



Report  
on the Green  
Bond

**2021**



## Report on the Green Bond

### Indicators of use of funds

As at 31 December 2021, the total number of projects assigned to Green Bonds issued on 15 November 2017 was 35, representing a total investment of Euros 800 million. These assigned funds represent 100% of the total amount obtained through the issuance of Green Bonds.

| Technology   | Location | Name of the project                 | Year put into practice | Status    | Green Bond Financing 2021 (million €) | Financed with Green Bond (%) | Emissions prevented (tCO <sub>2</sub> ) |
|--------------|----------|-------------------------------------|------------------------|-----------|---------------------------------------|------------------------------|---|
| Photovoltaic | Spain    | C.F. Carpio de Tajo                 | 2019                   | Operation | 30.06                                 | 99%                          | 46,919                                  |
| Photovoltaic | Spain    | C.F. La Nava                        | 2019                   | Operation | 30.18                                 | 99%                          | 54,747                                  |
| Wind         | Spain    | P.E. Ampliación El Hierro           | 2019                   | Operation | 38.29                                 | 96%                          | 65,604                                  |
| Wind         | Spain    | P.E. Balcón de Balos                | 2018                   | Operation | 6.21                                  | 50%                          | 24,969                                  |
| Wind         | Spain    | P.E. Barasoain                      | 2019                   | Operation | 43.22                                 | 89%                          | 60,851                                  |
| Wind         | Spain    | P.E. Doramás                        | 2018                   | Operation | 1.88                                  | 49%                          | 5,809                                   |
| Wind         | Spain    | P.E. Fuerteventura II               | 2018                   | Operation | 2.96                                  | 50%                          | 6,080                                   |
| Wind         | Spain    | P.E. La Haría                       | 2018                   | Operation | 2.00                                  | 50%                          | 5,474                                   |
| Wind         | Spain    | P.E. La Vaquería                    | 2018                   | Operation | 1.96                                  | 50%                          | 5,141                                   |
| Wind         | Spain    | P.E. Merengue                       | 2019                   | Operation | 42.71                                 | 99%                          | 71,358                                  |
| Wind         | Spain    | P.E. Mirabel                        | 2020                   | Operation | 23.80                                 | 98%                          | 43,230                                  |
| Wind         | Spain    | P.E. Monciro                        | 2019-20                | Operation | 36.37                                 | 96%                          | 65,657                                  |
| Wind         | Spain    | P.E. Montaña Perros                 | 2018                   | Operation | 1.92                                  | 50%                          | 6,022                                   |
| Wind         | Spain    | P.E. Peñaforcada - Catasol II       | 2019                   | Operation | 11.01                                 | 98%                          | 12,516                                  |
| Wind         | Spain    | P.E. Piletas I                      | 2020                   | Operation | 10.43                                 | 50%                          | 29,979                                  |
| Wind         | Spain    | P.E. San Blas                       | 2019-20                | Operation | 34.15                                 | 98%                          | 59,040                                  |
| Wind         | Spain    | P.E. Teso Pardo                     | 2019                   | Operation | 30.52                                 | 98%                          | 49,438                                  |
| Wind         | Spain    | P.E. Tesorillo                      | 2019                   | Operation | 30.12                                 | 98%                          | 43,784                                  |
| Wind         | Spain    | P.E. Tirapu                         | 2020                   | Operation | 16.65                                 | 90%                          | 20,855                                  |
| Wind         | Spain    | P.E. Triquivijate                   | 2018                   | Operation | 3.46                                  | 50%                          | 9,901                                   |
| Wind         | Spain    | P.E. Vientos del Roque              | 2018                   | Operation | 3.52                                  | 50%                          | 11,940                                  |
| Wind         | Spain    | P.E. Montejo de Bricia (ampliación) | 2019                   | Operation | 6.87                                  | 88%                          | 10,559                                  |
| Wind         | Spain    | P.E. Fréscano                       | 2019                   | Operation | 21.74                                 | 96%                          | 34,681                                  |

Continues >

| Technology   | Location | Name of the project             | Year put into practice | Status    | Green Bond Financing 2021 (million €) | Financed with Green Bond (%) | Emissions prevented (tCO <sub>2</sub> ) |
|--------------|----------|---------------------------------|------------------------|-----------|---------------------------------------|------------------------------|---|
| Wind         | Spain    | P.E. San Agustín                | 2019                   | Operation | 27.22                                 | 95%                          | 56,807                                  |
| Wind         | Spain    | P.E. Monte Tourado - Eixe       | 2019                   | Operation | 41.79                                 | 98%                          | 70,675                                  |
| Wind         | Spain    | P.E. Pastoriza - Rodeiro        | 2019                   | Operation | 32.75                                 | 96%                          | 79,909                                  |
| Wind         | Spain    | P.E. Serra do Punago - Vacariza | 2019-20                | Operation | 28.70                                 | 96%                          | 56,540                                  |
| Photovoltaic | Spain    | C.f. Picón I                    | 2019                   | Operation | 33.65                                 | 97%                          | 15,972                                  |
| Photovoltaic | Spain    | C.f. Picón II                   | 2019                   | Operation | 31.70                                 | 97%                          | 16,733                                  |
| Photovoltaic | Spain    | C.f. Picón III                  | 2019                   | Operation | 30.46                                 | 95%                          | 18,623                                  |
| Wind         | Spain    | Pe. Torozos A                   | 2019                   | Operation | 36.98                                 | 97%                          | 66,011                                  |
| Wind         | Spain    | Pe. Torozos B                   | 2019                   | Operation | 30.32                                 | 96%                          | 56,336                                  |
| Wind         | Spain    | Pe. Torozos C                   | 2019                   | Operation | 35.71                                 | 96%                          | 67,241                                  |
| Wind         | Spain    | Pe. Mouriños                    | 2019                   | Operation | 10.21                                 | 98%                          | 20,572                                  |
| Wind         | Spain    | Infraestructuras Comunes        | 2019                   | Operation | 30.48                                 | 73%                          | 0                                       |
|              |          |                                 |                        |           | <b>800.00</b>                         |                              | <b>1,269,972</b>                        |

Green Bond funds as reported at 31 December 2021 have been allocated in full to investments in eligible assets in accordance with the requirements of the Green Bond Framework, remaining unchanged from the projects included in the report at 31 December 2020.

The net funds of the bond issue were managed within the liquidity portfolio of Naturgy's treasury, in cash or other short-term liquidity instruments that did not include intensive greenhouse gas or other controversial activities. At year-end, Naturgy maintained a minimum cash level equivalent to the funds pending award of the Green Bond.

## Environmental benefit indicators

The estimated environmental benefit of the Green Bond is expected to total 1,269,972 tCO<sub>2</sub>/year in emissions prevented, based on a total of approximately 920.8 MW of installed capacity financed by the green bond, with associated production of 2,191 GWh/year.

The United Nations methodology ACM0002 for Clean Development Mechanisms has been used to calculate the emissions prevented in 2020: "Consolidated Methodology for Generation with Renewable Energy Sources Connected to the Grid", through calculation according to option b) of the Adjusted OM Simple. This method is an improvement over the OM Simple method used in previous years in which the Operating Margin Emission Factor of low operating cost sources is weighted along with base load and other sources depending on the number of hours each is marginal. This improvement in the measurement method used justifies the difference in emissions prevented compared to previous years.

## Actions in environmental and social matters

In the projects, sustainability has been considered throughout its life cycle, in partnership with the competent administrations, with participation of the different stakeholders. In the design stage, an environmental study has been carried out in all the projects, where information has been gathered about the environment (physical, biological, socio-economic and cultural). This study has served as a baseline to define the most environmentally and socially sustainable project alternatives, identify and assess the associated impacts and define the necessary prevention, mitigation and, if necessary, compensation measures.

During the construction phase, a thorough environmental and archaeological follow-up is carried out in order to ensure that the project is executed with the established environmental and social guarantees. During the operation stage, the facilities are covered by Naturgy's environmental management system, which is certified and externally audited pursuant to the UNE-EN ISO 14001, which ensures control and compliance with environmental requirements, the prevention of environmental accidents and the ongoing improvement in the reduction of the company's impacts.



## Glossary of indicators

### Indicators for use of funds

|   |   |
|---|---|
| <b>Description of the financed projects</b>   | Description of the projects financed with Green Bonds, with details of generation technology, location (country), project name, year launched, completion status (1. Development, 2. Construction, 3. Operation and maintenance) at year-end. |
| <b>Assigned Green Bond financing: Amount assigned (in euros) per project and in total</b> | Sum attributable to Green Bonds invested in projects that meet the Green Bond eligibility criteria listed in the Naturgy Green Bond Framework (in euros million) at year-end.   |
| <b>Financed Percentage with Green Bonds</b>   | Percentage of project investment attributable to Green Bonds at year-end.   |
| <b>Number of projects</b>   | Number of projects with financing attributable to funds from Green Bonds at year-end.   |
| <b>Total quantities assigned relative to total funds (%)</b>                              | Percentage of the total investment attributable to Green Bonds across all projects relative to the total sum obtained through the issuance of Green Bonds (bond funds) at year-end.   |
| <b>Description of the use of non-invested funds</b>                                       | Description of the management of funds obtained through the issuance of Green Bonds that have not been assigned to any project, at year-end, in accordance with the "Naturgy Green Bond Framework".   |

### Environmental benefit indicators

|   |   |
|---|---|
| <b>Prevented greenhouse gas emissions (GHG)</b> | CO <sub>2</sub> emissions (tonnes of CO <sub>2</sub> /year) expected to be prevented each year through renewable energy projects (wind and solar), calculated by multiplying expected energy production by a regional average emissions factor (peninsula and Canary Islands). This emissions factor has been calculated using the methodology used by UNFCCC Clean Development Mechanism (CDM) projects, which allow the use of either an average regional emissions factor excluding emissions from low cost/must-run power stations when generation from these stations represents less than 50% of the electricity system total (simple method) or an average emissions factor from the entire regional electricity mix (including emissions from low cost/must-run power stations) when generation from these stations represents more than 50% of the electricity system total (average method). The data used to calculate the applied emissions factor come from publicly available information sources based on official statistics. |
| <b>Energy capacity</b>                          | Total power (MW) corresponding to the projects expected to be financed by Green Bonds.  |
| <b>Energy production</b>                        | Estimated annual electrical power generation (GWh/year) calculated by multiplying the energy capacity by the estimated average number of operating hours per year for each project expected to be financed by Green Bonds.  |



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