driven around 50 social and environmental voluntary work activities with the help of more than 900 participants.

For the purpose of continuing to encourage corporate volunteer work at the company from a global perspective, we are working on the introduction of global volunteer indicators to measure the economic and human commitment established by the company in the most rigorous way possible. The drive to introduce social and environmental voluntary actions in all countries where corporate volunteer work takes place and to measure the company's contribution represents one of the main targets for consolidation of the programme in 2016.

In addition to the corporate volunteer actions, we should also highlight the Solidarity Day initiative, created in 1997 and managed by the employees. It involves participants voluntarily donating a one-day fraction of their annual salary to projects targeted at promoting education and teaching children and young persons in those countries in which Gas Natural Fenosa operates. For the Solidarity Day event, the company donates an amount equal to the amount donated by employees and assumes all management costs, so that the total amount raised can be used for the annual selected project. Close to 2,000 employees around the world took part in the initiative.

In 2015, Solidarity Day financed the education of 205 school (17), technical (122) and university (66) students as part of the ordinary projects being implemented in Brazil, Colombia, Morocco, Mexico, Moldova, Nicaragua, Panama and Portugal.

As well as the ordinary projects, Solidarity Day performs extraordinary projects of a social nature in Spain, to cover the needs of those groups most affected by the economic crisis. Since September 2015, we have launched a project to fund 800 school meal grants at schools in Galicia, Navarre and La Rioja during the 2015-2016 and 2016-2017 courses and summer 2016.

The proceeds raised by Solidarity Day in 2015 will be used for new educational projects in Panama, set to begin in March 2016.

Gas Natural Fenosa Foundation

The Gas Natural Fenosa Foundation, established in 1992, is committed to training and raising awareness in society, so therefore it carries out a number of own projects which are aligned with its mission.

The pillars of the foundation are based on training, dissemination and raising awareness about energy and the environment, essentially with the purpose of promoting the rational use of energy resources and promoting sustainable development.

It also promotes cultural activities aimed at the preservation and dissemination of the historical and cultural heritage of the gas and electricity industry, through its Gas Museum and historic archives.

The Gas Museum organises exhibitions and conferences. It also has an educational programme for schools, activities for young and old, film and music cycles. Its permanent exhibition shows the significance that gas has in the development and modernisation of society and also raises the energy challenges of the future.

The activities are spread throughout Spain, which has involved 25,514 students and has had more than 105,000 users.

As in previous years, the Gas Natural Fenosa Foundation came, in 2015, in first place in the ranking of transparency annually carried out by the Compromiso y Transparencia Foundation.

In line with its commitment towards energy and the environment, the headquarters of the foundation are located the modernist building called La Energía (the energy), owned by Gas Natural Fenosa, built in 1899 and remodelled by the foundation. In 2014, the U.S. Green Building Council awarded it the Leed Gold certification, which ensures that the entire building has been designed and built to reach the highest standards of sustainability.

During 2015, the foundation held 20 seminars on energy and environment across the country, with 2,536 participants. It has also forged ahead with the First Export programme, with a total of 21 seminars in a number of different autonomous regions across Spain, which were attended by 603 people. It also offered customised assessment to 34 companies, six of which made their first exports.

Publication of book entitled *La creación de valor compartido en el sector energético.* (The Creation of Shared Value in the Energy Sector)

The book was presented by the General Manager of the Gas Natural Fenosa Foundation, Martí Solà, and the Chairman of the Barcelona Office of the Club of Rome, Jaume Lanaspa. The book is a technical guide containing examples and real cases which are applied to the energy sector regarding the strategy for creating shared value (CSV). This strategy is a method for action based on companies' commitment towards creating value for shareholders and for the society in which they operate a the same time.

It also offers a number of guidelines on how to deploy the shared value creation strategy in the energy sector, as well as methodologies and tools to apply it, including 25 case studies of different companies in different parts of the world.

One of the in-depth case studies in terms of the practical application of shared value creation concerns the Gas Natural Fenosa hydroelectric power plant in Bujagali (Uganda).

The international activities of the foundation were developed in nine countries: Argentina, Algeria, Brazil, Colombia, Costa Rica, Italy, Mexico, Morocco and Moldova. 16 programmes were developed, which benefited more than 10,600 people and more than 4,380 companies and institutions.

Refer to the www.fundaciongasnaturalfenosa.org website for in-depth information about the activities of the Gas Natural Fenosa Foundation.

Activities of the Gas Natural Foundation. Spain

	2015	2014	2013
Active agreements with autonomous regions	24	23	20
Seminars/courses held	20	19	17
PPE programme days held	21	15	0
Budget allocation in acts (% out of total)	35	45	32
Publications	1	1	1
Environmental education fact sheets	1	1	1

Activities of the Gas Natural Foundation. International

	2015	2014	2013
Activities	16	16	14
International activities budget (% out of total)	23	22	14
Countries in which it operates	10	9	8

Integrity and transparency

[G4-DMA] (Human Rights Grievance Mechanisms, Grievance Mechanisms for Impacts on Society, Anti-corruption).

Gas Natural Fenosa considers that the trust of its customers, its professionals, suppliers and external collaborators, shareholders, investors and funders, regulatory bodies and other market agents and social groups, is based on integrity, which is understood to be action which is ethical, honest, responsible and in good faith of each one of the people who work in and for the group.

Commitments and principles of full responsible action

- **Reject corruption, fraud and bribery** in business dealings and establishing measures to prevent and combat them, developing internal channels allowing communication of irregularities while respecting and preserving anonymity.
- **Comply with national and international laws and standards** in force in which the company operates, in particular, abiding by the principles expressed in the United Nations Universal Declaration of Human Rights, in the Declaration of the International Labour Organisation (ILO) and in the United Nations Global Compact, and also by complying with the UN Guiding Principles on Business & Human Rights, and the OECD Principles of Corporate Governance.
- **Act with responsibility** in business management and **complying with fiscal obligations** in all jurisdictions in which the company operates, undertaking to act transparently and collaborate with tax authorities.
- **Compete fairly on the market,** not to allow misleading, fraudulent or malicious conduct through which the company could obtain an unfair advantage.
- Promote **transparency in information** and responsible, truthful, efficient, complete and timely reporting, with regular publication of financial and non-financial information to measure the company's actions and initiatives and to offer a specific response to the information required by the company's stakeholders.
- Maintain permanent **dialogue with stakeholders** through the most adequate and accessible communication channels.

Integrity is key to the company's success

[G4-56]

From the beginning of its activity, Gas Natural Fenosa believes that operating on the basis of integrity and transparency directly contributes to achieving business targets and sustainable business management.

Indeed, ethics and honesty, to which the company's highest body of administration is committed, are essential pillars of the declaration of the company's mission, vision and values, of its Strategic Plans, and the Corporate Responsibility Policy, which was modified in December 2015, in line with the recommendations of the Good Governance Code of Listed Companies, and approved by the Board of Directors.

The new commitments of integrity and transparency included in the policy also entail a rejection of all forms of corruption, compliance with international laws and standards, fair competition and responsible transparency of information, as well as dialogue with stakeholders, as indicated in recommendations 53 and 53 of the code.

Also as part of its commitment towards transparency with stakeholders, Gas Natural Fenosa has adopted a responsible fiscal policy, aligning this policy with the growing demands of society, and by institutional investors in this regard.

The company needs to pay special attention to the lack of confidence which has ailed affected the energy sector in recent years, in order to improve the way stakeholders perceive the markets in which the company operates, based on the ethical principles of Gas Natural Fenosa. It is also committed to achieving improved conduct and practices in new international settings with growth opportunities for the company, so as to boost development and social progress.

Gas Natural Fenosa faces challenges regarding integrity through a management approach based on various policies and procedures and specific tools, within the framework of the company's Code of Ethics.

These elements seek to ensure that the company's activities and those of its employees and suppliers comply with applicable standards and laws in every country in which it operates. They also seek to ensure that all the units and organisations behave impeccably in accordance with ethical values and formal commitments to conduct, and to preventing and detecting any breach in the appropriate time and manner.

Gas Natural Fenosa put in place various corporate integrity programmes to guarantee the above targets. These programmes are:

- Code of Ethics Management Model.
- Crime Prevention Model.
- Antifraud and anticorruption policies and plans.
- Fiscal policies.
- Human Rights Policy.

These programmes give rise to indicators for the management, control and supervision of the company's ethical conduct, which makes it possible to measure the effectiveness of the programmes that are in place and develop new improvement plans adapted to the specific needs of the business.

Value actions

Proposed actions 2015		Planned actions 2016
Management and monitoring of compliance with the Code of Ethics and Anticorruption Policy through the automatic workflow.		Launch of a new regular declaration tool (workflow), compliance with the Code of Ethics and Anticorruption Policy.
Launch of a training course on Crime Prevention Model, update of the Code of Ethics and Anticorruption Policy.		Disclosure and dissemination of Code of Ethics for suppliers.
Awareness of Code of Ethics to suppliers.		Approval of update of the Human Rights Policy text to concepts and terminology of the UN Guiding Principles on Business & Human Rights.
In the context of the Human Rights Policy, defining an independent complaints mechanism.		

Level of fulfilment: Finalised. Major progress. Intermediate progress. Little progress . Not started .

Code of Ethics Management Model

[G4-56], [G4-57], [G4-58], [G4-HR12] and [G4-SO11]

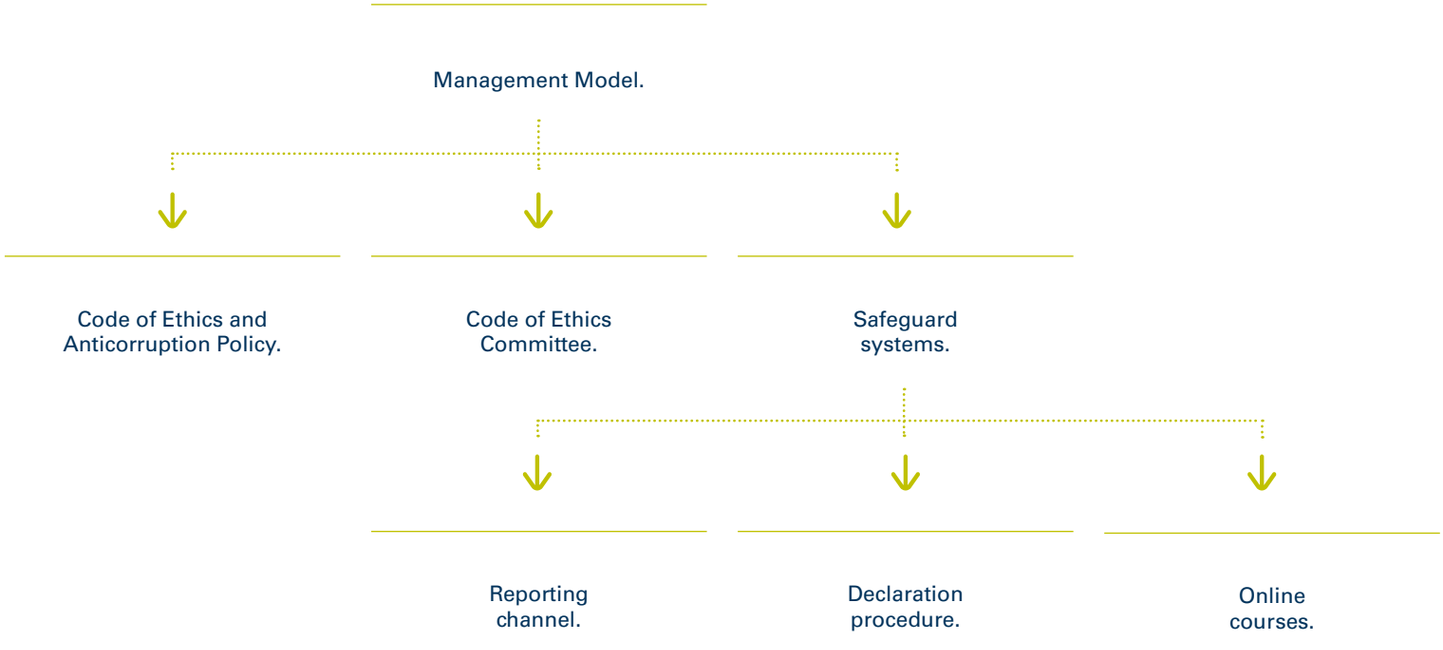
The Code of Ethics of Gas Natural Fenosa, formulated and approved by the Board of Directors, is the document that establishes guidelines that must govern the ethical behaviour of managers and employees of the company, in their daily work, with regard to relationships and interactions with all its stakeholders. The principles for the company's employees are related to corruption and bribery, respect for people, professional development, equal opportunities, relation with collaborating companies, occupational health and safety, and caring for the environment, among others.

Since 2005, when it was adopted, the code has been renewed regularly to adapt it to the new situations that affect the company. The code sets out the undertakings entered into by the company in the fields of good governance, corporate responsibility and questions of ethics and regulatory compliance.

Gas Natural Fenosa also has an Anticorruption Policy, as an extension of chapter 4.7. on "Corruption and Bribery" on the Code of Ethics, which establishes the principles which must be used to guide the conduct of all employees and administrators of the companies of the group with regard to the prevention, detection, investigation and correction of any corrupt practice within the organisation.

Gas Natural Fenosa also has a Code of Ethics and Anticorruption Policy Management Model managed by the Internal Auditing, Compliance and Control Department, whose targets are to ensure the knowledge, application and fulfilment of the code.

This management model includes the following



- The Code of Ethics and Anticorruption Policy provide essential tools to act in an honest, responsible and transparent manner.

- The Code of Ethics Committee, chaired by the Director of Internal Auditing, Compliance and Control that ensures its objectiveness and independence, is responsible for guaranteeing the dissemination and fulfilment of the code through the supervision and control of the safeguard systems. It has local committees in the countries in which the company carries out its major activities. For further information, refer to the "Corporate Responsibility of Gas Natural Fenosa" section in this report.

- Safeguard systems are the company's mechanisms for ensuring the fulfilment of the Code of Ethics.

    - Reporting channel, through which all the employees and suppliers can send the Code of Ethics Committee queries or notify breaches of the code, in good faith, in a confidential manner and without fear of reprisal.

    - Annual declaration procedure, through which all the employees repeatedly declare that they have read, understood and comply with the code.

    - Online courses with training on the issues included in the Code of Ethics and the Anticorruption Policy, mandatory for all employees.

This model also provides that the Audit Committee of the Board of Directors and the Management Committee must receive regular reports from the Code of Ethics Committee on the most relevant issues related to the dissemination of and compliance with the Code of Ethics and the Anticorruption Policy. In 2015, 42% of the notifications received were related to alleged fraud, none of which had any significant impact.

The committee did not receive any notification of incidents taking place in the Gas Natural Fenosa related to labour or child exploitation or in relation to the rights of the corresponding local communities and human rights. A total of 20% of the notifications were related to "Respect for people" chapter of the Code of Ethics, and they were all solved appropriately. No notification was related to discrimination.

Queries and notifications to the Code of Ethics

	2015	2014	2013
Queries	37	33	30
Notifications	98	56	49
Total	**135**	**89**	**79**
No. of messages received per 200 employees	1.37	1.20	0.97

Gas Natural Fenosa expects a high level of commitment in fulfilling its Code of Ethics and Anticorruption Policy of all its employees. Therefore, emphasis is placed on transmitting a culture of integrity of the company. Its breach is analysed according to internal procedures, legal regulations and existing agreements. During 2015, we managed various disciplinary situations from complaints made to the Code of Ethics Committee, or from situations covered in the Code of Ethics or the Anticorruption Policy. In total, 14 misdemeanours, 34 serious offences and 40 serious offences, of which 24 have resulted in layoffs were handled.

5% of the total complaints received in 2015 by the Code of Ethics Committee resulted in layoffs. During this year, it was not necessary to repair damages relating to impacts caused by human rights cases.

The Code of Ethics Committee also has a multi-year work plan with the ultimate goal of extending the code to the highest possible number of activities and people at the company. It includes actions in the short- and medium-term to improve integrity management at Gas Natural Fenosa.

In 2015, the annual work plan of the Code of Ethics Committee included:

- Training and informative actions on the Code of Ethics, Anticorruption Policy and Crime Prevention Model targeted at the company's employees.
- Updating Code of Ethics and Anticorruption Policy space on the Intranet of the company.
- Updating the Code of Ethics Committee regulations.
- Definition of the "Declaration of Fulfilment" workflow.
- External informative actions.
- Definition of the Code of Ethics internal procedures.
- Activities for extending the Code of Ethics to suppliers in Spain and abroad.

The actions planned by the Code of Ethics Committee in 2016 include the following:

- Training and informative actions on the Code of Ethics, Anticorruption Policy and Crime Prevention Model targeted at the company's employees.
- Awareness of Code of Ethics to suppliers.
- Declaration in 2016 of all employees that they have read, understand and comply with the Code of Ethics.
- Continuity of the actions drawn from the requirements suggested in the reform of the Penal Code.
- Additional specific training actions to inform people about the antifraud and anticorruption programme.
- Approval and publication of the Code of Ethics internal procedures.

In 2015, the Code of Ethics Committee held five working meetings, and the local committees held 25.

The company set up local committees in Argentina, Brazil, Colombia, Chile, Italy, Mexico, Moldova, Panama and South Africa. With a structure similar to that of the Code of Ethics Committee, the main mission is to make everyone aware of the Code of Ethics and the Anticorruption Policy and to reproduce the functions the committee carries out in Spain in each country to cover the company's entire area of action. Accordingly, the company guarantees the existence of safeguard procedures in the different countries in which it operates.

Code of Ethics chapter to which notifications refers (%)

	Queries	Notices	**Total**
Respect for the law, human rights and ethical values	3	11	**9**
Respect for the individual	3	20	**15**
Professional development and equal opportunities	5	7	**7**
Cooperation and dedication	5	1	**2**
Health and safety at work	0	1	**1**
Corruption and bribery	0	14	**10**
Use and protection of assets	3	6	**5**
Corporate image and reputation	3	1	**2**
Loyalty to the company and conflicts of interest	78	0	**21**
Processing of information and knowledge	0	2	**2**
Customer relations	0	30	**21**
Relations with collaborating companies and suppliers	0	7	**5**
Respect for the environment	0	0	**0**
Total	**100**	**100**	**100**

Average time for resolving correspondence (days)

	2015	2014	2013
Queries	25	14	18
Notices	57	53	44
Total	**47**	**38**	**34**

Received complaint management

	Type of impact	2015
Complaints about negative impacts presented through formal mechanisms.	Environment	0
	Labour practices	46
	Society	52
	Human rights	0
Complaints received, investigation opened.	Environment	0
	Labour practices	100
	Society	100
	Human rights	0
Complaints received that were solved.	Environment	0
	Labour practices	70
	Society	88
	Human rights	0
Complaints about negative impacts filed before 2015 and that were resolved in 2015.	Environment	0
	Labour practices	1
	Society	5
	Human rights	0

Crime Prevention Model

The company introduced, in 2011, a Crime Prevention Model which is updated annually. This model incorporates the already established Gas Natural Fenosa internal control structure. Its purpose is to effectively prevent the occurrence of offences under the Organic Law 5/2010 governing the Amendment of the Penal Code. This modification introduces in Spain the criminal responsibility of artificial persons in cases in which they do not exercise due control over the systems of individuals subject to their authority. In 2015, the model was updated pursuant to Organic Law 1/2015 of 30 March, amending the Organic Law 10/1995 of 23 November, of the Penal Code.

From an organisational standpoint, the Board of Directors has assigned the the functions of Autonomous Body, described in Organic Law 1/2015, to the Compliance Assessment Committee, which is responsible for taking significant decisions in relation to the regular monitoring and oversight of the working and compliance with the Crime Prevention Model.

The model contains 21 crimes that have been identified, together with definitions of their impact and probability of occurrence, mechanisms for their control and minimisation, and responsibilities with regard to their fulfilment. It is one of the company's factors of differentiation in the area of integrity, enabling it to prevent crimes that could give rise to legal or other kinds of problems.

Each year, the model is assessed by an independent third party. In 2015, it issued a satisfactory report on its design and effectiveness.

Worldwide, the group has deployed crime prevention models in countries with laws governing the civil liability of legal persons.

Gas Natural Fenosa attaches great importance to having a tool in order to ensure the adequate control of the crime prevention model management. Accordingly, it manages and uses the SAP GRC Process Control for the comprehensive management of documentation, assessment and oversight of the model.

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Antifraud and anticorruption plans and policies

[G4-SO4] and [G4-SO5]

Although fraud and corruption are covered in the crime prevention system, the company worked to improve and update its internal regulations and define specific protocols and mechanisms in this area.

The Gas Natural Fenosa Anticorruption Policy complies with national and international legislation on corruption and bribery, and mainly that dictated by the Spanish Penal Code. Currently, several countries have specific regulations in this area, which establish relevant sanctions for non-compliance.

This policy has the object of establishing the principles which must be used to guide the conduct of all employees and administrators of the companies of Gas Natural Fenosa with regard to the prevention, detection, investigation and correction of any corrupt practice within the organisation. It covers all the actions in this area and avoid conduct that may give rise to fraud or corruption and lead to situations that are damaging for the company, its administrators and employees from a legal point of view or in relation to its reputation.

The Anticorruption Policy establishes 14 principles of action, including aspects such as promoting integrity and transparency in the processing of information, money laundering, conflicts of interest and relationships with third parties.

The focus of the Gas Natural Fenosa anticorruption programme covers three key areas:

- Establishment of an antifraud and anticorruption culture through training and awareness.
- Implementation of proactive measures to assess the risk of fraud and corruption, monitoring and controls.
- Development of measures and response plans in the event of situations that constitute fraud and corruption. These plans and measures include the investigation of the episodes, the definition of solutions and the establishment of disciplinary measures.

Gas Natural Fenosa organises regular training initiatives based on the programme with the aim of raising awareness of the importance of fighting against corruption and ensuring that administrators, employees and suppliers are given enough and appropriate information to act accordingly.

Some of these regular initiatives include the following:

- Update of the NaturalNet space which concerns the Code of Ethics and the Anticorruption Policy.
- Publication of information about the Code of Ethics Committee's activities (notifications received, activities carried out, etc.).
- Training course on Crime Prevention Model, Code of Ethics and Anticorruption Policy.
- Specific training in relation to the Crime Prevention Model for new employees and administrators.
- Presentations in Boards of Directors and Management Committees of the Crime Prevention Model.
- Regular declaration of compliance with the Code of Ethics and Anticorruption Policy.

Also, in all operations involving risk, the company conducts due diligence processes systematically, both for high-risk suppliers, and company relationships with third parties (partners, joint ventures, etc.).

The counterpart due diligence procedure aims to ensure that, across the board, reputational risk and corruption are analysed and assessed efficiently and in a standard way when third parties intervene in business relationships of the companies forming the group.

Fiscal policies

Fiscal risk management

[G4-EC4]

The fiscal policies of Gas Natural Fenosa are aligned with its Corporate Responsibility Policy, which sets out one of the commitments and principles as that of "acting responsibly in management of businesses and complying with fiscal obligations in all jurisdictions where the company operates, undertaking the commitment to transparency and collaboration with the corresponding tax authorities."

Thus, since 2010 Gas Natural Fenosa has subscribed to the Code of Good Tax Practices drawn up by the Large Companies Forum together with the Spanish tax authorities. The aim of this initiative, which is promoted by the Spanish Government, is to promote transparency, good faith and cooperation with the National Tax Authority in corporate fiscal practice and in the legal security in the application and interpretation of tax laws.

In this regard, the company has expressly undertaken to:

- Avoid opaque structures for tax purposes.
- Collaborate with the Tax Authorities.
- Regularly report to the Board of Directors on the fiscal policies applied.
- Apply fiscal criteria in accordance with administrative doctrine and case law.

In order to assure that the tax practices of Gas Natural Fenosa are based on these principles, it uses a General Good Tax Practices Procedure.

The company also has a risk map in place in which fiscal risks and controversial questions concerning the interpretation or application of the fiscal legal framework are specifically identified. Information about the most important fiscal actions is set out in the "Fiscal Status" section of Note 21 of the Consolidated Annual Accounts.

The Board of Directors is informed of the fiscal consequences of important or particular operations when such consequences are relevant. The Board of Directors should be informed of the creation or acquisition of holdings in companies which are registered in countries or territories which are considered to be tax havens, through the Audit Committee.

Pursuant to Spanish laws which determine which countries are considered to be tax havens (Royal Decree 1080/1991 of 5 July and Royal Decree 116/2003 of 31 January), Gas Natural Fenosa has four shareholdings in companies incorporated in those territories:

- The holdings of 95% in Buenergía Gas & Power, Ltd., of 47.5% in Ecoeléctrica Holding, Ltd. and of 47.5% in Ecoeléctrica Limited, are all registered in the Cayman Islands. They are companies which directly or indirectly own a single industrial shareholding which carries out the electrical generation activity by gas combined cycle plant in Puerto Rico (Ecoeléctrica, L.P.), which pay tax on their income in this country and which do not offer any kind of tax advantage for Gas Natural Fenosa.
- The 31.1% stake in Gasoducto del Pacífico (Cayman), Ltd., also domiciled in the Cayman Island. This is a company which do not engage in business activities and which was included in the group as a result of the acquisition of the CGE group, and as such do not offer any type of tax advantage to Gas Natural Fenosa.

More detailed information on this issue can be found in section 3.3 of the Management Report.

Fiscal contribution

Gas Natural Fenosa is acutely aware of its responsibility towards the economic development of the countries in which it operates. The taxes it pays represent a significant part of the economic contribution in those countries in which it operates. Accordingly, it pays special attention to complying with its tax obligations in accordance with laws applicable in each territory.

Paying taxes is a question of significant economic importance and implies a high level of commitment towards compliance with formal obligations and cooperation with the tax authorities.

The total fiscal contribution of Gas Natural Fenosa in 2015 amounted to 3,636 million euros (3,741 million euros in 2014).

The following table shows the breakdown of the tax actually paid by Gas Natural Fenosa by countries, broken down according to those which are an effective expense for the group (referred to as own taxes) and those which are retained or passed on to the final taxpayer (called third-party taxes):

Total taxes actually paid (millions of euros)

Millions of euros	2015	2014	2013
Spain	**2,627**	**2,759**	**2,746**
First-party taxes[1]	896	940	896
Third-party taxes[2]	1,731	1,819	1,850
Latin America	**726**	**663**	**556**
First-party taxes[1]	418	480	296
Third-party taxes[2]	308	183	260
Others	**283**	**319**	**248**
First-party taxes[1]	64	106	93
Third-party taxes[2]	219	213	155
Total	**3,636**	**3,741**	**3,550**

[1] Basically includes payments for corporate income tax, environmental taxes, local taxes and social security paid by the company.
[2] Basically includes Value Added Tax, special taxes, employee withholdings and social security paid by the employee.

Breakdown of taxes actually paid by categories and countries

Country	Profit tax[1]	Others[2]	**Total**	IVA	Taxes on hydrocarbons	Others[3]	**Total**	**Total**
Argentina	4	40	**44**	13	–	16	**29**	**73**
Brazil	51	44	**95**	56	–	18	**74**	**169**
Chile	48	16	**64**	99	–	22	**121**	**185**
Colombia	69	78	**147**	9	–	22	**31**	**178**
Spain	347	549	**896**	1,169	362	200	**1,731**	**2,627**
Itally	14	5	**19**	30	34	5	**69**	**88**
Mexico	33	4	**37**	32	–	12	**44**	**81**
Panama	8	11	**19**	–	–	4	**4**	**23**
Rest of Latin America	11	1	**12**	3	–	2	**5**	**17**
Others	10	35	**45**	112	32	6	**150**	**195**
Total	**595**	**783**	**1,378**	**1,523**	**428**	**307**	**2,258**	**3,636**

[1] Corporate income tax actually paid during the year. Does not include accrued amounts. Information regarding the reconciliation between the registered Corporate Income Tax and that which would arise from applying the nominal rate of the tax applicable in the country of the parent company (Spain) on the pre-tax result is indicated in Note 21 "Fiscal Status" of Consolidated Annual Accounts.
[2] Includes energy taxes which in Spain totalled 262 million euros (257 million euros in 2014), local taxes, social security payable by the company and other specific taxes of each country.
[3] Basically includes withholdings on employees and Social Security for the employee's contribution.

Human Rights Policy

[G4-DMA] (Security Practices) and [G4-HR7]

The company is acutely aware of the society's growing demands concerning human rights, and takes into account, above all, the growth in international activity which has led the company to operate in certain areas where the protection of human rights is particularly important.

The company's commitment to respect for and protection of human rights is expressed in both the Corporate Responsibility Policy and the Code the Ethics. The Human Rights Policy defines and precisely establishes how the company believes it has to include these principles in its business management.

Since 2011, Gas Natural Fenosa has had a Human Rights Policy adopted by the Management Committee.

How the Human Rights Policy is prepared

1. Analysis. > **2.** Definition. > **3.** Internal evaluation. > **4.** First draft. > **5.** External and internal consultations. > **6.** Approval. > **7.** Communication and training. > **8.** Independent/ internal verification

The policy began to be prepared in April 2010, when the human rights policies of relevant companies and of the most important international requirements were analysed. The risks which affect Gas Natural Fenosa's business and the commitments to human rights were defined.

To ensure that the analysis was as rigorous as possible, the information about perceived risk was cross-checked with directors of 14 countries, and this was used to draw up the first draft of the policy. Once it was finished, five specialised and independent human rights organisations were consulted and an internal consultation process was performed with members of the Reputation Committee.

The policy was approved on 3 February 2011, and subsequently a communication and training model was designed to disclose its commitments and fields of application.

An independent third party and the Internal Audit Area also verified the degree of implementation of many of the critical commitments of the policy.

The policy has been developed and approved in response to society's growing demands. It is particularly applicable in locations in which local legislation does not provide a sufficient level of protection for human rights. In these cases, Gas Natural Fenosa undertakes to guarantee a level of protection equivalent to the other areas in which it carries on its business.

Its compliance is horizontally integrated in the company and is the responsibility of each one of the business areas.

The policy establishes ten commitments, which were determined on the basis of the main risks that affect human rights in the company, and accepts the UN Guiding Principles on Business and Human Rights. The policy is also focused on the most important principles which have the greatest impact on the company business.

In the 2014 year, the policy was exhaustively analysed in order to ensure that it was completely in line with the UN Guiding Principles on Business and Human Rights.

The company encourages the policy to be known and to be complied with using a communication and training plan, which includes a compulsory online course for all employees, seminars based around explaining principles of the policy and conflicts which could arise, and guidance sessions about the policy and its role in business activity. Towards the end of 2015, the number of people who had completed the course on the Human Rights Policy at the Virtual University totalled 13,883.

As indicated in the policy, the company is actively taking steps to include human rights matters in process for analysing new investments, introducing this variable in any assessments of social impact.

It is also important to note that, in 2015, 777 security officers provided an active service in Argentina, Brazil, Colombia, Spain, Mexico, Moldova, Panama and the Dominica Republic, and 691 of them (88.7%) took part in the various refresher courses on private security.

Human Rights Policy Principles

1	Avoiding any practices which are discriminatory or which might compromise people's dignity.
2	Eradicating the use of child labour.
3	Helping to ensure freedom of association and collective negotiation.
4	Protecting people's health.
5	Offering dignified employment.
6	Commitment towards people linked to suppliers, contractors and collaborating companies.
7	Supporting and publicly promoting respect for human rights.
8	Respect for indigenous communities and traditional ways of life.
9	Protecting facilities and people on the basis of respect for human rights.
10	Helping to fight corruption.

Regarding training and fulfilling the contractual article concerning the updating of knowledge and forms of action in respect of human rights, in 2015, 467 security guards (59.9%) participated in courses of this nature, totalling 2,143 hours.

Training on human rights focuses on the characteristics of each of the countries in which Gas Natural Fenosa has contracted the services of security guards and the activities performed by the company in each of them, allowing a more specific and effective training.

Therefore, best practices are adopted, taking as reference initiatives such as the Voluntary Principles on Security and Human Rights, and the UN Basic Principles on the Use of Force and Firearms for staff belonging to surveillance and security companies that the company hires.

Gas Natural Fenosa publishes its Human Rights Policy. You can read it on the website: www.gasnaturalfenosa.com.

Non-compliances and fines

[G4-PR4]

Gas Natural Fenosa works actively towards carrying out its business activities in accordance with applicable laws. For that purpose, the company carries out preventive actions with executives and areas of greatest risk and implements the corrective actions necessary to prevent occurrences which could breach the regulations of each one of the countries in which the company operates.

In 2015, the company was handed down two fines for 130,000 and 250,000 euros in Panama. These rulings were reconsidered in the administrative channel and are now final.

In Spain, a group company was also ordered to pay a fine of 100,000 euros for events concerning the formalisation of a supply contract, and also a deficient access contract signed between one of the group's commercialisation companies and the distribution company in the area. In July, Gas Natural Fenosa lodged a contentious-administrative appeal before the High Court of Justice against this ruling, but because it did not have suspensive effects the company paid the fine.

In Chile, Gas Natural Fenosa was ordered to pay a 69,161 euro fine for failing to comply with the Connection Criteria Report issue period. An appeal was lodged before the Court of Appeals of Santiago claiming that the fine was illegal, and the matter is currently pending resolution. The company also picked up a 103,742 euro fine for failing to comply with its obligation of maintaining electrical infrastructure. This fine was appealed before the Court of Appeals of Santiago, and the matter is currently pending resolution.

In 2015, the company registered no fines for monopolistic practices or for breach of regulations on commercialisation communications, including advertising, promotions and sponsorship.

In 2015, the company registered no fines for monopolistic practices or for breach of regulations on marketing communications, including advertising, promotions and sponsorship

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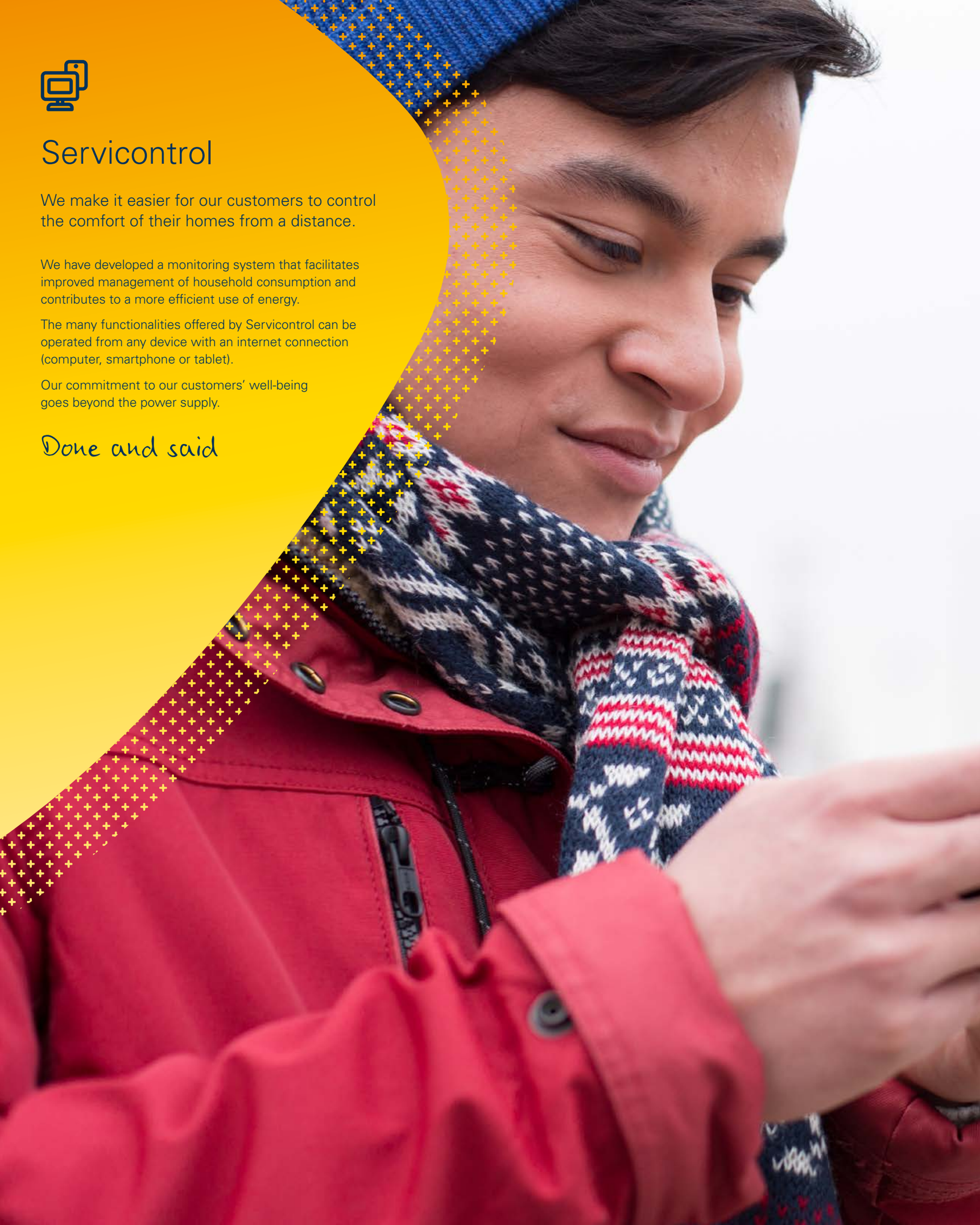


2015 Corporate Responsibility Report

Process for drafting this report. Materiality

For detailed information on this project, scan this QR code with your mobile device or visit the 2015 Annual Report microsite.

www.informesanuales.gasnaturalfenosa.com

Process for drafting this report. Materiality

Materiality focus

In this Corporate Responsibility Report, Gas Natural Fenosa has adopted, for the third successive year, the criteria, principles and contents defined in the G4 framework for preparation of the Global Reporting Initiative (GRI) sustainability reports.

The company believes that the report has been prepared in accordance with the comprehensive level of G4. The Materiality Disclosures methodology has been applied in the 2015 year. This methodology verifies that the basic general content G4-17 to G4-27 is positioned correctly both in the GRI content index and in the text of this report.

Materiality is the starting point for drafting the report. The focus of materiality means that the Corporate Responsibility Report focuses on issues that are critical for Gas Natural Fenosa and with regard to which the company can promote a more significant change in terms of positive economic, social and environmental impact.

Determination of material aspects

[G4-18a] and [G4-23]

The material issues included in this report are based on the joint study for the gas and electricity sector carried out in 2013, and which is constantly updated.

The study is based on analysing the degree of materiality of each one of the 46 specific issues defined by GRI in its G4 Sustainability Reporting Guideliness.

Those 46 aspects were prioritised in accordance with relevance for energy consultants within the following groups, international organisations and sector institutions, with criteria established by investors and material issues for other stakeholders, as detailed under the heading "Identification of material aspects".

The relevance and prioritisation of these aspects were determined by selecting relevant matters of corporate responsibility as a consequence of both an external analysis (analysis and identification of aspects in public sources of the reference organisations, investors and stakeholders), and an internal analysis (contrast through interviews).

The continuation of this study sought to delve further into the particular aspects affecting the sector, and we therefore conducted a series of consultations with energy and regulation specialists, as well as analysing the degree of materiality of the issues in each country where Gas Natural Fenosa performs its activity. To this end, a series of official statistical sources were taken and the indicators were studied as an approximation on the relevance which, for each issue, is awarded in the corporate responsibility agenda of each country.

A more detailed description of the steps taken and the sources consulted is given below.

Identification of material aspects

In the initial identification of material issues, the following sources were taking into consideration:

- **International organisations and sector institutions:** Organisation for Economic Cooperation and Development (OECD), UN Global Compact (UNGC), International Energy Agency and World Business Council for Sustainable Development.
- **Investors:** Dow Jones Sustainability Index and FTSE4Good.
- **Stakeholders:** Global Reporting Initiative report "Sustainability topics for sectors", which includes material aspects for 52 sectors defined thanks to the interviews carried out with 194 organisations related to different stakeholders.

In addition, during the materiality process, relevant issues for the stakeholders specified in the offline and online press monitoring studies and RepTrak were considered.

Review of issues with a sector-wide focus and impacts on the value chain

To update the material aspects, an in-depth analysis of the corresponding material issues and a summary review of the press to check that no critical issue is excluded was performed.

An outline of the company's gas and electricity value chain was compiled, determining at which stage each of them have the greatest impact.

Elsewhere, the material aspects from the perspective of the gas and electricity sector was filtered by carrying out a series of consultations with energy and regulation sector experts, and other sector sources such as the Spanish Association of the Electricity Industry (Unesa) and the sector-wide aspects that concern investors (Dow Jones Sustainability Index) were reviewed. The sector-wide aspects can be grouped into three key challenges:

- New global energy scenario.
- Main challenge in Spain: the tariff deficit.
- Effects on the change of regulation and on the Spanish energy scenario.

Review of material aspects by country where Gas Natural Fenosa is operational

We have identified official statistical sources whose coverage guarantees the information of all countries in which the company operates. This information has subsequently been used to review the relevance of each issue based on the country's agenda (in-depth analysis of the relevant aspects identified by countries where the company is operational).

The company analysed the following countries: Germany, Algeria, Argentina, Australia, Belgium, Brazil, Chile, Colombia, Korea, Costa Rica, Egypt, Spain, France, Holland, India, Ireland, Italy, Japan, Kenya, Luxembourg, Morocco, Mexico, Moldova, Oman, Panama, Peru, Portugal, Puerto Rico, the Dominican Republic, South Africa and Uganda.

The analysis of the country's agenda was carried out so that it:

- Covers the vision for the reporting year of Gas Natural Fenosa by countries (for those countries that compile a corporate responsibility report).
- Lays down the bases for future master plans by country, with a more sector-wide vision.

The analysis of the indicators by country was carried out in consideration of the environmental, social and governance indicators taken from the following international benchmark sources: American Council for an Energy-Efficient Economy (ACEEE), Amnesty International (AI), Central Intelligence Agency (The World Factbook), Dow Jones Sustainability Index (DJSI), Human Rights Watch (HRW), Inter-American Development Bank (DataGob), The Economist Intelligence Unit (EIU), World Bank (WB), World Economic Forum (WEF), United Nations (UN), United Nations Development Programme (UNDP) and the US Department of State (USDS).

Prioritisation of issues

With these analyses (the value chain, sector-wide issues and the country agenda), the material issues have been redefined. Firstly, we have the material aspects by relevance in the value chain, taking into consideration the sector-wide nuance; secondly, the prioritisation of material issues based on the corporate responsibility agenda of each country.

Internal validation

The internal validation was carried out through interviews with business managers that enabled the company to identify the risks by installations and geographical area. More specifically, there was participation from the following areas:

- Public Issues.
- Retail Businesses.
- Customer Service.
- Purchasing.
- Strategy.
- Corporate Governance.
- Internal Auditing, Compliance and Control.
- Environment.
- Human Resources.
- Regulation and Strategic Planning.
- Risks.
- Health and Safety.

The selection of these areas is based on the identification of the issues to be dealt with, following the advice of energy and regulation experts.

List of material aspects at corporate level

[G4-19]

GRI Category	Issue	Order of Priority (%)
+ PR	Product and Service Quality	100
+ EN	Emissions	83
+ EN	Energy	74
+ EC	Economic Performance	64
+ LA	Occupational Health and Safety	57
+ SO	Corruption	53
+ EN	Water	49
+ LA	Employment	48
+ EN	Biodiversity	48
+ SO	Local Communities	45
+ EC	Suppliers (local, environmental performance, employment practices, human rights and social impact)	44
+ EN	Effluent and Waste	40
+ EN	Products and Services	38
+ PR	Customer Health and Safety	38
+ LA	Training and Education	36
+ LA	Labour/Management Relations	34
+ LA	Diversity and Equal Opportunities	28
+ HR	Human Rights Grievance Mechanisms	23
+ HR	Freedom of Association and Collective Bargaining	19
+ EN	Environmental Grievance Mechanisms	16
+ HR	Safety Practices	16
+ SO	Grievance Mechanisms for Impacts on Society	15
+ EN	Materials	11
+ HR	Human Rights Grievance Management	11

NB 1: each country has a different prioritisation based on its corporate responsibility agenda.
NB 2: GRI nomenclature for each category: PR (Product Responsibility); EN (Environment); EC (Economy); LA (Labor Practices and Decent Work); SO (Society); HR (Human Rights).

Key figures in the process

- 33 countries analysed with regard to their country agenda in environmental, social and governance[1] (ESG) issues.
- 17 international sources consulted.
- 18 indicators on the main economic, social, environmental and political stability figures by country.
- 73 specific indicators by country associated to the 24 material ESG issues for Gas Natural Fenosa.
- 13-18 additional indicators in nine countries (Argentina, Brazil, Chile, Colombia, Spain, Italy, Mexico, Moldova and Panama) depending on whether the activity of Gas Natural Fenosa in each of these countries is associated to natural gas and/or electricity.
- 91-109 indicators analysed in total per country.
- 2,690 indicators dealt with in total.

[1] Environmental, social and governance.

Map of material issues

[G4-18a], [G4-20], [G4-21] and [G4-23]

In order to respond to the GRI G4 Guidelines, a map of material issues that identify what represents a material issue for Gas Natural Fenosa and where it is relevant is provided. As regards the latter criterion, Gas Natural Fenosa identifies the materiality of the issue from three standpoints:

- Point of the value chain at which the issue is material.
- Impact of the aspect inside and outside the company and, consequently, the stakeholder affected.
- Geographic location. To determine those countries in which the issues are material we need to cross-check the following table with the activity map on page 285 of this report. In this way, and based on the governing philosophy of integrated and uniform management at Gas Natural Fenosa, the issue will be material in those countries that perform the activity of the value chain in which the issue is material.

The focus of materiality means that the report focuses on issues that are critical for Gas Natural Fenosa and with regard to which the company can promote a more significant change in terms of positive economic, social and environmental impact

Order of materiality (%)	GRI aspects that encompass the material aspects of Gas Natural Fenosa		Stages of the value chain where: Electricity – Generation	Electricity – Distribution	Electricity – Commercialisation
1	Product and Service Labelling (Product and Service Quality)	PR		+	+
2	Emissions	EN	+	+	
3	Energy	EN	+	+	
4	Economic Performance	EC	+	+	+
5	Health and Safety	LA	+	+	+
6	Corruption	SO	+	+	+
7	Water	EN	+		
8	Employment	LA	+	+	+
9	Biodiversity	EN	+	+	
10	Local Communities	SO	+	+	
11	Suppliers (supply practices, assessment of suppliers in environmental issues, employment practices, human rights and social impacts)	EC	+	+	+
12	Effluent and Waste	EN	+	+	

the material issues have greatest impact

Gas				Impact of the aspect inside and/or outside the organisation by stakeholder	2015 Corporate Responsibility Report chapter that deals with the issue
Procurement	Transportation	Distribution	Commercialisation		
		+	+	Customers.	Business model/Sustainable innovation/ Customer orientation.
+	+	+		Society.	Environment.
+	+	+		Society/customers.	Business model/Sustainable innovation/ Customer orientation/Environment/ Commitment to society.
+	+	+	+	Society/shareholders/ customers.	Business model/Commitment to results/ Commitment to society.
+	+	+	+	Employees/suppliers.	Health and safety.
+	+	+	+	Society/employees.	Commitment to society/Integrity.
				Society.	Sustainable innovation/Environment.
+	+	+	+	Employees/customers.	Customer orientation/Interest in people.
+	+	+		Society.	Environment.
	+	+		Society.	Customer orientation/Commitment to society.
+	+	+	+	Suppliers.	Customer orientation.
	+	+		Society.	Environment.

Order of materiality (%)	GRI aspects that encompass the material aspects of Gas Natural Fenosa		Stages of the value chain where: Electricity – Generation	Electricity – Distribution	Electricity – Commercialisation
13	Products and Services	EN	+	+	+
14	Customer Health and Safety	PR		+	
15	Training and Education	LA	+	+	+
16	Labor/Management Relations	LA	+	+	+
17	Diversity and Equal Opportunities	LA	+	+	+
18	Evaluation Human Rights Grievance Mechanisms	HR	+		
19	Freedom ofAssociation and Collective Bargaining	HR	+	+	+
20	Environmental Grievance Mechanisms	EN		+	
21	Safety Practices	HR	+	+	
22	Grievance Mechanisms for Impacts on Society	SO	+	+	+
23	Materials	EN	+	+	
24	Human Rights Grievance Mechanisms	HR	+	+	+

the material issues have greatest impact

Gas				Impact of the aspect inside and/or outside the organisation by stakeholder	2015 Corporate Responsibility Report chapter that deals with the issue
Procurement	Transportation	Distribution	Commercialisation		
+	+	+	+	Customers.	Sustainable innovation.
		+		Customers.	Customer orientation/Health and safety.
+	+	+	+	Employees.	Interest in people.
+	+	+	+	Employees.	Interest in people.
+	+	+	+	Employees.	Interest in people.
+	+			Employees/society/ suppliers.	Customer orientation/Commitment to society/Integrity.
+	+	+	+	Employees.	Interest in people.
	+	+		Society.	Sustainable innovation.
+	+	+		Society/employees/ customers.	Health and safety.
+	+	+	+	Society/employees/ customers/suppliers/ shareholders.	Customer orientation/Integrity.
+	+	+		Society.	Customer orientation/Environment.
+	+	+	+	Society/employees/ customers/suppliers/ shareholders.	Integrity.

Scope of the information

[G4-22], [G4-23] and [G4-28]

The information included in this Corporate Responsibility Report refers to all activities conducted by Gas Natural Fenosa in 2015, as a worldwide gas and electricity operator.

Since 2014, Gas Natural Fenosa retroactively applied IFRS 11 "Joint Arrangements". As a result, joint businesses (those in which participants hold rights only in respect of the net assets of the investees) are consolidated by the equity method instead of the proportional integration method.

The information included in the environment section of the 2015 report section refers solely to those companies or activities in which the participation is equal to or greater than 50%, that have the capacity to influence environmental management or which have a significant capacity to impact environmental data, considering the global data.

The environmental information provided in this report includes those companies and production activities which, managed and performed in the main by Gas Natural Fenosa, have an appreciable environmental impact with regard to the company's overall recent impact, or are indicators used specifically for this report. This allows the information provided to give an objective, traceable view of the environmental management and performance of Gas Natural Fenosa.

Compliance with benchmark standards

[G4-18b] and [G4-32]

The Gas Natural Fenosa Corporate Responsibility Report complies with the most prestigious international standards for the compilation of reports of this type. In this regard, the company prepares its report in accordance with the latest version of the Sustainability Reporting Guideline of the Global Reporting Initiative, GRI 4, and includes the applicable additional information required by the "Utilities" and "Oil and gas" supplements. The company therefore believes that the report has been prepared in accordance with the comprehensive level of G4. This report has also been drawn up in accordance with the AA1000APS standard (2008) and the United Nations Guiding Principles Reporting Framework.

- **AA1000 standard.** The purpose of this standard is to provide organisations with a set of principles to situate and structure the way in which they assess, implement, administrate, govern and surrender their accounts in sustainability performance.
- **Global Reporting Initiative.** In accordance with the Global Reporting Initiative recommendations, the balanced and reasonable presentation of the organisation's performance requires application of certain principles to determine the content of public information on this issue and to guarantee its quality.
- **United Nations Guiding Principles Reporting Framework.** The idea behind this framework is that the companies should report all information relating to human rights in line with the UN Guiding Principles on Business and Human Rights.

The consideration of the principles set out in the following table ensure that the information satisfies the guarantees required through the foregoing standards.

Application of the AA1000 APS

[G4-33]

- **Inclusiveness.** In relation to this principle, particular importance is placed on the information presented by Gas Natural Fenosa in the chapter of this report on actions that lead to dialogue with its stakeholders.
- **Relevance.** The relevant matters for Gas Natural Fenosa are included in its Corporate Responsibility Policy that was approved in December 2015. This report is structured according to said matters. Its contents are also determined by the materiality study.
- **Capacity for response.** It includes key performance indicators of the company, as well as its core policies and management systems in the spheres taken into account.

Principles for drafting this report (GRI)

[G4-18b]

- **Materiality.** Those issues identified in the materiality study have been considered as material and have been included in the 2015 Corporate Responsibility Report.
- **Stakeholder engagement.** The company has defined its stakeholders, identified its expectations and set actions to establish a two-way dialogue. This process is explained in the sections on dialogue with interest groups and corporate responsibility governance.
- **Sustainability context.** The report offers a detailed analysis of the company's performance in the context of the social, environmental and economic requirements of its social and market environments. The sections on business model, strategy and sustainable opportunities focus specifically on this area.
- **Exhaustiveness.** The outline of contents are defined with the help of those in charge of the key management areas of the company. This guarantees that essential aspects and impacts that each activity area of Gas Natural Fenosa has on its environment and on its own business targets are taken into consideration.

Quality of the information given (GRI)

[G4-30]

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

United Nations Guiding Principles Reporting Framework

- Setting human rights reporting in the business context.
- Meeting a minimum threshold of information.
- Demonstrating ongoing improvement.
- Focusing on respect for human rights.
- Addressing the most severe impacts on human rights.
- Providing balanced examples from relevant geographies.
- Explaining any omission of important information.

Verification

[G4-33]

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

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

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

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

Queries and additional information

[G4-31]

In addition to this Corporate Responsibility Report, in 2015 Gas Natural Fenosa is publishing the Integrated Annual Report, the Corporate Governance Report and the Audit and Control Committee Report, all pertaining to 2015. The company also has a website (www.gasnaturalfenosa.com) where anyone interested can consult up-to-date information about the company. Furthermore, special mention must be made of the fact that Gas Natural Fenosa publishes corporate responsibility reports in Argentina, Brazil, Colombia, Italy, Mexico, Moldova and Panama.

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

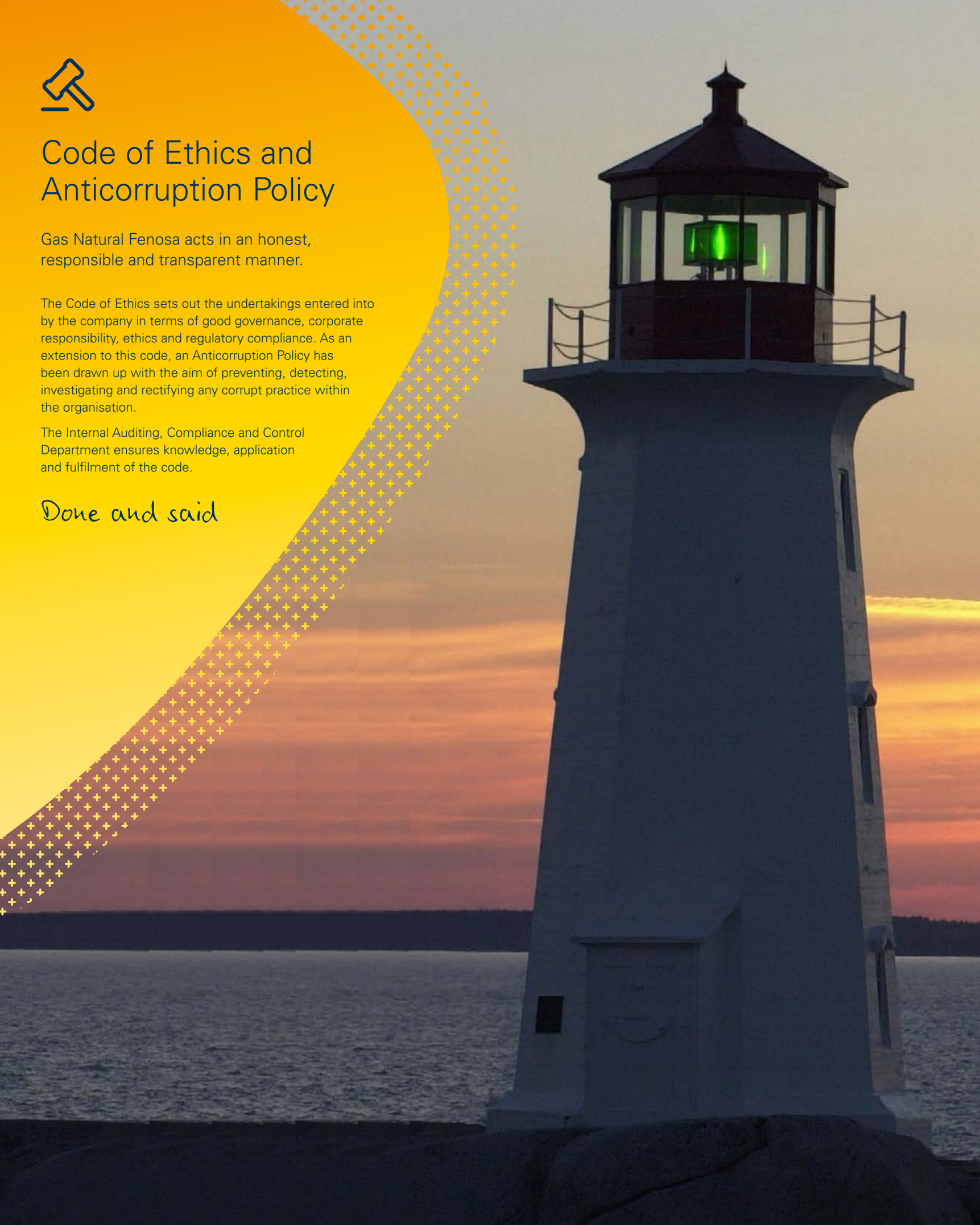
Code of Ethics and Anticorruption Policy

Gas Natural Fenosa acts in an honest, responsible and transparent manner.

The Code of Ethics sets out the undertakings entered into by the company in terms of good governance, corporate responsibility, ethics and regulatory compliance. As an extension to this code, an Anticorruption Policy has been drawn up with the aim of preventing, detecting, investigating and rectifying any corrupt practice within the organisation.

The Internal Auditing, Compliance and Control Department ensures knowledge, application and fulfilment of the code.

Done and said



2015 Corporate Responsibility Report

Additional Information

GRI contents index. Page 294

Glossary of indicators. Page 302

Contents in accordance with the United Nations Guiding Principles Reporting Framework. Page 313

Independent review report. Page 316

For detailed information on this project, scan this QR code with your mobile device or visit the 2015 Annual Report microsite.

www.informesanuales.gasnaturalfenosa.com

GRI contents index

General Standard Disclosures

General Standard Disclosures	Page	Omissions	External Assurance
Strategy and Analysis			
G4-1	page 5.	Not applicable.	Yes. Pages 316-319.
G4-2	pages 80, 82 and 85.	Not applicable.	Yes. Pages 316-319.
Organisation Profile			
G4-3	page 5.	Not applicable.	Yes. Pages 316-319.
G4-4	pages 19, 58, 112 and 113.	Not applicable.	Yes. Pages 316-319.
G4-5	Back cover.	Not applicable.	Yes. Pages 316-319.
G4-6	page 12.	Not applicable.	Yes. Pages 316-319.
G4-7	page 17.	Not applicable.	Yes. Pages 316-319.
G4-8	pages 12,19.	Not applicable.	Yes. Pages 316-319.
G4-9	pages 17, 18, 112, 131 and 176.	Not applicable.	Yes. Pages 316-319.
G4-10	pages 176, 178, 200 and 202.	Not applicable.	Yes. Pages 316-319.
G4-11	page 204.	Not applicable.	Yes. Pages 316-319.
G4-12	pages 237 and 239.	Not applicable.	Yes. Pages 316-319.
G4-13	pages 12.	Not applicable.	Yes. Pages 316-319.
G4-14	page 80.	Not applicable.	Yes. Pages 316-319.
G4-15	pages 66 and 248.	Not applicable.	Yes. Pages 316-319.
G4-16	page 250.	Not applicable.	Yes. Pages 316-319.
EU1	page 23.		Yes. Pages 316-319.
EU2	page 23.		Yes. Pages 316-319.
EU3	page 107.		Yes. Pages 316-319.
EU4	page 25.		Yes. Pages 316-319.
EU5	page 158.		Yes. Pages 316-319.
Material Aspects and Boundaries			
G4-17	2015 IAR Consolidated Accounts pages 224-235.	Not applicable.	Yes. Pages 316-319.
G4-18	pages 280, 283, 289 and 290.	Not applicable.	Yes. Pages 316-319.
G4-19	page 282.	Not applicable.	Yes. Pages 316-319.
G4-20	page 283.	Not applicable.	Yes. Pages 316-319.
G4-21	page 283.	Not applicable.	Yes. Pages 316-319.
G4-22	page 288.	Not applicable.	Yes. Pages 316-319.
G4-23	pages 282, 283 and 288.	Not applicable.	Yes. Pages 316-319.

General Standard Disclosures	Page	Omissions	External Assurance
Stakeholder Engagement			
G4-24	page 96.	Not applicable.	Yes. Pages 316-319.
G4-25	page 97.	Not applicable.	Yes. Pages 316-319.
G4-26	page 97.	Not applicable.	Yes. Pages 316-319.
G4-27	page 97.	Not applicable.	Yes. Pages 316-319.
Report Profile			
G4-28	page 288.	Not applicable.	Yes. Pages 316-319.
G4-29	2014.	Not applicable.	Yes. Pages 316-319.
G4-30	page 290.	Not applicable.	Yes. Pages 316-319.
G4-31	page 291.	Not applicable.	Yes. Pages 316-319.
G4-32	page 289.	Not applicable.	Yes. Pages 316-319.
G4-33	pages 289, 291 and 316.	Not applicable.	Yes. Pages 316-319.
Governance			
G4-34	pages 64 and 67.	Not applicable.	Yes. Pages 316-319.
G4-35	page 72.		Yes. Pages 316-319.
G4-36	page 72.		Yes. Pages 316-319.
G4-37	page 77.		Yes. Pages 316-319.
G4-38	page 67.		Yes. Pages 316-319.
G4-39	page 67.		Yes. Pages 316-319.
G4-40	2015 IAR Consolidated Management Report, pages 316-317.		Yes. Pages 316-319.
G4-41	2015 IAR Consolidated Management Report, pages 316-317.		Yes. Pages 316-319.
G4-42	pages 67, 72.		Yes. Pages 316-319.
G4-43	page 72.		Yes. Pages 316-319.
G4-44	2015 IAR Consolidated Management Report, page 318.		Yes. Pages 316-319.
G4-45	pages 72 and 78.		Yes. Pages 316-319.
G4-46	pages 72 and 78.		Yes. Pages 316-319.
G4-47	pages 72 and 80.		Yes. Pages 316-319.
G4-48	page 67.		Yes. Pages 316-319.
G4-49	pages 72 and 77.		Yes. Pages 316-319.
G4-50	page 77.		Yes. Pages 316-319.
G4-51	page 73.		Yes. Pages 316-319.
G4-52	pages 73 and 75.		Yes. Pages 316-319.
G4-53	pages 73 and 75.		Yes. Pages 316-319.
G4-54	page 202.		Yes. Pages 316-319.
G4-55	page 202.		Yes. Pages 316-319.
Ethics and Integrity			
G4-56	pages 255 and 257.	Not applicable.	Yes. Pages 316-319.
G4-57	page 257.		Yes. Pages 316-319.
G4-58	page 257.		Yes. Pages 316-319.

General Standard Disclosures

Information on Economic Management Approach	Page	Omissions	External Assurance
Category: Economic			
Aspect: Economic Performance			
G4-DMA	pages 12 and 128.		Yes. Pages 316-319.
G4-EC1	page 17.	Not applicable. No information is available about point b. For a better assessment of local economic impacts, breakdown of direct economic value generated and distributed by country, region or market, when it is significant. Explain the criteria which have been used for defining their significance. The information systems of the company do not allow this information to be reported.	Yes. Pages 316-319.
G4-EC2	page 156.		Yes. Pages 316-319.
G4-EC3	page 195.		Yes. Pages 316-319.
G4-EC4	page 273.		Yes. Pages 316-319.
Aspect: Availability and Reliability			
EU10	page 35.		Yes. Pages 316-319.
Aspect: System Efficiency			
EU11	page 24.		Yes. Pages 316-319.
EU12	page 25.		Yes. Pages 316-319.
Aspect: Procurement Practices			
G4-DMA	pages 239, 240, 243 and 244.		Yes. Pages 316-319.
G4-EC9	page 237.		Yes. Pages 316-319.
Category: Environment			
Aspect: materials			
G4-DMA	pages 137, 138 and 149.		Yes. Pages 316-319.
G4-EN1	page 149.		Yes. Pages 316-319.
G4-EN2		Not applicable. The company's principal products and services cannot be manufactured using recycled materials.	Yes. Pages 316-319.
Aspect: Energy			
G4-DMA	pages 137, 138 and 149.		Yes. Pages 316-319.
G4-EN3	page 149.		Yes. Pages 316-319.
G4-EN4	page 150.		Yes. Pages 316-319.
G4-EN5	page 150.		Yes. Pages 316-319.
G4-EN6	page 162.		Yes. Pages 316-319.
G4-EN7	page 162.		Yes. Pages 316-319.
OG2	page 39.		Yes. Pages 316-319.
OG3	page 23.		Yes. Pages 316-319.
Aspect: Water			
G4-DMA	pages 137, 138 and 147.		Yes. Pages 316-319.
G4-EN8	page 148.		Yes. Pages 316-319.
G4-EN9	page 147.		Yes. Pages 316-319.
G4-EN10	page 147.		Yes. Pages 316-319.

Information on Economic Management Approach	Page	Omissions	External Assurance
Category: Environment			
Aspect: Biodiversity			
G4-DMA	pages 137, 138 and 163.		Yes. Pages 316-319.
G4-EN11	page 165.		Yes. Pages 316-319.
G4-EN12	page 164.		Yes. Pages 316-319.
G4-EN13	page 169.		Yes. Pages 316-319.
G4-EN14	page 167.		Yes. Pages 316-319.
EU13	page 163.		Yes. Pages 316-319.
OG4	page 167.		Yes. Pages 316-319.
Aspect: Emissions			
G4-DMA	pages 137, 138, 144 and 151.		Yes. Pages 316-319.
G4-EN15	page 161.		Yes. Pages 316-319.
G4-EN16	page 161.		Yes. Pages 316-319.
G4-EN17	page 161.		Yes. Pages 316-319.
G4-EN18	page 162.		Yes. Pages 316-319.
G4-EN19	page 162.		Yes. Pages 316-319.
G4-EN20	page 144.		Yes. Pages 316-319.
G4-EN21	page 144.		Yes. Pages 316-319.
Aspect: Effluents and Waste			
G4-DMA	pages 137, 138, 144 and 147.		Yes. Pages 316-319.
G4-EN22	page 148.		Yes. Pages 316-319.
G4-EN23	pages 145 and 146.		Yes. Pages 316-319.
G4-EN24	page 140.		Yes. Pages 316-319.
G4-EN25		Not applicable. Gas Natural Fenosa administrates its hazardous waste as generated by the company's activities through authorised handlers, in accordance with current legislation in each country. Consequently, it does not transport said waste itself.	Yes. Pages 316-319.
G4-EN26	page 147.		Yes. Pages 316-319.
Aspect: Products and Services			
G4-DMA	page 104.		Yes. Pages 316-319.
G4-EN27	page 164.		Yes. Pages 316-319.
G4-EN28	page 147.		Yes. Pages 316-319.
Aspect: Transport			
G4-DMA	pages 137, 138 and 160.		Yes. Pages 316-319.
G4-EN30	page 160.		Yes. Pages 316-319.
Aspect: Supplier Environmental Assessment			
G4-DMA	page 240.		Yes. Pages 316-319.
G4-EN32	page 240.		Yes. Pages 316-319.
G4-EN33	page 240.		Yes. Pages 316-319.

Information on Economic Management Approach	Page	Omissions	External Assurance
Category: Social Performance			
Sub-Category: Labor Practices and Decent Work			
Aspect: Employment			
G4-DMA	page 173.		Yes. Pages 316-319.
G4-LA1	pages 178, 179, 181, 204 and 206.		Yes. Pages 316-319.
G4-LA2	page 182.		Yes. Pages 316-319.
G4-LA3	pages 183 and 206.		Yes. Pages 316-319.
EU15	page 206.		Yes. Pages 316-319.
EU17	page 225.		Yes. Pages 316-319.
EU18	page 225.		Yes. Pages 316-319.
Aspect: Labor/Management Relations			
G4-DMA	page 199.		Yes. Pages 316-319.
G4-LA4	Gas Natural Fenosa, in all spheres, has permanent channels of communication with union representatives and social agents as an active part of its corporate policies, particularly in those cases in which there are organisational changes that entail substantial modification, and the company reports this as expeditiously as possible.		Yes. Pages 316-319.
Aspect: Occupational Health and Safety			
G4-DMA	page 208.		Yes. Pages 316-319.
G4-LA5	page 216.		Yes. Pages 316-319.
G4-LA6	page 218.		Yes. Pages 316-319.
G4-LA7	page 222.		Yes. Pages 316-319.
G4-LA8	page 216.		Yes. Pages 316-319.
Aspect: Training and Education			
G4-DMA	page 185.		Yes. Pages 316-319.
G4-LA9	pages 192 and 193.		Yes. Pages 316-319.
G4-LA10	page 186.		Yes. Pages 316-319.
G4-LA11	pages 198 and 204.		Yes. Pages 316-319.
Aspect: Diversity and Equal Opportunities			
G4-DMA	page 180.		Yes. Pages 316-319.
G4-LA12	pages 68, 69 and 200.		Yes. Pages 316-319.
Aspect: Supplier Assessment for Labor Practices			
G4-DMA	page 240.		Yes. Pages 316-319.
G4-LA14	page 240.		Yes. Pages 316-319.
G4-LA15	page 240.		Yes. Pages 316-319.

Information on Economic Management Approach	Page	Omissions	External Assurance
Category: Social Performance			
Sub-Category: Human Rights			
Aspect: Freedom of Association and Collective Bargaining			
G4-DMA	page 199.		Yes. Pages 316-319.
G4-HR4	page 199.		Yes. Pages 316-319.
Aspect: Security Practices			
G4-DMA	page 275.		Yes. Pages 316-319.
G4-HR7	page 275.		Yes. Pages 316-319.
Aspect: Assessment			
G4-DMA	page 254.		Yes. Pages 316-319.
G4-HR9	page 254.		Yes. Pages 316-319.
OG9	page 254.		Yes. Pages 316-319.
Aspect: Supplier Human Rights Assessment			
G4-DMA	page 240.		Yes. Pages 316-319.
G4-HR10	page 240.		Yes. Pages 316-319.
G4-HR11	page 240.		Yes. Pages 316-319.
Aspect: Human Rights Grievance Mechanisms			
G4-DMA	page 265.		Yes. Pages 316-319.
G4-HR12	page 267.		Yes. Pages 316-319.
Sub-Category: Society			
Aspect: Local Communities			
G4-DMA	page 247.		Yes. Pages 316-319.
G4-SO1	page 254.		Yes. Pages 316-319.
G4-SO2	page 254.		Yes. Pages 316-319.
EU22	All individual travel was avoided in 2015 as a result of the company's infrastructures development projects.		Yes. Pages 316-319.
OG10	No record of incidents of this type.		Yes. Pages 316-319.
OG11	No record of sites in this situation.		Yes. Pages 316-319.

Information on Economic Management Approach	Page	Omissions	External Assurance
Category: Social Performance			
Sub-Category: Society			
Aspect: Anti-corruption			
G4-DMA	page 265.		Yes. Pages 316-319.
G4-SO3	page 86.		Yes. Pages 316-319.
G4-SO4	page 272.		Yes. Pages 316-319.
G4-SO5	page 272.		Yes. Pages 316-319.
Aspect: Supplier Assessment for Impacts on Society			
G4-DMA	page 240.		Yes. Pages 316-319.
G4-SO9	page 240.		Yes. Pages 316-319.
G4-SO10	page 240.		Yes. Pages 316-319.
Aspect: Grievance Mechanisms for Impacts on Society			
G4-DMA	page 255.		Yes. Pages 316-319.
G4-SO11	page 267.		Yes. Pages 316-319.
Sub-Category: Product Responsibility			
Sub-Category: Customer Health and Safety			
G4-DMA	page 233.		Yes. Pages 316-319.
G4-PR1		Not applicable. The impact on consumers' health and safety caused by the company's most significant products and services are not shown, as it has been determined that they do not have any impact of this kind on consumers.	Yes. Pages 316-319.
G4-PR2	No incidents have occurred due to non-compliance of regulations and voluntary codes concerning the impacts of products and services on health and safety.		Yes. Pages 316-319.
EU25	page 233.		Yes. Pages 316-319.

Information on Economic Management Approach	Page	Omissions	External Assurance
Category: Social Performance			
Sub-Category: Product Responsibility			
Aspect: Product and Service Labeling			
G4-DMA	page 104.		Yes. Pages 316-319.
G4-PR3	The general terms and conditions of contracting for the services provided by Gas Natural Fenosa provide customers with the appropriate information about their rights and obligations and about the features of the services provided (gas and electricity). There are no records of breaches of agreements regarding the legal obligations required in each country in which the company operates in this area.		Yes. Pages 316-319.
G4-PR4	page 277.		Yes. Pages 316-319.
G4-PR5	page 123.		Yes. Pages 316-319.
Electric Utilities Sector Disclosures			
Aspect: Access			
EU26		Not available. The information systems of the company do not allow this information to be reported.	Yes. Pages 316-319.
EU27	page 126.		Yes. Pages 316-319.
EU28	pages 110 and 126.		Yes. Pages 316-319.
EU29	pages 110 and 126.		Yes. Pages 316-319.
EU30	page 24.		Yes. Pages 316-319.
Oil and Gas Sector Disclosures			
Aspect: Involuntary Resettlement			
G4-DMA	No record of resettlements in the operations performed by the company.		Yes. Pages 316-319.
OG12	No record of resettlements in the operations performed by the company.		Yes. Pages 316-319.

Glosary of Indicators

GRI indicator	Description
General Standard Disclosures	
Strategy and Analysis	
G4-1	Chairman's statement.
G4-2	Description of key impacts, risks and opportunities.
Organizational Profile	
G4-3	Name of the organization.
G4-4	Primary brands, products and services.
G4-5	Organization's headquarters.
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations
G4-7	Nature of ownership and legal form.
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).
G4-9	Scale of the organization: total number of employees,Ÿ total number of operations, net sales, total capitalization and quantity of products or services provided.
G4-10	Number of employees by employment contract and gender.
G4-11	Percentage of total employees covered by collective bargaining agreements.
G4-12	Description of the organization's supply chain.
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.
G4-14	Information on how the precautionary approach or principle is addressed by the organization.
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses-
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.
EU2	Net energy output, broken down by primary energy source and by regulatory regime.
EU3	Number of residential, industrial, institutional and commercial customer accounts.
EU4	Length of above and underground transport and distribution lines by regulatory regime.
EU5	Assignation of CO_2 emission rights or equivalent, broken down by carbon market.
Material Aspects and Boundaries	
G4-17	Entities included in the organization's consolidated financial statements or equivalent documents.
G4-18	Process for defining the report content and the aspect boundaries aspect, and how the organization has implemented the Reporting Principles for Defining Report Content.
G4-19	List all the material aspects identified in the process for defining report content.
G4-20	Boundary of each material aspect within the organization.
G4-21	Boundary of each material aspect outside the organization.
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.

GRI indicator	Description
General Standard Disclosures	
Stakeholder Engagement	
G4-24	List of stakeholders engaged by the organization.
G4-25	Basis for identification and selection of stakeholders with whom to engage.
G4-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group.
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.
Report Profile	
G4-28	Reporting period.
G4-29	Date of most recent previous report (if any).
G4-30	Reporting cycle.
G4-31	Contact point for questions regarding the report or its contents.
G4-32	"In accordance" option the organisation has chosen, GRI Content Index for the chosen option and reference to the External Assurance Report.
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report.
Governance	
G4-34	Governance structure of the organization.
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.
G4-36	Executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.
G4-37	Processes between stakeholders and the higher governance body for economic, environmental and social questions.
G4-38	Composition of the highest governance body and of its committees.
G4-39	Information on whether the Chair of the highest governance body is also an executive officer.
G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.

GRI indicator	Description
General Standard Disclosures	
Governance	
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report.
G4-49	Process for communicating critical concerns to the highest governance body.
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.
G4-51	Remuneration policies for the highest governance body and senior executives.
G4-52	Process for determining remuneration.
G4-53	How stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.
G4-54	Relationship between the total annual remuneration of the best paid person of the organisation in each country where significant operations are carried out with the average annual total remuneration of the entire workforce (without counting the best paid person) of the corresponding country.
G4-55	Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.
Ethics and Integrity	
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.
Specific Standard Disclosures	
Category: Economic	
Aspect: Economic Performance	
G4-DMA	Disclosures on management approach.
G4-EC1	Direct economic value generated and distributed.
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.
G4-EC3	Coverage of the organization's defined benefit plan obligations.
G4-EC4	Financial assistance received from government.

GRI indicator	Description
Specific Standard Disclosures	
Category: Economic	
Aspect: Procurement Practices	
G4-DMA	Disclosures on management approach.
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.
Aspect: Availability and Reliability	
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.
Aspect: System Efficiency	
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.
EU12	Transmission and distribution losses as a percentage of total energy.
Category: Environmental	
Aspect: Materials	
G4-DMA	Disclosures on management approach.
G4-EN1	Materials used by weight or volume.
G4-EN2	Percentage of materials used that are recycled input materials.
Aspect: Energy	
G4-DMA	Disclosures on management approach.
G4-EN3	Energy consumption within the organization.
G4-EN4	Energy consumption outside the organization
G4-EN5	Energy intensity.
G4-EN6	Reduction of energy consumption.
G4-EN7	Reductions in energy requirements of products and services.
OG2	Total amount invested in renewable energy.
OG3	Total amount of renewable energy generated by source.
Aspect: Water	
G4-DMA	Disclosures on management approach.
G4-EN8	Total water withdrawal by source.
G4-EN9	Water sources significantly affected by withdrawal of water.
G4-EN10	Percentage and total volume of water recycled and reused.

GRI indicator	Description
Specific Standard Disclosures	
Category: Economic	
Aspect: Biodiversity	
G4-DMA	Disclosures on management approach.
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
G4-EN13	Habitats protected or restored.
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored.
Aspect: Emissions	
G4-DMA	Disclosures on management approach.
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1).
G4-EN16	Indirect greenhouse gas (GHG) emissions (scope 2).
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3).
G4-EN18	Greenhouse gas (GHG) emissions intensity.
G4-EN19	Reduction of greenhouse gas (GHG) emissions.
G4-EN20	Emissions of ozone-depleting substances (ODS).
G4-EN21	NO_x, SO_x, and other significant air emissions.
Aspect: Effluents and Waste	
G4-DMA	Disclosures on management approach.
G4-EN22	Total water discharge by quality and destination.
G4-EN23	Total weight of waste by type and disposal method.
G4-EN24	Total number and volume of significant spills.
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention 2 Annex I, II, III and VIII, and percentage of transported waste shipped internationally.
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.
Aspect: Products and Services	
G4-DMA	Disclosures on management approach.
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.
Aspect: Transport	
G4-DMA	Disclosures on management approach.
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.
Aspect: Supplier Environmental Assessment	
G4-DMA	Disclosures on management approach.
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.
G4-EN33	Significant, actual and potential negative environmental impacts in the supply chain and action taken.

GRI indicator	Description
Specific Standard Disclosures	
Category: Social. Sub-Category: Labor Practices and Decent Work	
Aspect: Employment	
G4-DMA	Disclosures on management approach.
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation.
G4-LA3	Return-to-work and retention rates in after parental leave, by gender.
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.
EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities.
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.
Aspect: Labor/Management Relations	
G4-DMA	Disclosures on management approach.
G4-LA4	Minimum notice periods regarding operational changes, including wether these are specified in collective agreements.
Aspect: Occupational Health and Safety	
G4-DMA	Disclosures on management approach.
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.
G4-LA8	Health and safety topics covered in formal agreements with trade unions.
Aspect: Training and Education	
G4-DMA	Disclosures on management approach.
G4-LA9	Average hours of training per year per employee by gender and by employee category.
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and employee category.
Aspect: Diversity and Equal Opportunities	
G4-DMA	Disclosures on management approach.
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.
Aspect: Supplier Assessment for Labor Practices	
G4-DMA	Disclosures on management approach.
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.

GRI indicator	Description
Specific Standard Disclosures	
Category: Social. Sub-Category: Labor Practices and Decent Work	
Aspect: Labor Practices Grievance Mechanisms	
G4-DMA	Disclosures on management approach.
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.
Categoría: social. Sub-Category: Human Rights	
Aspect: Freedom of Association and Collective Bargaining	
G4-DMA	Disclosures on management approach.
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.
Aspect: Security Practices	
G4-DMA	Disclosures on management approach.
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.
Aspect: Indigenous Rights	
G4-DMA	Disclosures on management approach.
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.
OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place.
Aspect: Supplier Human Rights Assessment	
G4-DMA	Disclosures on management approach.
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.
G4-HR11	Significant, actual and potential negative human rights impacts in the supply chain, and actions taken.
Aspect: Human Rights Grievance Mechanisms	
G4-DMA	Disclosures on management approach.
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.
Category: Social. Sub-category: Society	
Aspect: Local Communities	
G4-DMA	Disclosures on management approach.
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.
G4-SO2	Operations with significant actual and potential negative impacts on local communities.
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.
OG10	Number and description of significant disputes with local communities and indigenous peoples.
OG11	Number of sites that have been decommissioned and sites that are in the process of being decommissioned.

GRI indicator	Description
Specific Standard Disclosures	
Aspect: Anti-corruption	
G4-DMA	Disclosures on management approach.
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.
G4-SO4	Communication and training on anti-corruption policies and procedures.
G4-SO5	Confirmed incidents of corruption and actions taken.
Aspect: Supplier Assessment for Impacts on Society	
G4-DMA	Disclosures on management approach.
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.
Aspect: Grievance Mechanisms for Impacts on Society	
G4-DMA	Disclosures on management approach.
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.
Categoría: Social. Sub-Category: Product Responsability	
Sub-Category: Customer Health and Safety	
G4-DMA	Disclosures on management approach.
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.
Aspect: Product and Service Labeling	
G4-DMA	Disclosures on management approach.
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.
G4-PR5	Results of surveys measuring customer satisfaction.

GRI indicator	Description
Specific standards of the electricity sector	
Aspect: Access	
EU26	Percentage of population unserved in licensed distribution or service areas.
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.
EU28	Power outage frequency.
EU29	Average power outage duration.
EU30	Average plant availability factor by energy source and by regulatory regime.
Specific contents of the gas and oil sector	
Aspect: Involuntary Resettlement	
OG12	Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process.

Key Corporate Responsibility Indicators	Description
Service excellence	
Overall satisfaction with service quality (0-10)	Customers' degree of satisfaction with quality of global service on a scale from 1 to 10, divided by country or geographical region.
Commitment to results	
Net turnover (millions of euros)	Company turnover.
Gross operating profit. Ebitda (millions of euros)	Company's earnings before interests, tax, depreciation and amortisation.
Total investments (millions of euros)	Resources used by the company in seeking future profit or return.
Net profit (millions of euros)	Gross profits before tax, interests, depreciation and general expenses.
Dividend (millions of euros)	Part of the company's profits which are distributed to its shareholders.
Evolution of Gas Natural Fenosa's classification on the DJSI	The company's global score in the annual Dow Jones Sustainability Index evaluation

Key Corporate Responsibility Indicators	Description
Responsible management of the environment	
Direct greenhouse gas emissions (GHG) ($MtCO_2e$)	Greenhouse gases emissions (GHG) caused by sources owned by or controlled by the company.
Emission factor (tCO_2/GWh)	Emission rate as a result of electrical generation activity arising from the ratio of the amount of atmospheric pollution emitted (tons of carbon dioxide) divided by energy produced (GWh).
Methane emissions in transportation and distribution (tCO_2e/km grid)	Methane emissions caused by natural gas transportation and distribution.
Emissions of SO_2/electricity produced (g/kWh)	Sulphur dioxide emissions per KwH generated.
Emissions of NO_x/electricity produced (g/kWh)	Nitrogen oxide emissions per KwH generated.
Emissions of particles/electricity produced (g/kWh)	Particle emissions per KwH generated.
Generation of hazardous waste (t)	Amount of hazardous waste generated.
Recycling of fly ash (%)	Amount of fly ash that has been recycled vs. total fly ash generated, as a percentage.
Interest in people	
Headcount index (number of employees)	Number of company employees at year end.
Men/Women (%)	Number of male staff as against total company headcount at year end, as a percentage/number of women staff as against the company's total headcount at year end, as a percentage.
Women in management posts (%)	Percentage of women directors as against the total company employees with positions as directors at year end.
Personnel costs (millions of euros)	Monetary amount representing the staff expenses for the company (wages and salaries, Social Security expenses, defined contribution plans, defined benefit plans, works performed for the company's fixed assets, and others).
Training hours per employee	Average training hours received by each employee (total hours of training as against total headcount at year end).
Annual investment in training (euros)	Total monetary amount invested by the company in employee training.
Employees covered by collective bargaining agreements (%)	Percentage of employees who are represented in a collective wage agreement as against total employees, at year end.
Health and safety	
Accidents requiring medical leave	Number of accidents in the workplace leading the employee to take medical leave.
Days lost	Days not worked due to medical leave caused by accidents at work. Calculated from the day following the day the medical leave is received and considering calendar days.
Mortalities	Number of workers who have died due to accidents at work.
Frequency rate	Number of accidents with medical leave occurring during the working day for every million hours worked.
Severity rate	Number of days lost as a result of accidents at work for every 1,000 hours worked.
Incident rate	Number of accidents in the workplace for every 1,000 employees.
Absenteeism rate (%)	Workers' absences from their jobs, measured as the ratio of the number of working hours lost over the total theoretical working hours during the year.

Key Corporate Responsibility Indicators	Description
Responsible supply chain	
Suppliers with contracts currently in force	Number of suppliers from which any product or service has been contracted during the last year.
Total purchase volume awarded (millions of euros)	Total monetary amount used to cover the company's procurement.
Purchasing budget targeted at local suppliers (%)	Amount of budget used for the procurement of suppliers located in the geographical area from where the purchases are made over the total procurement budget.
Suppliers assessed according to environmental, social, and working practice criteria (number).	Suppliers which have filled in the rating questionnaire which is used to assess environmental, social and labour practice criteria.
Commitment to society	
Evolution of the contribution from Gas Natural Fenosa (millions of euros)	Economic contribution to social action or investment and sponsorship and patronage programmes
Breakdown by type of action (%)	Distribution of investments by reason for initiatives, broken down according to the London Benchmarking Group (LGB) methodology.
Sponsorship and social action activities	Number of sponsorship, patronage and social action activities carried out by the company.
Integrity and transparency	
Correspondence received by the Code of Ethics Committee	Number of communications made by employees and suppliers relating to the Code of Ethics and Anticorruption Policy which have been received by the Code of Ethics Committee.
Correspondence received per 200 employees	Ratio of number of communications received relating to the Ethical Code and the Anticorruption Policy which have been received by the Code of Ethics Committee for every 200 company employees.
Geographical origin of correspondence (%)	Percentage of communications relating to theCode of Ethics and the Anticorruption Policy which have been received by the Code of Ethics Committee, deriving from each country and against the total.
Average time for resolving correspondence (days)	Average number of days from the time the company receives the communications until it resolves them.
Audit projects analysed on the basis of the risk of fraud	Audit projects analysed on the basis of the risk of fraud.
Communications received in the area of human rights	Number of communications which the company has received concerning human rights.
Number of persons trained in the human rights policy	Number of employees who have taken part in training about the human rights policy.
Level of compliance with the Corporate Responsibility Commitments	
Finalised.	100% of actions complete.
Major progress.	75% of actions complete.
Intermediate progress.	50% of actions complete.
Little progress.	25% of actions complete.
Not started.	Actions not started.

Contents in accordance with the United Nations Guiding Principles Reporting Framework

Indicator	Page	Level of fulfilment
Governance of respect for human rights (A)		
A1. Policy commitment.	2015 CRR - pages 275-277 2014 IAR - page 1 Human Rights Policy Code of Ethics - pages 8-9.	Complete.
A1.1 Development of policy commitment	2015 CRR - pages 275-277 Human Rights Policy - page 19.	Complete.
A1.2 Extent and scope of application of commitment	2015 CRR - page 101 Human Rights Policy - pages 6 and 7.	Complete.
A1.3 Form of communication of commitment	2015 CRR - pages 242-275 y 277 Human Rights Policy - pages 17 and 18.	Complete.
A2. Embedding respect for human rights	2015 CRR - pages 86, 134, 242, 275-277 Code of Ethics - page 8 Human Rights Policys - pages 17 and 18 2015 Annual Report on Remuneration - page 10.	Complete.
A2.1 Organisation of responsibility in field of human rights	2015 CRR - pages 72, 93-94, 275-277 Human Rights Policy - page 18.	Complete.
A2.2 Human rights issues escalated to the senior management and the governing board	2015 CRR - pages 93-94, 275-277 Human Rights Policy - page 18 2015 Annual Report on Remuneration - pages 19-21.	Partial.
A2.3 Raising employees awareness about human rights issues	2015 CRR - pages 275-277 Human Rights Policy - pages 15 and 18 2014 Annual Report on Remuneration - page 10.	Partial.
A2.4 Company's form of stating its commitment towards human rights in commercial relations	2015 CRR - pages 39-246, 275-277 Human Rights Policy - pages 11, 17-18.	Complete.
A2.5 Lessons learned about human rights and consequences which have arisen as a result	2015 CRR - pages 239-246, 275-277.	Partial.

Indicator	Page	Level of fulfilment
Defining a focus of reporting (B)		
B1. Statement of salient issues	2015 CRR - pages 280-288.	Complete.
B2. Determination of salient issues	2015 CRR - pages 64, 280-288, 289-291.	Partial.
B3. Choice of focal geographies	2015 CRR - pages 280-288.	Complete.
B4. Additional severe impacts	2015 CRR - pages 268, 275-277, 294-315. 2015 Internal Audit Report.	Complete.
Management of salient human rights issues (C)		
C1. Specific policies	2015 CRR - pages 86-87, 180-181, 199-200, 215-216, 222-223, 225-227, 235-246, 254-257, 267-270.	Complete.
C1.1 Importance of human rights policy for persons responsible for implementing it	2015 CRR - pages 208, 216-218, 267-270, 275-277.	Complete.
C2. Stakeholders commitments	2015 CRR - pages 96-101, 199-200, 245-246.	Complete.
C2.1 Identification of stakeholders to take part in salient human rights issues	2015 CRR - pages 96-101, 267-270.	Partial.
C2.2 Stakeholders which have had relations with the company in connection to human rights	2015 CRR - pages 96-101, 193-194, 267-270, 275-277.	Partial.
C2.3 Influence of the stakeholders' vision regarding human rights issues	2015 CRR - pages 96-101, 266-267.	Partial.
C3. Assessing impacts	2015 CRR - pages 28-29, 86-87, 94-96, 193-194, 126-127, 218, 235-246, 254-258, 268-269.	Complete.
C3.1 Patterns or trends in human rights impacts	2015 CRR - pages 28-29, 199-200, 268-270.	Partial.
C3.2 Severe impacts on human rights	2015 CRR - pages 267-269.	Complete.

Indicator	Page	Level of fulfilment
C4. Integrating findings and taking action	2015 CRR - pages 93-94, 267, 272.	Partial.
C4.1 Involvement by the company's parties in applying solutions and taking decisions regarding salient human rights issues	2015 CRR - pages 93-94, 267-272, 275-277.	Partial.
C4.2 Tensions of human rights impacts	2015 CRR - page 277. Human Rights Policy - Commitment 6.	Partial.
C4.3 Actions taken to prevent or mitigate potential impacts on human rights	2015 CRR - pages 225-227, 235-246, 277.	Partial.
C5. Tracking performance	2015 CRR- pages 28-29, 86-87, 94-96, 193-194, 126-127, 218, 235-246, 254-258, 268-269.	Partial.
C5.1 Effective management of human rights issues	2015 CRR - page 218.	Partial.
C6. Remediation	2015 CRR - pages 267-270.	Complete.
C6.1 Means of claiming regarding human rights issues	2015 CRR - pages 266-270. Code of Ethics - page 22.	Partial.
C6.2 People's capacity to make claims or complaints	2015 CRR - pages 267-270 Code of Ethics - page 22.	Partial.
C6.3 Processing of claims and evaluation of effectiveness of results	2015 CRR - pages 267-270. Código Ético - page 22. 2015 Audit and Control Report - page 17.	Partial.
C6.4 Patterns and trends in claims or complaints	2015 CRR - pages 267-270.	Partial.
C6.5 Repairs in relation to any impact relating to human rights	2015 CRR - page 268.	Complete.

Independent Review Report

[G4-33]

Free translation from the original in Spanish. In the event of a discrepancy, the Spanish language version prevails.

INDEPENDENT ASSURANCE REPORT
ON CORPORATE RESPONSIBILITY REPORT

To the Board of Directors of Gas Natural SDG, S.A.:

We have carried out an assurance engagement on the information stated below and included in the accompanying 2015 Corporate Responsibility Report of Gas Natural SDG, S.A. and subsidiaries ("Gas Natural Fenosa") for the financial year ending 31 December 2015 (the "2015 CRR"):

- Reasonable assurance of the Key Corporate Responsibility Indicators on Integrity and transparency stated on page 29 of the 2015 CRR.
- Limited assurance of:
  - The Corporate Responsibility Indicators stated in the Chapter "GRI contents index" on pages 294 to 301 of the 2015 CRR.
  - The Key Corporate Responsibility Indicators on Service excellence, Responsible management of the environment, Interest in people, Health and safety, Responsible supply chain and Commitment to society stated on pages 28 and 29 of the 2015 CRR.
  - The level of compliance of corporate responsibility commitments shown in the "Value Actions" tables on pages 65, 90, 105, 129, 137, 174, 210, 235, 249 and 266 of the 2015 CRR.
- Moderate assurance of application of the principles of inclusivity, materiality and responsiveness as described in the information included in the section "Compliance with benchmark standards" on page 289 of the 2015 CRR in accordance with the 2008 Accountability Principles Standard AA1000 (AA1000APS) issued by AccountAbility.

The Corporate Responsibility Indicators stated above have been prepared in accordance with the general and specific standard disclosures proposed in the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) version G4 ("GRI G4 Guidelines") and the Electric Utilities and Oil and Gas Sector Disclosures and with Gas Natural Fenosa's criteria set out in the "Glossary of indicators" on pages 302 to 312 of the 2015 CRR, which also includes the criteria for the level of compliance of corporate responsibility commitments.

The 2015 Key Corporate Responsibility Indicators on Commitment to results stated on page 28 of the 2015 CRR are from the Dow Jones Sustainability Index and the consolidated annual accounts of Gas Natural SDG, S.A. and subsidiaries at 31 December 2015, regarding which we issued our audit report on 5 February 2016 in which we gave a favourable audit opinion.

Our engagement has been carried out by a multi-disciplinary team made up of specialists in corporate social responsibility and social, environmental and financial performances of companies and specialists in assurance engagements.

Responsibility of the Appointments and Remuneration Committee of Gas Natural SDG, S.A.

Gas Natural SDG, S.A.'s Appointments and Remuneration Committee is responsible for the preparation, contents and presentation of the 2015 CRR in accordance with the criteria referred to above and for establishing its corporate responsibility commitments and assessing their level of compliance. This responsibility includes establishing, implementing and maintaining the internal controls required to ensure that the information included in the 2015 CRR is free from material misstatement due to fraud or error. The Company's Appointments and Remuneration Committee is also responsible for creating, implementing, adapting and maintaining the

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management systems where the information required to prepare the corporate responsibility indicators is obtained and for monitoring the level of compliance of corporate responsibility commitments and application of AA10000APS (2008) principles.

Our responsibility

Our responsibility is to issue an assurance report based on the procedures carried out and evidence obtained by us. We have carried out our assurance engagement in accordance with the guidance of the International Standard on Assurance Engagements 3000 (ISAE 3000) (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). We have also carried out our moderate assurance engagement (type 2) in accordance with the 2008 AA1000 Assurance Standard issued by AccountAbility.

In accordance with ISAE 3000 (Revised), the assurance engagement requires the application of procedures to obtain evidence on the quantification of the reviewed information included in the 2015 CRR and includes an assessment of the criteria used in preparing this information. The selected procedures depend on the auditor's judgment and include an assessment of the risks of material misstatement in the aforementioned indicators due to fraud or error. On making this risk assessment, the auditor takes into account the relevant internal control for the Company's preparation of the reviewed information to design procedures which are appropriate to the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. The scope of a limited assurance engagement is substantially less extensive than that of a reasonable assurance engagement and, consequently, less assurance is provided.

The procedures that we have applied in this engagement have included consultations, observation of processes, inspection of documents, analytical procedures and review tests applied to a random sample. The procedures have generally been as follows:

- Meetings with the persons in charge of Gas Natural Fenosa and other key staff regarding the application of corporate responsibility policies.
- Interviews with staff of several departments involved in the preparation of the 2015 CRR including the persons in charge of obtaining, reviewing and consolidating the information included in the CRR.
- Analysis of the procedures and systems used to obtain and validate the information presented in the 2015 CRR.
- Analysis of the presentation of Gas Natural Fenosa's corporate responsibility indicators in the 2015 CRR and their adaptation to the GRI G4 Guidelines for the preparation of reports, the Electric Utilities and Oil and Gas Sector Disclosures and the criteria established by Gas Natural Fenosa, and verification that these criteria have been consistently applied.
- Review of original support documentation (quantitative and/or qualitative) obtained from Gas Natural Fenosa's information management systems or external sources which are used to prepare the corporate responsibility indicators.
- Verification of the quantitative and qualitative corporate responsibility indicators, by review tests made on a random sample, including analytical and substantive tests.
- Analysis of internal and external documentation on the actions carried out by Gas Natural Fenosa in 2015 for each of its corporate responsibility commitments to review their level of compliance.
- Analysis of the documentation and actions related to the application of inclusivity, materiality and responsiveness principles of the AA1000APS AccountAbility Principles Standard.

In addition, we have applied the following procedures for our reasonable assurance engagement:

- Review of the information management systems where information related to the Key Corporate Responsibility Indicators on Integrity and transparency are obtained.
- Tests on the creation and effectiveness of the internal controls established for the procedures of obtaining and validating the information included in the Key Corporate Responsibility Indicators on Integrity and transparency.
- Substantive tests and analyses on variations of the Key Corporate Responsibility Indicators on Integrity and transparency and evaluation of the criteria established by Gas Natural Fenosa.

Our independence and quality control

We have complied with the requirement of independence and other requirements of the Code of Ethics for Accountants issued by the International Ethics Standard Board for Accountants (IESBA), based on the main principles of integrity, professional competence and due care, confidentiality and professional conduct.

PwC applies International Standard on Quality Control (ISQC 1) and consequently, our firm has a global quality control system which includes policies and procedures on the compliance of ethical requirements, professional standards and applicable statutory requirements.

Our reasonable assurance opinion

As a result of the procedures carried out and the evidence obtained by us, the Key Corporate Responsibility Indicators on Integrity and transparency of Gas Natural Fenosa for the financial year ending 31 December 2015 stated on page 29 of the 2015 CRR have been appropriately and reliably prepared, in all material respects, in accordance with the criteria established by Gas Natural Fenosa as stated in the "Glossary of indicators" on pages 302 to 312 of the 2015 CRR.

Our limited and moderate assurance conclusion

As a result of the procedures carried out and the evidence obtained by us, nothing has come to our attention that causes us to believe that:

- The Corporate Responsibility Indicators included in the Chapter "GRI contents index" of the 2015 CRR and the Key Corporate Responsibility Indicators on Service excellence, Responsible management of the environment, Interest in people, Health and safety, Responsible supply chain and Commitment to society contain errors and have not been prepared, in all material respects, in accordance with the general and specific standard disclosures proposed in the GRI G4 Guidelines and the Electric Utilities and Oil and Gas Sector Disclosures, and with the criteria established by Gas Natural Fenosa.
- The level of compliance of the corporate responsibility commitments indicated in the "Value Actions" tables of the 2015 CRR is not presented, in all material respects, in accordance with the criteria established by Gas Natural Fenosa.
- The information included in the section "Compliance with benchmark standards" of the 2015 CRR regarding the application of the principles of inclusivity (establishing processes for the involvement and participation of stakeholders), materiality (balanced understanding of issues regarding sustainability which are relevant to the organisation and its stakeholders) and responsiveness (procedure to decide appropriate response to relevant stakeholder issues that affect its sustainability performance) has not been prepared, in all material respects, in accordance with the contents established in the AA1000APS (2008) AccountAbility Principles Standard.

Recommendations

During our assurance engagement, some observations and recommendations for improvements have come to our attention, which we have presented in an internal document. Set out below is a summary of the main recommendations regarding improvements to the application of the AA1000APS (2008) principles of inclusivity, materiality and responsiveness, which do not alter our opinion or our limited or moderate assurance conclusions given in this report.

Inclusivity
Gas Natural Fenosa has an active and bidirectional dialogue with its stakeholders via various communication channels, which enables the Company to identify the relevant issues for each of them. The 2015 CRR presents the actions which it has taken during the year in terms of dialogue with its various stakeholders. We recommend that the Company continue with its internal and external dialogue, concentrating on those actions which enable it to take into consideration the expectations of stakeholders for its business strategy.

Materiality
Gas Natural Fenosa has made a materiality analysis to determine the relevant issues for the Company, which are set out in both its new Corporate Responsibility Policy and the 2015 CRR. We recommend that Gas Natural Fenosa continue with its materiality analysis, giving priority to key stakeholders for Gas Natural Fenosa's businesses and territories and involving different business areas, which will enable it to prioritise its resources and establish specific plans regarding the new corporate responsibility director plan to be established by the Company.

Responsiveness
In 2015 Gas Natural Fenosa's Board of Directors has approved the Company's new Corporate Responsibility Policy, which establishes its specific commitments and actions with stakeholders, with a focus on generating value. We recommend that Gas Natural Fenosa encourage the communication of this policy internally and urge all of its corporate and business areas to get involved in its implementation and monitoring. We also suggest that the Company regularly report, both internally and externally, the progress of the specific plans which are established.

Use and distribution

Our report is issued solely for the Gas Natural SDG, S.A.'s Board of Directors, in accordance with the terms and conditions of our engagement letter for its publication together with Gas Natural Fenosa's 2015 Corporate Responsibility Report. We accept no responsibility to third parties other than the addressees of our report.

PricewaterhouseCoopers Auditores, S.L.

Mª Luz Castilla
29 April 2016

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