

Naturgy

Sustainability Report and Non-
Financial Information Statement
2022

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01. Letter from the Chairman

[2-1] and [2-22]

Dear readers,

If 2022 had to be summed up in one sentence, it could perhaps be described as the year when we emerge from a pandemic and enter a global energy crisis whose duration we cannot yet imagine.

In addition to human casualties -which is the most important thing-, the social damage this conflict is causing, and the collateral effects on global energy markets, and especially in Europe, are significant. Higher energy prices have had a direct impact on end consumers and, as a key input for industry, have increased costs, leading to spiralling inflation and a slowdown in economic growth. In response, the European economic and monetary authorities have embarked on a path of successive upward revisions of euro interest rates which are expected to last until 2023 and may affect the borrowing and investment decisions of businesses and households.

While Europe's commitment to the transition to a low-carbon economy may initially have been questioned, the current context has highlighted the need for Europe to speed up the process of the energy transition and independence and to continue to invest in the development of new technologies such as renewable gases, storage and the accelerated deployment of renewable power stations.

Naturgy, a key player in the energy transition

To strengthen our commitment to the energy transition and decarbonisation of the economy, Naturgy joined the "CEO Climate Leaders" alliance last May. This alliance was created in 2014 to support and advance the Paris Agreement on climate change.

This is despite the fact that it has become very clear over the course of the year that diversification of gas supply sources is the key to energy security and that, to date, natural gas continues to play a fundamental role in meeting electricity demand, Naturgy wants to be a relevant player in the evolution of the sector towards a realistic energy transition that is compatible with our environment, and has therefore continued to develop the roadmap set out in its Strategic Plan.

Tangible and intangible investments have grown by almost 30% in 2022. Of the total invested, more than 60% has been allocated to growth, mainly to the construction of different renewable projects and the development of networks. It is worth noting that two thirds of the investments are eligible under the EU Taxonomy, thus demonstrating the soundness of a sustainable business model and the creation of long-term value for the planet and people.

Naturgy remains committed to its renewables development strategy and has reached more than 5.5 GW of operating capacity in the period. In Spain, in 2022, we have commissioned ten wind and photovoltaic plants, we have started work on a further nine facilities and we are developing construction projects for approximately 30 wind farms and photovoltaic plants which are expected to come on stream in the coming months. Outside Spain, it is worth highlighting the start of construction of the first photovoltaic plant in the United States which, with a surface area of more than 800 hectares, will be Naturgy's largest in the world.

We have also made the development of technologies such as hydrogen, offshore wind, biomethane and storage a reality in 2022. In the field of hydrogen, in partnership with Repsol and Reganosa, we have started to develop a renewable hydrogen hub of up to 200 MW in Meirama, one of the sites where we operated one of our coal-fired power stations for decades.

In addition, let me mention the Catalina project which, in consortium with other companies and aimed at the production of hydrogen and green ammonia, has the potential to create 5,000 jobs and avoid the emission of one million tonnes of CO2 per year. This project will connect Aragon's renewable resources with industrial consumption centres on the east coast of Spain through a sustainable infrastructure.

During 2022, Naturgy has reaffirmed its commitment to offshore wind energy and participates in the European consortium NextFloat that will test an innovative 6 MW floating wind system in the Mediterranean Sea to test its scalability and future commercial development. Moreover, we have reached an agreement with Equinor for the development of a 200 MW offshore wind farm in the Canary Islands.

According to recent studies, Spain's potential for biogas production is more than 160 TWh per year, which will cover almost half of the national demand for natural gas. This transition would require investment of more than Euros 40 billion - almost 4% of national GDP - and the creation of 62,000 direct and indirect jobs. Naturgy is firmly committed to this energy source, as evidenced by the fact that in 2022 there will already be four biomethane plants feeding biomethane into the grid in Spain, and one in Chile, generating 0.2 TWh.

In addition, I would like to highlight two of the most innovative projects being developed by the company. On the one hand, the construction of Naturgy's first hybrid solar and storage plant in Australia. On the other hand, aware of the medium-term needs posed by the dismantling of renewable generation facilities, Naturgy, together with other entities, participates in the GiraWind project, which has created the first company in Spain dedicated to the comprehensive dismantling of wind farms with the aim of reconditioning and recovering the largest possible volume materials.

These projects represent the future of Naturgy, and the commitment to renewable generation is already a reality, as evidenced by the fact that emission will represent almost 40% of our total installed capacity free installed generation capacity in 2022.

The company has also stepped up investment in its distribution networks, which are necessary not only to bring the product of these technologies closer to the end user, but also to guarantee security of supply and day-to-day operations. Our gas and electricity distribution networks, the fundamental assets of the company, are constantly being renovated to incorporate the best and most up-to-date technology, demonstrating Naturgy's commitment to the sustainability of its business and to adapting to the evolution of innovation.

Naturgy recognises that the fight against climate change must be combined with the promotion of the restoration of natural capital and biodiversity through initiatives aimed at preventing, reducing and offsetting impacts, in order to advance the commitment to no net loss of biodiversity and the enhancement of the value of natural environments. In this regard, in 2022 alone we implemented 345 biodiversity initiatives, 20% of which were voluntary, as well as environmental restoration actions on 50 hectares, of which more than 30% correspond to protected areas, habitats or species.

Naturgy, an agent for a just transition and on the side of its customers

Naturgy, despite the volatility and uncertainties, maintains its commitment to be close to all its stakeholders, including customers, citizens and shareholders, working to provide solutions and that have value-added in this turbulent context.

Thus, we have continued with the Compromiso (Commitment) Initiatives, with which Naturgy was a pioneer in the protection of customers affected by the volatility of energy prices. During 2022, we have launched Compromiso Gas Industrial, so that large consumers can count on a stable two-year supply, and a personalised and direct service exclusively to homeowners' associations. They complement the Compromiso Electricidad offer launched at the end of last year and demonstrate the company's commitment to social responsibility.

We have also reinforced our customer service channels by multiplying by twelve the number of agents who deal with requests to contract the Last Resort Tariff (LRT) for gas, currently the cheapest on the market, and we have set up a form on the website to make it easier for customers to switch to the LRT. Thanks to this, in the second half of 2022 Naturgy has managed to transfer around 150,000 customers to the LRT becoming the company with the most customers under this tariff in Spain, nearly 1.7 million.

Another major milestone in our commercial offering has been the promotion of self-consumption solutions, with the capacity to generate savings for consumers of up to 70% on their electricity bills.

As a company committed to the communities and the environment in which it operates, I would like to mention that Naturgy has continued to make progress in the decommissioning of the sites of the coal-fired power stations that the company closed in 2020 and has continued to work on the implementation of the associated support plans. In this regard, I would like to highlight the obtaining of the favourable Environmental Impact Statement (EIS) for the Meirama wind farm and our commitment to promoting jobs and training, which has been strengthened thanks to the agreement signed between the Just Transition Institute and the Naturgy Foundation.

2022, a key year in the implementation of the business vision

All these milestones in terms of technological development, deployment of renewables and social inclusion represent significant progress in the execution of our Strategic Plan and Sustainability Plan.

In February this year, the Board, at the proposal of the Management Committee, unanimously approved a project to boost Naturgy's role in the energy transition, promote investments, speed up its Strategic Plan, and generate value for its shareholders: the Gemini project. This project will involve the creation of two large, listed energy groups with clearly differentiated business profiles.

While the Board continues to monitor the progress of all the analyses of this project, which thus far confirm its strategic suitability, at the end of 2022, the current volatility of the markets, the evolution of the energy situation and the many regulatory uncertainties, make it advisable to slow-down and adapt the implementation timetable to how these events pan out.

Despite this, good progress in executing the strategy has been reflected in the company's bottom line. Specifically, in 2022, Naturgy has posted an EBITDA of Euros 4,954 billion with a net result of Euros 1,649 billion.

The Networks business in Spain and Latin America achieved an EBITDA of Euros 2.475 billion in the year, up 9% compared to 2021 due to operating efficiencies and, in Latin America, supported by the update of tariffs to reflect inflation in previous periods, as well as positive exchange rate effects.

The good performance of the deregulated business also explains the increase in the Group's EBITDA, with the Energy Management and Commercialisation businesses contributing most to the year's growth, while Renewables and New Businesses were affected by the low hydro production in Spain.

These results allow the company to reduce its debt and improve its net financial debt to Ebitda ratio from 3.6 x in 2021 to 2.4x, as well as maintain a high level of fiscal contribution with Euros 3,503 billion generated for public administrations and, at the same time, maintain its investment commitment.

Beyond financial results, our sustainability management has also been recognised by the market. As an example of this, the company has been recognised by Ecovadis with the Platinum medal, ranking Naturgy among the top 1% of all the companies scored by this rating platform. In addition, we have been recognised once again as a world leading company for our action against climate change by the prestigious Carbon Disclosure Project (CDP) index and for another year, uninterruptedly for two decades, Naturgy continues to appear on the FTSE4Good index.

Naturgy, a team of people up to the challenge

None of this would have been possible without the trust, work and commitment of the all people who are part of this corporate project with whom Naturgy maintains a strong commitment to their development through the promotion of inclusive leadership, a dynamic and recognised professional experience, a flexible organisational framework and its transforming culture, evidenced by the 20% increase in the number of hours devoted to training in 2022.

Furthermore, this commitment was made clear with the signing of the Collective Bargaining Agreement 2021-2024, where the promotion of work-life balance and gender diversity is one of its fundamental pillars. We highlight our commitment to incorporate new talent through programmes such as Flex & Lead and the management of diversity and equality. As a result of these initiatives, the proportion of women in the staff has increased and is now well over 30%.

For all these reasons, I would like to thank the trust, work and effort of all those persons who make this business project possible. The support of our shareholders, the loyalty of our customers and suppliers and, above all, the trust and commitment of all the professionals associated with Naturgy. Without a doubt, the achievements I mention in this letter, and those that appear throughout the report, belong to all of them.

Thank you all very much,

Francisco Reynés

02. Naturgy's vision for the future

1. Purpose and strategy

Transforming together, Naturgy's purpose, was formulated in 2021 in an economic and social context different to today's, although, almost two years on, it remains valid and seems more necessary than ever.

In 2022, the company has faced a threat to world peace unprecedented in the last 50 years, which has triggered a crisis in energy markets with severe economic consequences that have yet to end. Although it affects different regions asymmetrically, with Europe being the most affected continent, rising inflation due to raw materials prices, the economic slowdown and rising interest rates have a major impact on households and businesses.

All this is coupled with the increasingly urgent need to make progress in reducing greenhouse gas emissions to comply with the Paris Agreement and limit global warming as much as possible, in a way that minimises the impacts on people and nature.

Energy transition is therefore presented as a key tool for reducing energy and resource dependence, accelerate the fight against climate change and, if done in an inclusive and fair way, ensure social progress and human well-being.

Naturgy considers that the principles that should govern this energy transition are reflected in its company values: innovate for a better future (*Forward Vision*), working with excellence (*Excellence Driven*) from the most human side (*People Oriented*), and with the ultimate goal of contributing to a more sustainable society (*One Planet*).

To carry out this purpose and contribute to social transformation, the company has defined a Strategic Plan 2021-2025 based on five pillars: the search for organic growth, the focus on renewable and network activities, the continuous improvement of processes (in particular including customer relationship processes), the full integration of Environmental, Social and Governance (ESG) criteria in strategy and management, and the cultural transformation that makes all of this possible.

<p>Who are we?</p>	<p>Our business model</p>	<p>Naturgy Energy group, S.A. and its subsidiaries (hereinafter, Naturgy) is a group dedicated to the generation, distribution and commercialisation of energy and services present in more than 20 countries, 16 million customers and with an installed capacity of 16.2 GW and a diversified mix of electricity generation.</p>
<p>What are we like?</p>	<p>Our principles</p>	<ul style="list-style-type: none"> - Forward Vision: innovating for a better future. - People Oriented: transforming from the most human side. - Excellence Driven: working with excellence. - One Planet: for a more sustainable society.
<p>What do we seek to achieve?</p>	<p>Our purpose</p>	<p>Transforming together: transforming the world through energy, addressing the challenge of the energy transition and the demands of society and customers. Naturgy wants to do it together with its employees, customers, shareholders and partners.</p>
<p>How are we going to achieve this?</p>	<p>Our strategy</p>	<ul style="list-style-type: none"> - Grow: pursue organic growth consistent with the energy transition and deploy opportunistic asset rotation to speed up the transformation. - Focus on: renewables and networks activities in stable geographies and regulatory frameworks and reduce volatility in supply commitments. - To be a best-in-class company: to carry out continuous improvement processes, increasing the digital footprint and reinventing the relationship with customers. - Continue to incorporate ESG aspects: rooted in the essence of the company, aligned with the SDGs and guided by tangible goals to meet commitments. - Change the culture: drive passion in employees through core values and be aligned with different stakeholders.

Main investment objectives

In economic terms, our Strategic Plan pursues ambitious investment objectives, setting an estimated investment for this period of Euros 14,000 billion.

This investment is established by maintaining financial discipline and focusing on projects with predictable return. Moreover, 80% of the planned investment will be eligible according to the EU Taxonomy of sustainable finance. This investment is aligned with the energy transition.

The two main lines of investment are distributed as follows:

Renewables

Euros 8,700 million

- Proven generation technologies.
- Focus on attractive geographies.
- Commitment to innovation.
 - Distributed generation.
 - Biogas and hydrogen.
 - Sustainable mobility.

Networks

Euros 4,100 million

- Focus on solid frameworks with proactive regulatory management.
- Ongoing projects to achieve full automation and remote operation.
- Adaptation of existing infrastructures to play a key role in the energy transition.

ESG at the core of our vision

Naturgy's Strategic Plan, as well as the Sustainability Plan emanating thereof, reflect the company's commitment to the environment, society and governance (ESG). Placing sustainability as the backbone of our strategy on our roadmap allows us to reduce our environmental impact, increase the involvement and commitment of all our stakeholders and endorse us as a company committed to the energy transition.

Naturgy's contribution to the energy transition takes an approach where three complementary and mutually influential realities converge: Climate, Nature and People.

In addressing the energy transition, it is essential to understand the effects of climate change on biodiversity loss and the relevance of positive natural capital creation in reducing greenhouse gas emissions. However, the economic and social changes resulting from the energy transition, whether due to job losses, changes in living conditions in areas where new renewable technology projects are being developed or the possible consequences that this transition may have on energy prices, mean that any solution adopted to address climate and nature issues must take into account people and their dignity so that this sweeping change contributes to the creation of wealth and that the transition is just and does not lead to greater inequalities.

Our main objectives set out in the ESG Sustainability Plan to 2025 are as follows:

A Environmental

Zero net emissions by 2050

- Reduce total CO₂e by 24% (2025 vs 2017). Reduction in 2022, 24% vs 2017.
- Protecting biodiversity, reaching a total of more than 350 projects to preserve ecosystems. 345 initiatives carried out in 2022.

S Social

Gender parity by 2030

- Promote diversity, reaching more than 40% of women in management positions. 33.7% in 2022.
- Extend ESG policies in the supply chain to 95%. In 2022 achieved 82.7%.

Governance

ESG- aligned management remuneration

- Establish a 10% remuneration aligned with ESG objectives. Established in 2021.
- Implement climate change risk recommendations and methodology and the EU Taxonomy to maintain leading positions in sustainability indices. 90% covered in 2022.

The “Business Model” chapter of this report explains how Naturgy implements its strategy.

During 2022, significant progress has been made in the implementation of this Strategic Plan, as evidenced by the following key indicators:

Pillars of the Strategic Plan 2021-2025

Key achievements 2022

Growth	<ul style="list-style-type: none"> - Ebitda in 2022 exceeded Euros 4,954 million mainly as a result of volatile energy prices in the period. This strong Ebitda growth of 40.4% vs 2021 has been achieved by decoupling it from the carbon footprint, reducing it by 16.5%. - Naturgy maintains its commitment to invest Euros 14 billion within the framework of its Strategic Plan 2021-2025. In 2022, investments grew by 28.5% year-on-year to Euros 1,907 million. 67% of total Capex is eligible according to EU Taxonomy. - Naturgy has reduced its net debt position from Euros 12,831 million at the end of 2021 to Euros 12,070 million at the end of 2022, thus achieving a significant improvement in financial ratios such as the net debt/Ebitda ratio, which drops from 3,6x in 2021 to 2,4x in 2022.
Focus	<ul style="list-style-type: none"> - Naturgy already has 5.5 GW of renewable energy capacity in operation, of which 1 GW came into operation in 2022 - In 2022, with its new biomethane production plant in Vila-Sana, Naturgy took another step forward in its commitment to energy transition, local energy production and the circular economy, providing clean gas to the energy system and contributing to the sustainable management of agricultural and livestock waste. - In 2022, Naturgy began construction of the 7V Solar Ranch facility, with a peak capacity of 300 MW, which will occupy an area of more than 800 hectares in the State of Texas and will be the company’s largest facility of this technology worldwide. - Additionally, in 2022, Naturgy began construction of its world’s first hybrid solar and storage project in Australia. The project, called Cunderdin, will have a solar PV capacity of 125 MW and a battery energy storage system of up to 220 MWh. - In 2022, Naturgy inaugurated the first battery storage centre, near Canberra, with a capacity of 10 MW and a storage capacity of 20 MWh, which will allow flexibility in the integration of renewables into the grid to reinforce supply at times of lower electricity production.

Best-in-class

- In 2022, Naturgy has created a new 100% digital marketing company that has enabled Naturgy's online business in Spain to multiply its digital sales 3.5x.
- Launch of Naturgy Solar in 2022, an integral service that offers to all those people interested in the environment and savings a "turnkey" solution, taking advantage of the sun's resources, without worries and at an optimal cost. It is marketed in its version of individual and collective self-consumption to the internal network of homeowners' associations. This initiative has attracted 2,725 customers.
- Naturgy was a pioneer in launching its Compromiso Luz (Electricity Commitment) initiative at €65/MWh for three years, aimed at mitigating the effects of the electricity pool price. More than 600,000 customers have been protected from price volatility with this initiative. Subsequently, in March 2022, Naturgy went ahead again and launched the Compromiso Gas Industrial (Industrial Gas Commitment) initiative, aimed at its industrial gas customers with a fixed price of

ESG

- Reduction of total greenhouse gas emissions by 24% since 2017.
- 345 biodiversity initiatives in course on an international level, 20% of which are voluntary. Environmental restoration actions were carried out on 50 ha. 31% of this area corresponds to protected areas, habitats or species.
- 26.2% of senior management positions are held by women.
- 82.7% ESG audit coverage of purchase volume with high ESG risk.

Culture

- The company launched the Flex&Lead programme, aimed at the external recruitment of young talents with diverse profiles, aiming to attracting 300 young people by 2025. During the term of the programme, more than 150 people have joined 77% of whom are women.
 - In addition, to develop internal talent, the company has introduced the Internal Lead programme, designed to strengthen the managerial skills of technical profiles in the medium term. More than 180 of the company's professionals, 66% of whom are women, are already taking part in this programme. In 2022 the number of participants was 190 professionals, 57% of whom were women.
 - Signing of the Collective Bargaining Agreement 2021-2024, where the promotion of work-life balance and co-responsibility between men and women is one of its fundamental pillars.
 - The global model for measuring the satisfaction and commitment of Naturgy employees has been consolidated. Through regular organisational listening, actions are taken to continuously improve the employee experience. At the end of 2022, the company had 31% of employees as NPS promoters, 7 points more than in 2021.
 - A new cycle of 360° Assessment has been initiated as a key process in the company's
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2. Commitment to sustainability

In short, as an energy company Naturgy has the capacity to make a key contribution to the social transformation and sustainable development of the communities in which it operates through its services. Specifically, and in relation to the sustainable development agenda currently in force (2030 Agenda and the United Nations Sustainable Development Goals), Naturgy contributes directly and positively to the achievement of the following goals:



Ensure universal access to affordable, reliable and modern energy, increase the use of renewable energy and promote energy efficiency. In 2022, Naturgy increased its installed capacity in renewable energies by more than 6% and works actively to offer society and its customers alternative forms of environmentally-friendly energy such as renewable gas.



Make cities and human settlements inclusive, safe, resilient and sustainable. Naturgy works actively to offer products and services to its customers that help improve energy efficiency and air quality in cities by making them healthier. The solutions and measures aimed at improving the energy efficiency of Naturgy's customers have led to savings in gas and electricity consumption equivalent to 1.6 TWh.



Take urgent action to combat climate change and its effects. In 2022, Naturgy reduced its total greenhouse gas emissions by 24% compared to the base year 2017.

However, Naturgy is aware that its ability to contribute to sustainable development also lies in the way it is managed internally. In other words, it is not only about what the company does, but also how it does it. Thus, for example, we understand:

- That working for the social integration of vulnerable groups helps reduce poverty, boosts economic growth and lessens social inequalities.
- That ensuring inclusiveness in the company contributes to a more diverse and egalitarian society.
- That digitalisation of its services contributes to innovation and infrastructure development.
- That governance, risk management and compliance standards affect the social stability of the communities in which the company operates.

Accordingly, Naturgy has defined a set of internal commitments, formalised in the Corporate Responsibility Policy, which emanate from the values that define the organisation. Listed below are the drivers of the Sustainability Plan, their alignment with Naturgy values, the commitments of the Corporate Responsibility Policy and the main SDGs to which they will contribute, both directly and indirectly.

Driver	Our values	SDG	Our commitments
Integrity and trust	Excellence Driven	8 10 12 16 17	Integrity and transparency Responsible supply chain
The opportunity of environmental challenges	Forward Vision	3 6 7 9 11 12 13 14 15	Responsible environmental management
	One Planet		
Customer experience	Excellence Driven	7 9 11 12 17	Service excellent
Commitment and Talent	Forward Vision	3 4 5 8 9 10	Interest in people
	People Oriented		Health and safety
Innovation and new business development	Excellence Driven	7 8 9 11 12	Commitment to results
		13 15 17	Service excellent
Social responsibility	People Oriented	1 3 7 8 10	Social commitment
	Excellence Driven	11 12 17	Responsible supply chain Integrity and transparency

In 2021 and fully integrated with the company's Strategic Plan, the Sustainability Plan was also defined, setting out six levers of action and 74 goals to improve Naturgy's management and performance in relation to those commitments in which a greater possibility of improvement has been identified.

03. Business model and sustainable strategy

[2-6]

Naturgy has been working for more than 175 years in the energy sector thanks to a business model that has been able to adopt the social, technological and economic changes that have taken place in the world. Its success in the face of environmental challenges and opportunities is the result of business management that is resilient to the different contexts of history and a transformational culture that drives people's daily lives.

The company is aware of the global challenge posed by the fight against climate change and has therefore transformed and refocused its business towards the energy transition through a strategy based on innovation and a sustainable business model that contributes to the social and environmental challenges facing humanity.

1. Organisational structure and businesses in which it operates

[2-1], [2-6], [IF-EU-000.A] and [IF-GU-000.A]

Naturgy Energy Group, S.A. was incorporated in 1843 and its registered office is at Avenida América, number 38, Madrid.

Naturgy Energy Group, S.A. and its subsidiaries (hereinafter Naturgy) is a group dedicated to the generation, distribution and commercialisation of energy and services. The group's business model, focused on value creation for all stakeholders, is committed to the sustainable development of society, guaranteeing the supply of competitive and safe energy with maximum respect for the environment.

Naturgy operates in over 20 countries, where it supplies gas and electricity to 16 million customers.. Our installed power is 16.2 GW and we offer a diversified mix of electricity generation. The company operates in the regulated and deregulated gas and electricity markets, both nationally and internationally, chiefly in the following areas:

- Gas and electricity distribution.
- Electricity generation and commercialisation.
- Gas infrastructure, procurement and commercialisation.

Business model

Naturgy's business model is implemented through a large number of companies mainly in Spain, Latin America (Argentina, Chile, Brazil, Mexico and Panama), Australia and, starting in 2021, the USA. In 2022, solar projects were acquired in Italy.

Naturgy organises its businesses around three strategic areas (Energy and Network Management, Renewables and New Businesses and Commercialisation), which provide visibility for the evolution of the company and on the basis of which the following operating segments are defined:

- Energy and Network Management:
 - Iberia Networks: comprises the gas and electricity network businesses in Spain.
 - Latin America Networks: includes the gas network business in Argentina, Chile, Brazil and Mexico and the electricity network business in Argentina and Panama.
 - Energy Management: includes the businesses of International LNG Commercialisation, Markets and Supplies, Pipeline Management, Thermal Generation Spain and Thermal Generation Latin America (Dominican Republic, Mexico and Puerto Rico).
- Renewables and New Businesses:
 - Renewables Spain and the United States: includes the management of the facilities and projects for the generation of hydropower, wind, mini-hydropower, solar, cogeneration and new projects. The activities included in this segment are performed in Spain, extending the activity to the United States in 2021, when Naturgy acquired a portfolio of solar projects and energy storage projects. 25 of these projects could be operational by 2026. In addition, solar projects have been acquired in Italy in 2022.

- Renewables Latin America: includes the management of renewable electricity generation facilities and projects of Global Power Generation (GPG) located in Latin America (Brazil, Chile, Costa Rica, Mexico and Panama).
- Renewables Australia: includes the management of the renewable electricity generation facilities projects for GPG located in Australia.
- Commercialisation: the goal is to manage the business model for end customers for gas, electricity and services, incorporating new technologies and services, as well as developing the full potential of the brand.

Throughout the value chain, Naturgy's Business Model stands apart as a leader in the gas sector and a key player in the electricity sector, in both cases ensuring the continuity of supply, which is essential to providing a quality service and fulfilling the company's social mission; providing a broad range of value-added services and fostering sustainable innovation to drive development.

Annex I to the Consolidated Annual Accounts has detailed information on the companies that form part of Naturgy and the activities they carry out.

Businesses in which it operates

Leadership in the gas business

[IF-EU-000.B] and [IF-EU-000.C]

	Networks	Gas		
	Gas distribution	Infrastructure	Procurement	Commercialisation
	11 million supply connections. 136,272 km of network.	Long term methane tankers.	~ 29 bcm supply portfolio.	327 TWh of gas supplied.
Our positioning	<p>Spain Leader in Spain with a 68% market share, distributing natural gas to more than 1,100 municipalities in nine autonomous regions and 5.4 million customers.</p> <p>Latin America Latin America's top distributor, catering for more than 5.6 million customers.</p> <p>Presence in Argentina, Brazil, Chile and Mexico and in five of the largest Latin American cities.</p>	<p>Nine methane tankers (1.43 Mm³).</p> <p>24.5% stake in the Medgaz gas pipeline.</p> <p>Stake in the Ecoeléctrica regasification plant and the liquefaction plant of Qalhat.</p> <p>0.8 bcm of company-owned storage capacity and 0.8 bcm of leased capacity.</p>	<p>Business Model based on diversification and flexibility that have made Naturgy a global operator with a strong international profile.</p> <p>Naturgy has procurement contracts with suppliers worldwide, both in a gaseous state (NG) and in the form of liquefied natural gas (LNG).</p>	<p>Access to 11 million customers and LNG sales in numerous countries worldwide.</p> <p>A global operator with the flexibility to tap markets offering attractive margins. 45,9% market share of gas contracts in Spain.</p> <p>Competitive supply to combined-cycle plants (CCGT).</p>
	Our strengths	<p>Naturgy is a leader in the markets where it operates, affording it an excellent platform for organic growth, in terms both of attracting new customers in municipalities with gas and of expanding networks to areas without gas.</p> <p>Investment and development of projects in new renewable, CO₂-neutral or even CO₂-negative gas technologies.</p>	<p>Naturgy has an integrated gas infrastructure that affords it considerable stability, making its operations more flexible and enabling it to transport gas to the best business opportunities.</p>	<p>A diversified and flexible portfolio of procurement contracts, with review mechanisms in the event of price mismatches.</p>

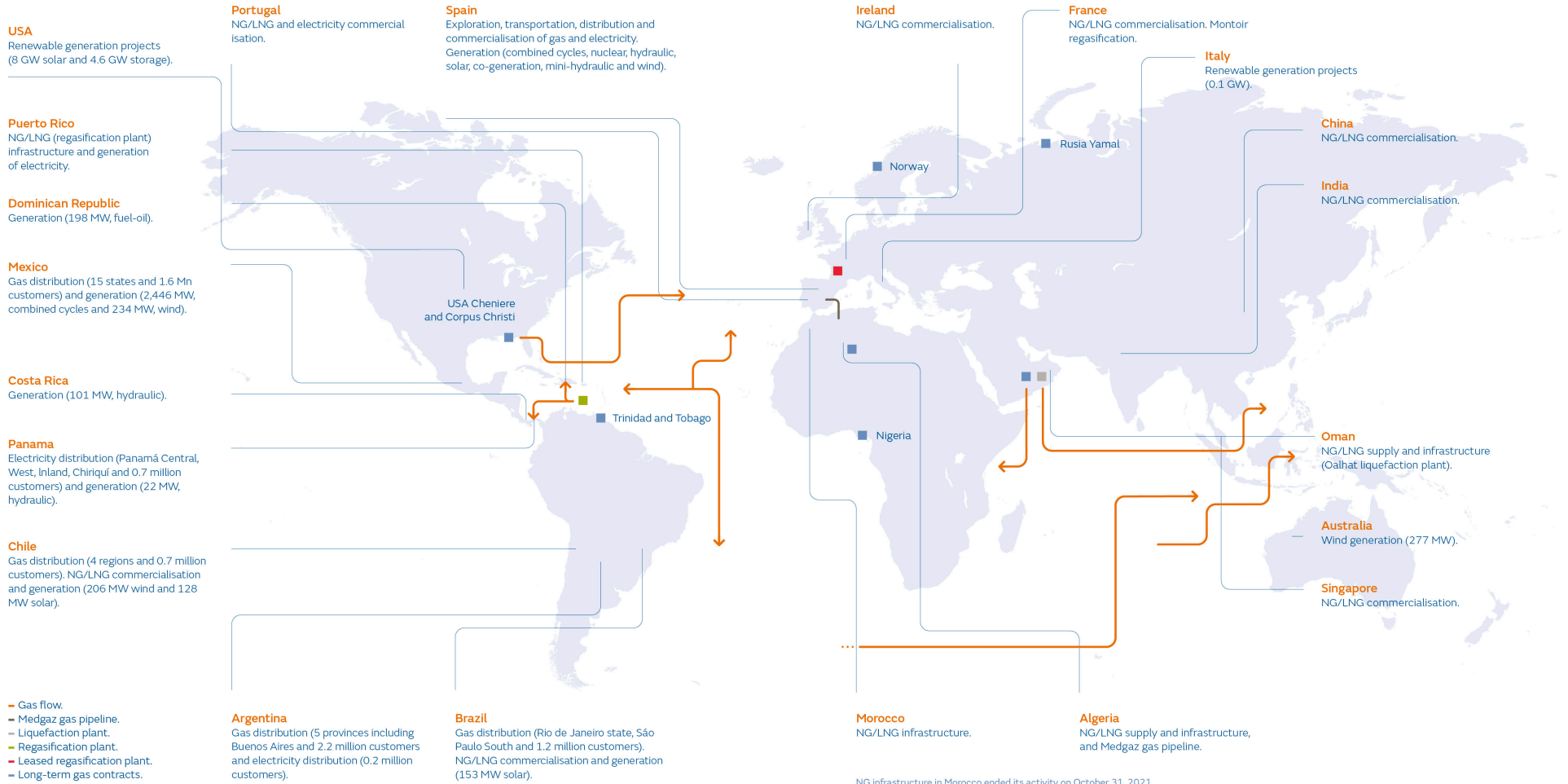
A key player in the electricity business

[IF-EU-000.B] and [IF-EU-000.C]

	Networks	Electricity		
	Electricity distribution	Thermal generation	Renewable generation	Commercialisation
	4,8 million supply connections. 155,060 km of network.	10.6 GW of generation capacity.	5,2 GW of generation capacity.	23,9 TWh supplied.
Our positioning	<p>Spain The third-largest operator in the Spanish market, where it distributes electricity to 3.8 million customers.</p> <p>Latin America Presence in Argentina and Panama (0.9 million customers).</p> <p>Naturgy is a leader in the markets where it operates.</p>	<p>Spain Capacity of 8.0 GW (7.4 GW combined cycle plants and 0.6 GW nuclear). In June 2020, the group abandoned the coal generation business. Naturgy's market share is 17.5%.</p> <p>International Capacity of 2.6 GW: 2.4 GW combined cycle plants (Mexico) and 0.2 GW oil-fired (Dominican Republic).</p>	<p>Spain Capacity of 4.1 GW (2.0 GW hydro, 1.8 GW wind, 0.2 GW solar and 0.1 GW cogeneration). Naturgy's market share excluding cogeneration is 6.1%.</p> <p>International Capacity of 1.1 GW: 0.1 GW hydroelectric (Costa Rica and Panama), 0.7 GW wind (Mexico, Chile and Australia) and 0.3 GW solar (Brazil and Chile).</p>	<p>Leader in the mainstream consumer and residential segments, with a total market share of 10% in Spain.</p> <p>One of the main traders in the Spanish market. A dual fuel supply and a broad range of value-added services.</p>
Our strengths	<p>Naturgy is an efficient operator in terms of operation and maintenance costs in the electricity distribution business.</p> <p>In July 2021, the sale of the electricity distribution business in Chile, an activity classified as held for sale, was completed.</p>	<p>The company has far-reaching knowledge in all generation technologies in which it operates and provides an infrastructure which is able to adjust to the needs of each energy model and the real situation in each particular country.</p> <p>Investment and development of projects in new renewable, CO2-neutral or even CO2-negative gas technologies.</p>	<p>Naturgy maintains a good growth-oriented positioning in Spain and Australia, which will allow it to take advantage of investment opportunities in generation in these geographies.</p> <p>In 2021, Naturgy acquired a portfolio of 8 GW solar projects in the United States along with 4.6 GW energy storage projects.</p>	<p>Being a leader in the combined commercialisation of natural gas and electricity affords the company major advantages, such as lower service costs, integrated customer care and lower acquisition costs, not to mention greater customer loyalty.</p>

2. Geographical presence

[2-1], [IF-EU-000.A] and [IF-GU-000.A]



3. Company situation

Evolution and results 2022

• Overall results

Net turnover	Net revenues for 2021 amounted to Euros 33,965 million, an increase of 53.4% compared to 2021, mainly as a result of the volatility of energy prices in the period, with a particularly positive impact on Energy Management activities.
Ebitda performance	Ebitda in 2022 will reach Euros 4,954 million, 40.4% more than in 2021, mainly supported by the increase in energy prices, impacting both gas and electricity, mainly affecting the Energy Management business. Networks Business achieved moderate growth, due to the capture of operating efficiencies and the international tariff update, while renewables were affected by the low hydropower production in Spain. Commercialisation activity in Spain has been influenced by the increase in prices, both in gas and electricity, partially offset by the increase in costs.
Debt ratio	Net debt amounted to Euros 12,070 million while net financial debt/Ebitda stood at 2.4 times compared to 3.6 times at 31 December 2021.
Free Cash-flow after minority interests	The 2022 free cash flow after minority interests amounted to Euros 1,914 million, supported by the liberalised activities. Naturgy has reduced its net debt position from Euros 12,831 million at the end of 2021 to Euros 12,070 million at the end of 2022, while making investments of Euros 1,907 million and meeting its shareholder remuneration commitments of €1.2/share per year, as set out in the Strategic Plan 2021-2025.
Completed transactions	<p>There have been no completed transactions in 2022 with an impact on comparability in 2022 vs 2021 results.</p> <p>The main transactions completed in 2021 with an impact on comparability in the 2022 results compared to 2021 are as follows:</p> <ul style="list-style-type: none"> – In March 2021, Naturgy, ENI and the Arab Republic of Egypt completed the agreement reached on 1 December 2020 to amicably resolve the disputes affecting Unión Fenosa Gas (UFG). As a result, a positive impact of Euros 127 million was recorded in 2021 and the UFG assets assigned to Naturgy were fully consolidated. – In September 2021, Naturgy completed the sale of its 96.04% stake in its Chilean electricity network subsidiary, Compañía General de Electricidad S.A in Chile (CGE), to State Grid International Development Limited (SGID), resulting in a net capital gain of Euros 64 million.

Investments

The tangible and intangible investments for 2022 totalled Euros 1,833 million, with an increase of 28.8% year-on-year.

Maintenance investments in 2022 amounted to Euros 736 million compared to Euros 532 million in 2021, a growth of 38.3% as a result of higher maintenance in generation plants, both thermal and renewable, and in Latin America Networks, the latter partially explained by the appreciation of the currency.

Growth Capex in the period represented 61.4% of total Capex and amounted to Euros 1,171 million. Growth Capex in 2022 includes the following:

- A total of Euros 750 million invested in the construction of different renewable projects, of which Euros 502 million in Spain, Euros 225 million in Australia and Euros 23 million in Latin America.
- Euros 314 million invested in network development, of which Euros 154 million in Spain and Euros 160 million in Latin America (Euros 66 million in Panama, Euros 31 million in Chile Euros 14 million in Brazil, Euros 22 million in Argentina and Euros 27 million in Mexico).
- Euros 106 million in commercialisation activity.

In addition, Naturgy has reached several agreements that confirm its commitment to renewable growth:

- Naturgy remains committed to its renewables development strategy and has reached more than 5.5 GW of operating capacity in the period. In Spain, Naturgy is developing construction projects for approximately 30 wind farms and photovoltaic plants, equivalent to almost 1 GW of additional renewable capacity, which are expected to come on stream in the coming months.
- In Australia, a priority country for Naturgy, the group aims to reach an installed capacity of 2.2 GW in 2025, with an investment of close to Euros 2,000 million, focused on the development of wind, photovoltaic and energy storage plants.
- In the field of offshore wind energy, last April Naturgy reached an agreement with the Norwegian company Equinor for the analysis and development of offshore projects in Spain, such as the joint development project of the Floating Offshore Wind Canarias (FOWCA), consisting of more than 200 MW of floating offshore wind energy in the east of Gran Canaria.
- Naturgy is also leading the development of renewable gas in Spain as a key pillar of decarbonisation in the short and medium term, working on hydrogen and biomethane projects with the aim of injecting renewable gas into its distribution networks.

Key financial and operational figures

Naturgy shares closed 2022 at a price of Euros 24.31 and stock market capitalisation of Euros 23,571 million, which represents a 15.1% decrease versus the previous year-end.

• Key financial figures

	2022	2021
Net turnover (million euro)	33,965	22,140
Gross operating profit or Ebitda (million euro)	4,954	3,529
Total investments (million euro)	1,907	1,484
Net profit (million euro)	1,649	1,214
Dividend paid (million euro)	1,164	1,290
Share price as at 31 December (euros)	24.31	28.63
Earnings per share (euros)	1.72	1.26

• Contribution to Ebitda by activity (%)

	2022	2021
Renewables, New Business and Innovation	7.4	13.8
Commercialisation	11.0	(2,7)
Energy and Network Management	83.6	92.6
Other	(1.9)	(3.7)

▪ **Stock market indicators**

	2022	2021
No. of shareholders (in thousands)	55	60
Share prices at 31/12 (euros)	24.31	28.63
Earnings per share (euros)	1.72	1.26
Share capital (No. of shares)	969,613,801	969,613,801
Stock market capitalisation (million euro)	23,571	27,760

▪ **Financial ratios**

	2022	2021
Debt (%) ⁽¹⁾	54.7	59.1
Ebitda / Cost of net financial debt	9,9x	7,2x
Net debt/Ebitda	2,4x	3,6x

⁽¹⁾ Net financial debt/(Net financial debt + Equity).

▪ **Profits earned by country (million euro)**

	2022	2021
Spain	1,502	512
Argentina	23	15
Brazil	61	62
Chile	(68)	151
Mexico	162	141
Panama	11	17
Rest of Latin America	53	56
Total Latin America	242	442
Rest of the world	(95)	260
Total	1,649	1,214

▪ **Main operational figures of Naturgy**

[IF-EU-000.A] and [IF-GU-000.A]

	2022	2021
Gas distribution sales (GWh)	386,464	459,878
Gas transmission/EMPL (GWh) ⁽¹⁾	0	74,241
Gas distribution supply points (in thousands)	11,050	11,036
Electricity distribution supply points (in thousands)	4,827	4,776
Gas distribution network (km)	136,272	135,640
Length of electricity distribution and transportation lines (km)	155,060	153,981
Electricity generated (GWh)	47,029	41,754

⁽¹⁾ The concession to operate the Maghreb gas pipeline ended on 10/31/2021 and, therefore, the associated Algerian gas contract.

Sharp decline in 2022 in sales of the gas distribution business, mainly in Spain and Brazil. In the case of Spain, because of a drop in demand from the industrial sector due to the price scenario and particularly warm temperatures in October and November, especially in addition to high energy prices. In Brazil, the causes have been, on the one hand, lower sales to generation due to higher rainfall and, on the other hand, lower industrial demand due to the slow economic recovery.

Total energy production increases significantly in 2022, mainly combined cycle. Thermal generation in Spain has been positively impacted by low hydro production throughout 2022, higher energy exports to France and the inherent intermittency of renewable generation. This context generated a larger thermal gap, which led to a substantial increase in the production of combined-cycle power stations to ensure the supply of energy to the system.

▪ **Gas supply and transportation (%)**

During 2021, the operating concession for the Maghreb pipeline and, therefore, the associated Algerian gas contract came to an end, the LNG bunkering contracts with Qatar were terminated and the group's LNG bunkering portfolio has been optimised, partly substituting LNG purchases in Europe. In relation to the Yamal (Russia) contract, the delivery programme has been maintained as established in the contract and subject to any measures that may be taken by the European authorities regarding the operations carried out by the companies with Russia. In 2022, no sanctions have been applied on this contract. In 2022, no sanctions have been applied on this contract.

	2022	2021
Others (LNG)	17.0	9.4
Nigeria	7.9	5.2
Trinidad and Tobago	6.7	6.7
USA	23.7	21.3
Others (NG)	1.0	6.5
Algeria	15.3	22.83
Oman/Egypt/Others ⁽¹⁾	13.8	11.94
Qatar	0.0	5.1
Norway	0.6	0.6
Russia	14.0	10.48

▪ **Renewable gas**

	2022	2021
Renewable gas production projects in service (number)	2	2
Renewable gas production or injection capacity (TWh) ⁽¹⁾	0.22	0.21

⁽¹⁾ The figure for 2021 has been changed from 0.14 to 0.21 to adjust it to the capacity of existing projects.

Renewable gases, including biomethane and hydrogen, are a key driver for the decarbonisation of Naturgy's gas business. More detailed information is provided in the chapters The opportunity of environmental challenges and Innovation and new business development.

▪ **Energy mix of Naturgy (%)**

	2022	2021
Thermal	1.2	1.2
Hydroelectric	12.8	13.1
Wind	16.1	15.6
Nuclear	3.7	3.8
Small hydro	0.7	0.7
Solar	4.2	3.2
Cogeneration	0.3	0.3
Combined-cycle	61.0	62.1

▪ **Installed capacity by source of energy (MW)**

	2022	2021
Nuclear	604	604
Coal	0	0
Combined-cycle	7,427	7,427
Cogeneration	51	51
Thermal power. Spain	8,082	8,082
Hydroelectric	1,951	1,951
Wind	1,885	1,764
Solar	394	250
Small hydro	111	111
Renewable power. Spain	4,341	4,076
Total installed capacity. Spain	12,423	12,158
Fuel-oil	198	198
Combined-cycle	2,446	2,446
Thermal power. International	2,644	2,644
Hydroelectric	123	123
Wind	717	717
Solar	281	254
Renewable power. International	1,121	1,094
Total installed capacity. International	3,765	3,738
Total installed capacity	16,188	15,896

▪ **Net production by energy source (GWh)**

[IF-EU-000.D]

	2022	%	2021	%
Nuclear	4,454	9 %	4,274	10 %
Coal	0	0 %	0	— %
Combined-cycle	19,801	42 %	12,675	30 %
Cogeneration	191	0 %	342	1 %
Thermal production. Spain	24,446	52 %	17,291	41 %
Hydroelectric	1,531	3 %	2,991	7 %
Wind	4,058	9 %	3,863	9 %
Solar	425	1 %	268	1 %
Small hydro	447	1 %	507	1 %
Renewable production. Spain	6,461	14 %	7,629	18 %
Total production. Spain	30,907	66 %	24,920	60 %
Fuel-oil	594	1 %	637	2 %
Combined-cycle	12,636	27 %	13,305	32 %
Thermal production. International	13,230	28 %	13,942	33 %
Hydroelectric	613	1 %	566	1 %
Wind	1,733	4 %	1,790	4 %
Solar	546	1 %	536	1 %
Renewable production. International	2,892	6 %	2,892	7 %
Total production. International	16,122	34 %	16,834	40 %
Total production	47,029	100 %	41,754	100 %

NB: Increased production in combined-cycle power stations due to lower hydropower and export of surplus outside the Iberian system.

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

	2022	2021
Chile	561	573
Costa Rica	499	462
Spain ⁽¹⁾	6,461	7,629
Mexico	630	694
Panama	114	104
Brazil	278	290
Australia	810	769
Total	9,353	10,521

(1) Lower contribution of hydropower partially offset by an increase in wind and solar generation.

▪ **Average efficiency by technology and regulatory system (%)**

	2022	2021
Combined-cycle (Spain)	53.6	52.8
Coal thermal (Spain)	0.0	0.0
Combined-cycle (International)	53.3	55.1
Fuel-oil (International)	40.7	40.5

▪ **Average availability factor by technology (%)**

	2022	2021
Hydroelectric (Spain)	92.7	87.3
Coal thermal (Spain)	0.0	0.0
Nuclear (Spain)	91.0	87.3
Combined-cycle (Spain)	87.7	82.2
Wind (Spain)	97.9	98.5
Solar (Spain)	99.2	99.1
Small hydro (Spain)	97.3	96.9
Cogeneration (Spain)	92.7	91.4
Hydroelectric (international)	94.7	95.5
Wind (international)	93.7	92.8
Solar (international)	97.4	96.3
Fuel-oil (international)	92.9	87.0
Combined-cycle (international)	89.7	96.5

▪ **Electrical energy losses in transport and distribution (%)**

	2022	2021
Spain	8.5	8.5
Argentina	13.2	13.3
Panama	13.6	14.5

4. Sustainability Plan

	Target 2025 ⁽¹⁾	2022	2021
Driver 1. Integrity and trust			
Sustainable financing and/or financing compatible with energy transitions (green finance, transition bonds...) (million euro)	5,492	6,923	6,337
Meetings held with ESG investors (number)	50	24	16
Implementation of the ESG risk quantification methodology (scale 0 low risk - 5 high risk)	1.9	2.0	2.1
Cost of resolving cybersecurity incidents (direct, indirect and reputational cost) (€) / IT disbursement (%)	0.3	0.0	0.0
Cybersecurity incidents / Millions of attacks (%)	4.7	2.8	3.7
Naturgy Energy Group BitSight International Index	790	730	690
Coverage level of ESG audits over purchase volume with high ESG risk (%)	95.0	82.7	72.2
Purchase volume with acceptance of the Code of Ethics (%)	95.0	95.4	94.2
Implementation of the Social Media Management and Use Policy	Implanted	In progress	No
Maintain and renew ISO37001 and UNE19601 Certification (anti-bribery and criminal compliance management)	Renew	Yes	Yes
Criminal indictments for corruption-related offences (number)	0	0	0
Annual external audit of the Crime Prevention Model in accordance with article 31 bis of the Criminal Code	Favourable outcome in all subject countries	Favourable outcome in all subject countries	Favourable outcome in all subject countries
Counterparties assessed on the basis of ESG risk (number) ⁽¹⁾	Pending definition	61	Not available
Non-financial indicators with qualifications (number)	0	0	0
Publish the Tax Transparency Report	Publish the Tax Transparency Report	In process	Not available
Degree of compliance with the new recommendations of the CNMV' Good Governance Code (%)	Absorb all modifications to the CNMV's recommendations that may arise and undertake to comply with any others that are not related to the composition of the shareholding structure and the right to proportional representation, or related to previously acquired commitments	81	81
Compliance with the critical infrastructure governance model (%)	95	87	40
Driver 2. The opportunity of environmental challenges			
Absolute GHG emissions Scope 1 and Scope 2 (million tCO ₂ eq)	11.4	15.1	13.5
Absolute GHG emissions Scope 3 (million tCO ₂ eq)	114.1	110.1	136.5
CO ₂ intensity in electricity generation (tCO ₂ /GWh)	171	279	261

Generation mix from renewable sources measured in installed capacity over the total of the group (%)	56	34	33
Renewable gas production or injection capacity (TWh) ⁽²⁾	1.0	0.22	0.21
Total water consumption (hm ³)	15.6	18.8	15.2
Total waste production (hazardous + non-hazardous) (kt)	110	94	98
Total waste recycled and recovered (hazardous + non-hazardous) (%)	75	92	57
Initiatives to improve biodiversity throughout the life cycle of the facilities (construction, operation, dismantling) (number)	350	345	302
Environmentally restored cumulative area (ha)	Pending definition	In progress	In progress
Activity with ISO 14001 environmental certification (% of Ebitda)	95.0	97.9	93.1
Calculation of Physical Climate and Energy Transition Risks at Corporate Level (50%) and at Business Unit Level (100%) (%)	100	50	50
Capex eligible and aligned with European Taxonomy (%)	80	67	61
Driver 3. Customer experience⁽²⁾			
Net Promoter Score (NPS) Spain commercialisation (global) (%)	40.0	20.8	18.5
Net Promoter Score (NPS) Spain electricity networks (telephone service) (%)	30.0	9.3	22.3
Net Promoter Score (NPS) Spain gas networks (telephone service) (%)	39.0	21.2	18.9
Net Promoter Score (NPS) Argentina (global) (%)	55.0	46.0	34.0
Net Promoter Score (NPS) Brazil (global) (%)	68.0	52.1	56.5
Net Promoter Score (NPS) Chile gas (global) (%)	70.0	56.2	64.3
Net Promoter Score (NPS) Mexico (global) (%)	27.0	39.4	11.8
Net Promoter Score (NPS) Panama (customer service) (%)	24.0	7.4	3.0
Global satisfaction with service quality (1-10)	8.0	7.6	7.5
No. of complaints registered / No. of contacts (%)	<3	4.8	4.8
Customers with online billing. Spain (%)	47.0	51.0	41.0
Contracts per customer. Spain (number)	1.65	1.54	1.56
Units with Crisis Management Plans prepared and tested (years/actual case), with respect to the total number of units/countries that should have one (%)	90	50	15
Partnerships with third parties providing value-added solutions for customers. Spain (number)	5	5	5
Interaction with digital channels (%)	53.8	57.5	48.7
Driver 4. Commitment and talent			
People trained out of the total number of employees included in talent transformation programmes (%)	75	83.5	69.9
Training per employee (hours)	>35,0	35.9	28.8
Unwanted rotation in key positions (structural positions) (%)	<0,5	1.5	0.9
Employees subscribed to the benefits platform (%)	49.7	55.9	8.9
Women in senior management positions (%) ⁽⁴⁾	>40	26.2	21.2

Geographic diversity in all management positions (of total) (%) ⁽⁵⁾	14	13	13
Diversity of skills (out of total) (%)	2.5	1.3	1.1
Staff under 30 years of age (%)	10	5	4
NPS promoter employees (%)	40	31	24
Own staff lost time accidents frequency rate (OSHA criterion)	0.12	0.12	0.10
Own staff lost time accident severity rate (OSHA criterion)	6.15	5.66	2.61
Absenteeism rate due to common contingency (%)	≤3.0	2.6	2.5
Staff working from home (%)	40	47	21
Weekly working hours carried out remotely (%) ⁽⁶⁾	30	Voluntary, maximum 40%	20
Staff eligible for the efficient vehicle leasing service. Spain (%)	36	37	19
Driver 5. Innovation and new business development			
Energy billed for mobility services (GWh)	1,377	933	939
Managed recharging points for NG-LNG vehicles (number)	19	13	12
Recharging points for electrical vehicles (number)	5,000	394	352
Customers acquired for self-consumption products (number)	2,886	2,725	560
Amount of stored energy (GWh)	>82	0	0
Energy storage solution projects (number)	>6	0	0
Renewable gas production projects in service (number)	>30	2	2
Signals remotely monitored / MW installed renewable technologies (number)	240	162	123
ICEIT. Spain (minutes)	36.4	35.4	35.8
Investment in innovation over Ebitda (%)	>2	1.2	2.8
Challenges and proofs of concept with start-ups in open innovation programmes ⁽⁷⁾ (number)	>100	3	5
Driver 6. Social responsibility			
Attendees at energy efficiency workshops in Spain (number)	7,900	3,942	3,861
Energy rehabilitations. Spain (number)	>5.000	3,625	2,514
Volunteers (number)	1,000	646	477
Collaborating social entities (number)	20	31	18
Initiatives with impact assessment (%)	100	33	0
Develop and implement a methodology for measuring natural and social capital	Measurement in 2021 with targets for improvement from first measurement	Elaborated	In progress
Total social investment ⁽⁸⁾ (million euro)	>8	11	10
Purchase volume assigned to local suppliers (%)	> 85,0	80.4	92.2

⁽¹⁾ The figure indicated for 2022 corresponds to activity since July 2022, when the counterparty risk assessment tool was implemented. Given the recent implementation of this system, once further information is available the company will define the target for 2025.

⁽²⁾ The figure for 2021 has been changed from 0.14 to 0.21 to adjust it to the capacity of existing projects.

⁽³⁾ Details of Customer experience indicators in chapter 12, Annexes, section Customer experience.

⁽⁴⁾ The percentage of women in executive and management positions is 33.7% (32.4% in 2021), in line with Naturgy's Sustainability Plan target of 40% by 2025.

⁽⁵⁾ Number of different nationalities within the group's executive and managerial personnel.

⁽⁶⁾ Figures for Spain.

⁽⁷⁾ The target 2025 will be reassessed in 2023 according to new criteria applied in 2022

⁽⁸⁾ Includes social investment in the local community and philanthropic investment. It is estimated that when a methodology for assessing social impact is available, these figures will vary and definitive objectives will be established.

Analysis of the main variations

The following sections of this report detail the most relevant events that occurred during 2022 that explain the evolution of each of the levers of the Sustainability Plan.

Emissions, CO₂ intensity and water consumption

In relation to environmental targets, in 2022 there has been an increase in direct emissions (scope 1) of greenhouse gases (GHG), CO₂ intensity in electricity generation and water consumption. The reason for these increases is that it has been a particularly dry year in Spain, with low production from hydropower plants, which has had to be offset by increased operation of combined-cycle power stations. These power stations, which act as a back-up for renewable generation when, as on this occasion, there is not enough water, wind or sun, lead to GHG emissions and water consumption, which explains the increase in the three indicators mentioned above compared to 2021.

Scope 3 GHG emissions have decreased mainly due to the fall in demand for natural gas in final consumption, mainly in Spain, due to the increase in raw material prices and to a lesser extent due to unusually high temperatures.

Renewable electricity generation, biomethane production and injection capacity

Both the increase in installed power generation capacity and biomethane production and injection capacity have increased, although this increase is expected to speed up in the coming years. In Spain, Naturgy is developing construction projects for approximately 30 wind farms and photovoltaic plants, equivalent to almost 1 GW of additional renewable capacity, which are expected to come on stream in the coming months. It also has 43 projects under development for the production of biogas from organic agricultural, urban and industrial waste and its subsequent enrichment process to produce biomethane for injection into the natural gas grid.

Net Promoter Score (NPS)

In 2022, in Spain, there have been significant variations in the NPS (Net Promoter Score) quality indicators due to the impact on commercial systems in the first quarter, regulatory changes (such as the gas cap or the change in VAT and modifications in the setting of the maximum increase in LRT to 15% by the government) and volatility in both gas and electricity prices. The latter factor has also occurred in Brazil and Chile. All these factors have transformed the customer care service by increasing both the volume of activity and the reasons for contact.

Accident indicators

With regard to the own staff lost time accidents frequency rate, it should be noted that the data for 2022 are not fully comparable to those for 2021, as last year's figures do not include the accidents of the subsidiary Gasnor, S.A. (Argentina). Taking these accidents into account, the frequency rate in 2021 is 0.13, with a slight improvement in 2022.

As for the severity index for lost-time accidents, the increase in the indicator is explained by the occurrence of several accidents that have led to long-term sick leave, due to the consequences or injuries resulting from them.

Challenges and proofs of concept with start-ups

The downward trend in the indicator on challenges and proofs of concept with start-ups in open innovation programmes is explained by the fact that there has been a change in strategy in relation to the Innovation department's projects, where more restrictive criteria have been applied when selecting projects than initially planned. A new target for 2025 in line with this new strategy will be set in the coming year.

5. Sustainable finance and taxonomy

[3-3]

(ESG investment and financing)

Sustainable financing and investor activities that take ESG criteria into account

It should be noted that, since 2012, Naturgy has been holding meetings with investors focused on assessing the group's ESG policies. Throughout 2022, Naturgy has continued with this activity, participating in meetings and engagement processes with several investors, including Santander, BNP Paribas, Amundi and Axa IM.

Likewise, since 2017 and in line with its sustainability commitment, Naturgy introduced a framework for the emission of Green Bonds targeted at financing renewable energies. Under this framework, on 15 November 2017, Naturgy issued a Green Bond for an amount of Euros 800 million, maturing in May 2025. The issue pays an annual coupon of 0.875%. At the close of December 2022, all the funds from the issue had been invested in the planned renewable projects. The Green Bond was approved by the Oekom rating agency, obtaining a B+ rating.

In the banking market, in 2022, Naturgy signed green loans totalling Euros 586 million, in addition to the Euros 5,537 million signed until 2021.

It should be noted that, with the loans signed in 2022, the sustainable financing target set for 2025 has already been exceeded, another example of the company's commitment to sustainability and the energy transition.

The following table shows the evolution of ESG indicators (environmental, social and governance) to which these sustainable financing instruments are linked.

ESG indicators of sustainable financing

	2022	2021
Direct GHG emissions: three-year average reduction (MtCO ₂ eq)	14.0	14.2
CO ₂ intensity of electricity generation: three-year average reduction (tCO ₂ /GWh)	279	287
Water consumption: three-year average reduction (hm ³)	18.0	18.4
Women in senior management positions ⁽¹⁾ (%)	26.2	21.2

⁽¹⁾ The percentage of women in executive and management positions is 33.7% (32.4% in 2021), in line with Naturgy's Sustainability Plan target of 40% by 2025.

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 2022 (million €)	% Financed with Green Bond	Emissions prevented (tCO ₂)
Photovoltaic	Spain	C.F. CARPIO DE TAJO	2019	Operation	30.06	99%	36,792
Photovoltaic	Spain	C.F. LA NAVA	2019	Operation	30.18	99%	44,715
Wind	Spain	P.E. AMPLIACION EL HIERRO	2019	Operation	38.29	96%	56,931
Wind	Spain	P.E. BALCÓN DE BALOS	2018	Operation	6.21	50%	22,496
Wind	Spain	P.E. BARASOAIN	2019	Operation	43.22	89%	44,224
Wind	Spain	P.E. DORAMÁS	2018	Operation	1.88	49%	5,260
Wind	Spain	P.E. FUERTEVENTURA II	2018	Operation	2.96	50%	6,251
Wind	Spain	P.E. LA HARÍA	2018	Operation	2.00	50%	4,821
Wind	Spain	P.E. LA VAQUERÍA	2018	Operation	1.96	50%	5,035
Wind	Spain	P.E. MERENGUE	2019	Operation	42.71	99%	61,278
Wind	Spain	P.E. MIRABEL	2020	Operation	23.80	98%	36,707
Wind	Spain	P.E. MONCIRO	2019-20	Operation	36.37	96%	59,566
Wind	Spain	P.E. MONTAÑA PERROS	2018	Operation	1.92	50%	5,316
Wind	Spain	P.E. PEÑAFORCADA - CATASOL II	2019	Operation	11.01	98%	11,851
Wind	Spain	P.E. PILETAS I	2020	Operation	10.43	50%	26,270
Wind	Spain	P.E. SAN BLAS	2019-20	Operation	34.15	98%	46,191
Wind	Spain	P.E. TESO PARDO	2019	Operation	30.52	98%	42,132
Wind	Spain	P.E. TESORILLO	2019	Operation	30.12	98%	35,586
Wind	Spain	P.E. TIRAPU	2020	Operation	16.65	90%	18,211
Wind	Spain	P.E. TRIQUIVIJATE	2018	Operation	3.46	50%	8,805
Wind	Spain	P.E. VIENTOS DEL ROQUE	2018	Operation	3.52	50%	10,502
Wind	Spain	P.E. MONTEJO DE BRICIA (AMPLIACIÓN)	2019	Operation	6.87	88%	10,246
Wind	Spain	P.E. FRÉSCANO	2019	Operation	21.74	96%	27,127
Wind	Spain	P.E. SAN AGUSTÍN	2019	Operation	27.22	95%	40,920
Wind	Spain	P.E. MONTE TOURADO - EIXE	2019	Operation	41.79	98%	54,347
Wind	Spain	P.E. PASTORIZA - RODEIRO	2019	Operation	32.75	96%	69,847
Wind	Spain	P.E. SERRA DO PUNAGO - VACARIZA	2019-20	Operation	28.70	96%	49,014
Photovoltaic	Spain	C.F. PICON I	2019	Operation	33.65	97%	42,905
Photovoltaic	Spain	C.F. PICON II	2019	Operation	31.70	97%	42,638
Photovoltaic	Spain	C.F. PICON III	2019	Operation	30.46	95%	42,757
Wind	Spain	P.E. TOROZOS A	2019	Operation	36.98	97%	53,700
Wind	Spain	P.E. TOROZOS B	2019	Operation	30.32	96%	46,225
Wind	Spain	P.E. TOROZOS C	2019	Operation	35.71	96%	53,980
Wind	Spain	P.E. MOURIÑOS	2019	Operation	10.21	98%	17,773
Wind	Spain	INFRAESTRUCTURAS COMUNES	2019	Operation	30.48	73%	0
					800.0		1,140,420
					0		

Green Bond funds as reported at 31 December 2022 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 2021.

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 1,140,420 tCO₂/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 2,235 GWh/year.

The methodology used to calculate the emissions prevented in 2022 is the United Nations' ACM0002 for Clean Development Mechanisms: "Grid-connected electricity generation from renewable sources", through calculation according to option b) of the simple-adjusted OM. This method weights the Operating Margin Emission Factor of low operating cost sources along with base load and other sources depending on the number of hours each is marginal.

Actions in environmental and social matters

In the projects, sustainability has been considered throughout its life cycle, in partnership with the competent administrations and 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 standard, 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

Description of the financed projects	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.
Assigned Green Bond financing: Amount assigned (in euros) per project and in total	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.
% Financed with Green Bonds	Percentage of project investment attributable to Green Bonds at year-end.
Number of projects	Number of projects with financing attributable to funds from Green Bonds at year-end.
Total quantities assigned relative to total funds (%)	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.
Description of the use of non-invested funds	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

Prevented greenhouse gas emissions (GHG)	CO ₂ emissions (tonnes of CO ₂ /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.
Energy capacity	Total power (MW) corresponding to the projects expected to be financed by Green Bonds.
Energy production	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.

EU Taxonomy Report (Regulation 2020/852)

Introduction

To achieve the goals set out in the European Green Deal, the European Commission has committed to mobilise at least Euros 1 trillion for sustainable investment over the next ten years. The active participation of financial markets in financing the sustainable economy is essential for the European Union’s plans towards a low-carbon economy. To this end, the European Commission is driving forward a package of measures to help improve the flow of money into sustainable activities across the EU. One of these measures is the Taxonomy Regulation, Regulation (EU) 2020/852, a classification system for sustainable economic activities that defines what is sustainable and what is not, based on objective criteria. It provides a common language for investors and businesses to channel investments into more sustainable technologies and businesses that have a significant positive impact on the climate and the environment, and to promote compliance with the EU’s climate targets, the Paris Agreement and the UN Sustainable Development Goals.

In particular, it pursues the following environmental objectives:

- **Mitigation of climate change:** An activity is considered to make a significant contribution to mitigating climate change if that activity makes a substantial contribution to stabilising greenhouse gas concentrations in the atmosphere.

- **Adaptation to climate change:** Adaptation solutions that either significantly reduce the risk of adverse impacts of the current climate or provide for adaptation solutions that help avoid the risk of adverse impacts on people, nature or other assets.
- **Sustainability and protection of water and marine resources:** Contribute to the development of good status of waters, including surface waters and groundwater, or prevent their deterioration where they are already in a good condition.
- **Transition to a circular economy:** More efficient use of natural resources, in particular sustainable bio-based materials and other raw materials, in production by increasing the durability and accountability of products.
- **Pollution prevention and control:** By reducing emissions of pollutants into the atmosphere, improving air quality, eliminating waste, etc.
- **Protect and restore biodiversity and ecosystems:** Achieve favourable conservation status of natural and semi-natural habitats and species or prevent their deterioration where their conservation status is already favourable.

So far, the European Union has published delegated acts on climate change mitigation and adaptation.

The Taxonomy establishes two types of activity:

- **Eligibility:** an activity is eligible if it is one of the 72 activities listed in the regulation itself.
- **Alignment:** subset of eligible activities that are not only listed but also meet the criteria of a significant positive contribution to the climate criteria (mitigation and adaptation) and do not cause significant negative harm to the other criteria (water protection, circular economy, pollution prevention and biodiversity).

The regulation stipulates that three economic indicators must be reported: the percentage of eligible or adapted activities in the company's total turnover, Capex and Opex.

The disclosure of the Taxonomy has been conducted in a rigorous and consistent manner to determine the company's level of contribution to the defined environmental objectives and, at the same time, to provide shareholders and investors with security in the face of greenwashing. The technical requirements for the classification of activities were set out in the Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 and Delegated Regulation (EU) 2022/1214, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and complies with the minimum social safeguards.

Scope of the report

All the companies that make up the consolidation scope of the Naturgy group have been considered in the analysis carried out to establish the eligible activities under the criteria of the European Commission for the Taxonomy. Following the amendment of the publication of Delegated Regulation (EU) 2022/1214 of 19 March to include gas and nuclear activities, the scope of activities has been extended to include the generation of electricity from gaseous fossil fuels and high-efficiency cogeneration of heat/cold and electricity from gaseous fossil fuels. However, for Naturgy's purposes, this extension has not affected the volume of aligned activities (but it does for eligibility purposes) as it does not exceed the technical criteria of substantial contribution.

Results

The proportion of eligible and ineligible activities according to the European Taxonomy is shown below. The results have shown different degrees of eligibility according to the indicator.

The turnover indicator shows 26% eligibility, the Opex indicator rises to 50% eligibility and the Capex indicator reaches 67% eligibility. The result obtained for Capex demonstrates the solvency of a sustainable business model and the creation of long-term value in favour of the planet and people.

In terms of alignment, we observe that 12 of the 14 eligible activities are 100% aligned with the EU Taxonomy after performing the analysis of the environmental criteria (make a substantial contribution, do no significant harm to the rest of the environmental objectives and comply with the minimum safeguards). The exemptions are electricity generation and high-efficiency cogeneration of heat/cold and electricity from gaseous fossil fuels, both of which do not meet the substantial contribution criteria of Delegated Act (EU) 2022/1214 due to the required level of emissions per energy unit produced and because no technological improvements able to reduce said ratio are foreseen.

▪ **Turnover**

Economic activity	Code	Absolute turnover €M	Proportion of turnover %	Substantial contribution criteria				Do no significant harm criteria						Proportion of turnover that conforms to the taxonomy %	Category *
				Climate change mitigation %	Adaptation to climate change %	Climate change mitigation Yes/No	Adaptation to climate change Yes/No	Sustainability and protection of water and marine resources Yes/No	Transition to a circular economy Yes/No	Pollution prevention and control Yes/No	Protection and restoration of biodiversity and ecosystems Yes/No	Minimum guarantees Yes/No			
A. ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY															
A.1 Environmentally sustainable activities (conforming to the taxonomy)															
Manufacture of hydrogen	C20.11	0	0	100	0	N.a	Yes	Yes		Yes	Yes	Yes	100		
Electricity generation using solar photovoltaic technology	D35.11	84	0	100	0	N.a	Yes		Yes		Yes	Yes	100		
Electricity generation from wind power	D35.11	382	1	100	0	N.a	Yes	Yes	Yes		Yes	Yes	100		
Electricity generation from hydroelectric power	D35.11	189	1	0	100	Yes	N.a	Yes			Yes	Yes	100		
Electricity distribution and transportation	D35.12	1,727	5	100	0	N.a	Yes		Yes	Yes	Yes	Yes	100	F	
Storage of electricity		0	0	100	0	N.a	Yes	Yes	Yes		Yes	Yes	100	F	
Anaerobic digestion of sewage sludge	E37	0	0	100	0	N.a	Yes	Yes		Yes	Yes	Yes	100		
Anaerobic digestion of biowaste	E38.21	0	0	100	0	N.a	Yes	Yes		Yes	Yes	Yes	100		
Landfill gas capture and utilisation	E38.21	0	0	100	0	N.a	Yes			Yes	Yes	Yes	100		
Infrastructure enabling low-carbon road transport and public transport	F42.11	0	0	100	0	N.a	Yes	Yes	Yes	Yes	Yes	Yes	100	F	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)	F42	0	0	100	0	N.a	Yes					Yes	100	F	
Installation, maintenance and repair of renewable energy technologies	F42	11	0	100	0	N.a	Yes					Yes	100	F	
Turnover from environmentally sustainable activities (conforming to the taxonomy) (A.1)		2,393	7												

A.2 Taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy)								
Electricity generation from gaseous fossil fuels	D35.11	6,415	19	0	0		0	F
High-efficiency cogeneration of heat/cold and electricity from gaseous fossil fuels	D35.11	64	0	0	0		0	F
Turnover from taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy) (A.2)		6,479	19					
Total A.1 + A.2		8,871	26					
B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY								
Turnover from ineligible activities according to the taxonomy (B)		25,094	74					
TOTAL A + B		33,965	100					

* F =
Facilitat
or

▪ **Capex**

Economic activity	Code	Absolute Capex €M	Capex ratio %	Substantial contribution criteria		Do no significant harm criteria								Proportion of Capex volume that conforms to the taxonomy %	Category *
				Climate change mitigation %	Adaptation to climate change %	Climate change mitigation Yes/No	Adaptation to climate change Yes/No	Sustainability and protection of water and marine resources Yes/No	Transition to a circular economy Yes/No	Pollution prevention and control Yes/No	Protection and restoration of biodiversity and ecosystems Yes/No	Minimum guarantees Yes/No			
A. ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY															
A.1 Environmentally sustainable activities (conforming to the taxonomy)															
Manufacture of hydrogen	C20.11	1	0	100	0	N.a.	Yes	Yes		Yes	Yes	Yes	100		
Electricity generation using solar photovoltaic technology	D35.11	422	22	100	0	N.a.	Yes		Yes		Yes	Yes	100		
Electricity generation from wind power	D35.11	253	13	100	0	N.a.	Yes	Yes	Yes		Yes	Yes	100		
Electricity generation from hydroelectric power	D35.11	11	1	0	100	Yes	N.a.	Yes			Yes	Yes	100		
Electricity distribution and transportation	D35.12	441	23	100	0	N.a.	Yes		Yes	Yes	Yes	Yes	100	F	
Storage of electricity		0	0	100	0	N.a.	Yes	Yes	Yes		Yes	Yes	100	F	
Anaerobic digestion of sewage sludge	E37	0	0	100	0	N.a.	Yes	Yes		Yes	Yes	Yes	100		
Anaerobic digestion of biowaste	E38.21	0	0	100	0	N.a.	Yes	Yes		Yes	Yes	Yes	100		
Landfill gas capture and utilisation	E38.21	0	0	100	0	N.a.	Yes			Yes	Yes	Yes	100		
Infrastructure enabling low-carbon road transport and public transport	F42.11	0	0	100	0	N.a.	Yes	Yes	Yes	Yes	Yes	Yes	100	F	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)	F42	0	0	100	0	N.a.	Yes					Yes	100	F	
Installation, maintenance and repair of renewable energy technologies	F42	0	0	100	0	N.a.	Yes					Yes	100	F	
Capex of environmentally sustainable activities (conforming to the taxonomy) (A.1)		1,128	59												

A.2 Taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy)								
Electricity generation from gaseous fossil fuels	D35.11	139	7	0	0		0	F
High-efficiency cogeneration of heat/cold and electricity from gaseous fossil fuels	D35.11	7	0	0	0		0	F
Capex of eligible activities conforming to the taxonomy but not environmentally sustainable (activities that do not comply with the taxonomy) (A.2)		146	8					
Total A.1 + A.2		1,274	67					
B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY								
Capex of ineligible activities according to the taxonomy (B)		633	33					
TOTAL A + B		1,907	100					

* F = Facilitator

▪ **Opex**

Economic activity	Code	Absolute Opex €M	Opex ratio %	Substantial contribution criteria		Do no significant harm criteria								Proportion of Opex volume that conforms to the taxonomy %	Category *
				Climate change mitigation %	Adaptation to climate change %	Climate change mitigation Yes/No	Adaptation to climate change Yes/No	Sustainability and protection of water and marine resources Yes/No	Transition to a circular economy Yes/No	Pollution prevention and control Yes/No	Protection and restoration of biodiversity and ecosystems Yes/No	Minimum guarantees Yes/No			
A. ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY															
A.1 Environmentally sustainable activities (conforming to the taxonomy)															
Manufacture of hydrogen	C20.11	0	0	100	0	N.a.	Yes	Yes		Yes	Yes	Yes	100		
Electricity generation using solar photovoltaic technology	D35.11	4	1	100	0	N.a.	Yes		Yes		Yes	Yes	100		
Electricity generation from wind power	D35.11	46	15	100	0	N.a.	Yes	Yes	Yes		Yes	Yes	100		
Electricity generation from hydroelectric power	D35.11	11	3	0	100	Yes	N.a.	Yes			Yes	Yes	100		
Electricity distribution and transportation	D35.12	58	19	100	0	N.a.	Yes		Yes	Yes	Yes	Yes	100	F	
Storage of electricity		0	0	100	0	N.a.	Yes	Yes	Yes		Yes	Yes	100	F	
Anaerobic digestion of sewage sludge	E37	0	0	100	0	N.a.	Yes	Yes		Yes	Yes	Yes	100		
Anaerobic digestion of biowaste	E38.21	0	0	100	0	N.a.	Yes	Yes		Yes	Yes	Yes	100		
Landfill gas capture and utilisation	E38.21	0	0	100	0	N.a.	Yes			Yes	Yes	Yes	100		
Infrastructure enabling low-carbon road transport and public transport	F42.11	0	0	100	0	N.a.	Yes	Yes	Yes	Yes	Yes	Yes	100	F	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)	F42	0	0	100	0	N.a.	Yes					Yes	100	F	
Installation, maintenance and repair of renewable energy technologies	F42	2	1	100	0	N.a.	Yes					Yes	100	F	
Opex of environmentally sustainable activities (conforming to the taxonomy) (A.1)		121	39												

A.2 Taxonomy-eligible but not environmentally sustainable activities (activities that do not conform to the taxonomy)								
Electricity generation from gaseous fossil fuels	D35.11	33	11	0	0		0	F
High-efficiency cogeneration of heat/cold and electricity from gaseous fossil fuels	D35.11	3	1	0	0		0	F
Opex of eligible activities conforming to the taxonomy but not environmentally sustainable (activities that do not comply with the taxonomy) (A.2)		36	12					
Total A.1 + A.2		157	50					
B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY								
Opex of ineligible activities according to the taxonomy (B)		154	50					
TOTAL A + B		311	100					

* F = Facilitator

Eligibility analysis

From the analysis carried out by a transversal work team made up of people from different units, both from business and corporate areas, it is established that according to the Delegated Regulation (EU) 2020/852, the eligible activities within Naturgy's portfolio are the following:

- Hydrogen manufacture.
- Electricity generation using solar photovoltaic technology.
- Electricity generation from wind power.
- Electricity generation from hydropower.
- Generation of electricity from gaseous fossil fuels.
- High-efficiency cogeneration of heat/cool and power from gaseous fossil fuels.
- Electricity transmission and distribution.
- Electricity storage.
- Anaerobic digestion of sewage sludge.
- Anaerobic digestion of biowaste.
- Landfill gas capture and utilisation.
- Infrastructure enabling low-carbon road transport and public transport.
- Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings).
- Installation, maintenance and repair of renewable energy technologies.

These activities are integrated into the following businesses:

- Electricity distribution Spain (UFD).
- Electricity distribution Panama.
- Renewables Spain and the United States.
- Renewables International (GPG).
- New Business and Innovation.
- Commercialisation.
- Thermal Generation Spain.

Calculation of the main indicators

Calculation of turnover %

The proportion of turnover referred to in Article 8(2)(a) of Regulation (EU) 2020/852 shall be calculated as the share of net turnover derived from products or services, including intangibles, associated with economic activities that comply with the taxonomy (numerator), divided by net turnover (denominator) as defined in Article 2(5) of Directive 2013/34/EU.

Turnover shall include revenue recognised in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), adopted by Commission Regulation (EC) No. 1126/2008.

In the case of Naturgy, the numerator includes the sum of the turnover (group 70 accounts from the General Accounting Plan) of the eleven activities mentioned above that are eligible according to the Taxonomy. The denominator corresponds to the total balance of the turnover of the Naturgy group.

The Naturgy Group believes that the spirit of the Delegated Act on the EU 2020/852 Taxonomy is to provide companies with a tool for the promotion and achievement of increased activity and sustainable investments. In this regard, as one of the benchmarks in renewable energy generation and vertically integrated energy sales, the Naturgy Group is considered a key player in the promotion and development of sustainability and environmental protection.

The Naturgy Group has estimated the indicators at consolidated group level in accordance with the provisions of Article 8 of the Taxonomy Regulation. However, to adequately reflect the spirit of the EU Taxonomy Regulation considering the vertical integration of its electricity activity, it has considered the need to adopt as a criterion in the preparation of the Turnover KPI the inclusion of sales of renewable electricity generated at its own facilities, which is not consumed by the company and is sold to third parties through marketers.

Based on the above, in the numerator of the turnover KPI of the table reported in this Statement on Non-Financial Information of the Naturgy Group, those sales of renewable electricity, generated and marketed “to end customers” through the Group’s commercialisation companies, whose production source is renewable, have been considered as eligible, as it is a vertically integrated activity.

In this regard, the Naturgy Group has introduced the necessary control measures to ensure the correct application of the accounting principles of consolidation in the estimation of the indicators, in line with the indications proposed in the guidelines for interpretation and implementation of the Frequently Asked Questions (FAQs) published by the EU Commission Delegated Regulation (02/02/22 and 19/12/22) and the ESMA (26/02/21). Specifically in the case of the turnover KPI, i) the Group has made the calculation only with sales to third parties outside the Group (considering the premise of vertical integration discussed above); ii) it has avoided double counting of revenues in its estimate, iii) and has ensured that the analysis is based on the Group’s consolidated revenue data without the inclusion of internal consumption or other additional ineligible services.

Accordingly, the total reported sales are detailed in Note 3 Segment Reporting in the Notes to the Consolidated Financial Statements 2022.

Calculation of the Capex %

The proportion of Capex referred to in Article 8(2)(b) of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator; the denominator being the additions to tangible and intangible assets during the relevant financial year before depreciation, amortisation and any new valuations, including those resulting from revaluations and impairments, for the relevant financial year, excluding changes in fair value. The denominator will also include additions to tangible and intangible assets resulting from business combinations.

For non-financial companies applying International Financial Reporting Standards (IFRS) as adopted by Regulation (EC) No. 1126/2008, Capex will cover costs that are accounted for in accordance with:

- a. IAS 16 Property, plant and equipment, paragraph 73 (e) (i) and (iii);
- b. IAS 38 Intangible Assets, paragraph 118 (e) (i);
- c. IAS 40 Investment Property, paragraph 76 (a) and (b) (for the fair value model);
- d. IAS 40 Investment Property, paragraph 79, (d), (i) and (ii), (for the cost model);
- e. IAS 41 Agriculture, paragraph 50 (b) and (e);
- f. IFRS 16 Leases, paragraph 53, (h).

For non-financial companies applying national generally accepted accounting principles (GAAP), Capex will integrate costs accounted for under applicable GAAP that correspond to costs included in capital expenditures by non-financial companies applying IFRS.

Leases that do not result in the recognition of a right to use the asset are not accounted for as Capex.

On the other hand, the numerator will be the portion of fixed asset investments included in the denominator which:

- a. is related to assets or processes that are associated with economic activities that conform to the taxonomy;
- b. is part of a plan to expand the economic activities that conform to the taxonomy or to allow economic activities eligible under the taxonomy to conform to the taxonomy (“Capex plan”) under the conditions specified in the second paragraph of this section 1.1.2.2 (on the “Capex plan”);
- c. is related to the purchase of production from economic activities that comply with the taxonomy and individual measures that enable the targeted activities to become low-carbon or lead to greenhouse gas reductions, in particular the activities listed in sections 7.3 to 7.6 of Annex I of the delegated act on climate, as well as other economic activities listed in delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, and provided that those measures are implemented and operational within eighteen months.

In the case of Naturgy, the denominator will be the total Capex of the Naturgy group, which includes investments in intangible assets, investments in property, plant and equipment, investments in rights-of-use assets and assets transferred without consideration. In relation to the numerator, it will only be the aggregation of the Capex of the activities considered as taxonomically eligible.

Calculation of Opex %

The proportion of Opex referred to in Article 8(2)(b) of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator; including the latter to direct non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the daily maintenance of property, plant and equipment by the company or a third party to whom activities are outsourced and which are necessary to ensure the continued effective operation of such assets.

Additionally, non-financial companies that apply national GAAP and do not capitalise right-of-use assets will include leasing costs in Opex.

On the other hand, the numerator will include the portion of operating expenses included in the denominator that:

- a. is related to assets or processes associated with economic activities that conform to the taxonomy, including training and other human resource adaptation needs, and direct non-capitalised costs representing research and development;
- b. is part of the Capex plan to expand the economic activities that conform to the taxonomy or to allow taxonomy-eligible economic activities to conform to the taxonomy within a predefined time frame, as set forth in the second paragraph of section 1.1.3.2 (on the “Capex plan”);
- c. is related to the purchase of production from economic activities that comply with the taxonomy and individual measures that enable the targeted activities to become low-carbon or lead to greenhouse gas reductions, as well as individual building renovation measures, as identified in delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852, and provided that those measures are implemented and operational within eighteen months.

In the case of Naturgy, the Opex indicator only considers non-capitalised direct costs related to research and development, short-term leases and maintenance and repairs. Due to limitations in the identification within the Opex concepts used in Naturgy’s internal accounting, other direct expenses related to the daily maintenance of tangible fixed assets, by the company or a third party to whom activities are subcontracted, and which are necessary to guarantee the continued and efficient operation of such assets, have been left out of the indicator. Thus, the denominator will include the expenditure of these three Opex items for the entire Naturgy group, while the numerator will be made up of the same items, but only for the activities recognised as eligible.

Alignment analysis

Naturgy has carried out the alignment analysis of Annex 1 of the environmental goal of climate change mitigation with the year-end data of 2022 for all eligible activities in its portfolio. In addition, for the activity of electricity generation from hydropower, it has carried out an analysis of the alignment of Annex 2 of the environmental goal of adaptation to climate change. This analysis consisted of applying the relevant technical criteria of EU Taxonomy and determining their alignment with each of its three requirements:

- Technical criterion of Substantial Contribution: under this criterion, 12 of the 14 activities detected as eligible were also aligned with the Taxonomy, either under the target of mitigation and/or adaptation to climate change. The activity of electricity generation from hydropower falls under the climate change adaptation goal and the other activities fall under the mitigation objective. The two activities that do not meet the Substantial Contribution technical criterion are electricity generation and high-efficiency cogeneration of heat/cold and electricity, both from gaseous fossil fuels, due to life cycle GHG emissions above 100 gCO₂eq/kWh.
- Do no significant harm criterion: after analysing the criteria required for each of the environmental objectives of the taxonomy for each activity, we can conclude that the eleven activities are aligned under this criterion. The eleven activities have a total of 36 do no significant harm criteria (across all environmental objectives) applicable to them and are assessed as aligned.

- Minimum safeguards: Naturgy relies on the company's Global Human Rights Policy, as well as on compliance with the regulatory framework of the different countries in which it operates to conclude that the minimum safeguard requirements are met.

Calculation of the main indicators

The calculation of the % of alignment varies significantly with respect to the calculation of the % of eligibility. In this case, the % is calculated individually per activity, with the denominator being the eligible amount (the numerator in the eligibility calculation), while the numerator will be the aggregate amount of the different facilities, projects, services or products of the indicator that are considered as aligned within EU taxonomy.

In the case of Naturgy, as mentioned above, 12 of the 14 eligible activities meet the three technical criteria, and are therefore 100% aligned.

Information consolidation process

The information consolidation process has been subject to analysis and control by the business units, in charge of reporting data by activities (eligibility) or by facilities, projects, services or products (alignment), by the corporate Consolidation unit, in charge of reporting the consolidated economic indicators, and by the Environment and Social Responsibility unit, in charge of coordinating and preparing the Taxonomy Report. The purpose of this is to ensure consistency in the criteria adopted for reporting the indicators, such as the treatment of intra-group transactions and the breakdown of the indicators by business segment or sub-segment.

04. Stakeholders of Naturgy

[2-25] and [2-29]

Naturgy's contribution to the SDG



Over the last decade, the regulator has become increasingly aware of the need for companies to openly incorporate stakeholder concerns into their decision-making so that they can effectively generate social good in the course of their activities. For example, both the National Securities Market Commission (CNMV) in Spain and, in 2022, the new European Union Due Diligence Regulation and EFRAG's draft European Sustainability Reporting Standards (ESRS), which emanate from the Corporate Sustainability Reporting Directive (CSRD), already establish recommendations and requirements for companies' governing bodies, and especially their boards of directors, to take into account the opinion of all stakeholders in their decision making, when determining company strategy and monitoring their performance.

As part of its sustainability management, Naturgy has been systematically incorporating the vision of stakeholders in its decision-making, by establishing two-way relationship and dissemination channels. Creating relationships of trust based on transparency and the creation of shared value is key to the development of competitive advantages for Naturgy and to contributing to the development of the communities in which it operates. Stakeholder management is therefore a source of opportunities and possible risks for the company.

For the preparation of this Sustainability Report and Statement of Non-Financial Information, Naturgy has taken into account the expectations of its stakeholders and has integrated them into its materiality analysis, as stated in chapter 11. About this report.

Stakeholder management is functionally dependent on Naturgy's Sustainability, Reputation and Institutional Relations Department, reporting directly to the company's chief executive. The functioning of these relationship and disclosure channels, and the results of the consultations and feedback received from stakeholders are regularly reported to the Sustainability Committee and the Board of Directors.

During 2022, Naturgy's directors have been informed about aspects such as employee and customer satisfaction levels, indicators of the level of attraction and commitment of employees (external rotation, spontaneous job applications), the perception of stakeholders in social and professional networks, consultations and communications received through corporate channels (especially the Code of Ethics), the results of the dialogue processes with shareholders and investors, or the results of the relationship processes with local stakeholders at project level, as well as the other indicators included in this chapter. This means that the Board of Directors has been able to ensure that the opinion of stakeholders is adequately reflected in Naturgy's commitments, strategies and management systems.

In general, stakeholder management is set out in the Corporate Responsibility Policy, which includes the company's commitments to its different audiences in the search for mutual benefit and assumes the obligation to establish channels of dialogue. At local level, this commitment is complemented by other specific management systems. In particular, Naturgy's relationship with local communities is also addressed in the company's Human Rights Policy, which includes a commitment to improving living conditions.

The company has a Social Relationship Model (SRM) that seeks to integrate social management as another discipline in the entire life cycle of generation projects, and which is described in further detail in the "Relationship with communities" section of this report.

Naturgy regularly reviews the identification and prioritisation of groups at corporate level. As a result of this exercise, Naturgy has currently identified the following stakeholders, for whom it has developed relationship and dissemination channels adapted to their characteristics and needs:

- Shareholders and investors.

- Suppliers.
- Business partners.
- Employees.
- Analysts.
- Market agents.
- Society.
- Public administration.
- Regulatory bodies.
- Financing groups.
- Customers.
- Insurance and reinsurance agencies.

Highlights of the year

- Francisco Reynés, Executive Chairman of Naturgy, joins the Alliance of CEO Climate Leaders of the World Economic Forum. The alliance brings together more than a hundred executives from multinationals in various sectors, united by their commitment to the energy transition and the decarbonisation of the economy.
- Participation in the 27th Conference of the Parties on Climate Change (COP27) held in Sharm El Sheikh (Egypt).
- Naturgy continues to be the reputational leader in its sector, with a value of 57.3 points (out of a scale of 100), according to the RepTrak Pulse index.
- Ecovadis, a global provider of corporate sustainability ratings, awarded Naturgy the platinum medal (its highest distinction) for its performance in environmental, social and governance issues.

1. Adapted communication channels

Dialogue with shareholders and investors

Naturgy has several of its own communication channels to offer the best service to all its stakeholders. Shareholders have at their disposal the corporate website with all the specialised financial information they need and also the shareholder office, which is the meeting and service point for non-controlling interests.

For its part, Naturgy continues to make available to analysts and investors the economic, financial and sustainability information that allows them to monitor the group's business project. Along this line, during 2022 representatives of the company's management team and the Rating and Capital Market Department held 140 meetings with analysts and institutional investors. It should be noted that the necessary caution in communicating with the markets following the launch of the Gemini project, announced in February 2022, has led to a slight reduction in the number of interactions with analysts and investors compared to the previous year.

• Communication channel indicators

	2022	2021
Meetings with shareholders and analysts	140	152

The number of contacts with investors during 2022 was unusually low compared to previous years, mainly due to the fact that work on the Gemini project was carried out internally for a large part of the year, which made it advisable to keep a low profile in the markets given the limited information that could be passed on to analysts and investors during the process.

It should be noted that, since 2012, Naturgy has been holding meetings with investors focused on assessing the group's ESG policies. Throughout 2022, Naturgy has continued with this activity, participating in meetings and engagement processes with several investors, including Santander, BNP Paribas, Amundi and Axa IM.

Dialogue with customers and related groups

	Frequency
Consultation actions	
Development of focus groups with customers to collect opinions and opportunities for improvement	Ongoing
Consumer surveys and monitoring of Internet users to find out the degree of digitalisation of the company and companies in the sector	Ongoing
Surveys on the customers' opinion in general and following contact	Ongoing
Surveys of reasons for abandonment (of energy and services)	Ongoing
Concept, price and product testing between customers in different markets	Occasional
Co-creation with specialists and consumers	Occasional
Active participation in forums related to energy vulnerability	Ongoing
Meetings with installer associations	Periodic
Proactive digital communications to customers and installers about progress in gas registration status. Both parties have visibility on milestones reached and next steps and become active subjects that contribute to shortening time frames	Occasional
Informative actions	
Regular meetings with public administrations (social services, energy poverty committees, etc.) and working groups with the administration	Ongoing
Regular meetings with officials and consumer protection agencies	Ongoing
Webinars with installers and associations to publicise the new services and features available on the website	Occasional
Sending of informative contents about the new functionalities and services offered on the website, as well as advice and news of interest	Periodic
Sending communications about the registration and contracting processes to improve the new customer's joining experience	Occasional
Sending informative content about agreements with third party companies that offer advantages and benefits to customers	Occasional
Development of focus groups - dynamics with Contact Centre agents/coordinators and back offices to gather feedback on main reasons for customer contact, management and process/operational pain points, and opportunities for improvement	Ongoing
Dynamics of listening to internal customer contacts (Voice, Mail, digital) to identify opportunities for improvement in processes, operations, training, etc.	Ongoing

Dialogue with employees

	Frequency
Consultation actions	
Meetings with the management team	Periodic
Virtual meetings between teams	Ongoing
Measuring NPS employee promoters and eNPS	Quarterly
Work environment survey	Monthly
Employee Satisfaction Survey (Happiness Index)	Daily
Incident and occupational accident reporting	Periodic
Informative actions	
Information in corporate communication channels	Ongoing
Direct informative e-mail to each employee	Periodic
Specific space on the Strategic Plan 21-25	Periodic

Dialogue with suppliers

	Frequency
Consultation actions	
Channel for complaints and queries on the Supplier Code of Ethics	Ongoing
Audits of ESG and audits on the approval of activities	Periodic
Development of action plans derived from performance assessments	Periodic
Relationship with strategic suppliers in order to strengthen partnerships	Ongoing
Survey on Naturgy's image and reputation (Brazil)	Occasional
Informative actions	
Supplier portal and supplier channel	Ongoing
Specific communication on new requirements for carbon footprint measurement at suppliers	Occasional
Communication and webinar for suppliers invited to participate in CDP Supply Chain	Occasional
Supplier development through Extended Academy training delivery	Ongoing
Communication on Business Courtesies Policy (Brazil)	Ongoing

Dialogue with society

	Frequency
Informative actions	
Energy Perspectives: a series of conversations that brings together figures recognised internationally for their experience, vision and knowledge of the energy sector and entrepreneurs, regulators, managers and academics	Periodic
Foundation publications on various subjects	Ongoing
Participation in forums and round tables related to the energy sector in general and ESG issues in particular	Ongoing
Participation as a leading company in the Social Impact Cluster spearheaded by Forética, a forum aimed at integrating social impact into corporate sustainability strategies	Ongoing

Environmental communication and awareness: dialogue with stakeholders

The principles of action of Naturgy's Global Environmental Policy include transparency, awareness, dissemination of knowledge on energy and the environment and constructive dialogue with stakeholders.

The activities developed in 2022 included the following:

- Participation in collaborative initiatives to improve the environment, including:
 - Sustainable Development and Environment Commission of the Confederation of Employers and Industries of Spain (CEOE).
 - Communication and Sustainability Commission of the Spanish Chamber of Commerce.
 - Circular Economy Commission of the Spanish Chamber of Commerce.
 - Forética's Business Council for Sustainable Development.
 - Forética's Climate Change, Circular Economy, and Biodiversity clusters.
 - Working Group on Natural Capital and Energy, together with other companies in the sector (Cepsa, EDP Spain, Enagás, Endesa, Red Eléctrica Group, Iberdrola and Repsol) to implement a standardised framework for assessing the natural capital impact of the Spanish energy sector.
- Inclusion in pacts and initiatives for the environment:
 - Biodiversity pact and participation in the Spanish Business and Biodiversity Initiative.
 - Pact for a Circular Economy of the Ministry for the Ecological Transition and the Demographic Challenge of Spain.
- Participation in congresses, round tables and media publications disseminating experiences and knowledge in the fields of climate change, energy transition, just transition, the circular economy and biodiversity. It is worth highlighting the participation in COP27, in the Net Zero Spanish Business Forum and the sponsorship of the National Environmental Congress (CONAMA) held in Spain in 2022.
- Organisation of webinars for internal and external dissemination on environmental and sustainability issues.
- Customers can access information to encourage energy saving and efficiency measures on the website.

As a cross-cutting measure, a specific working group, in which all businesses and countries participate, coordinates activities related to biodiversity and natural capital to promote the dissemination of good practices. Likewise, company employees and their families are invited to participate in environmental volunteer programmes that encourage the development of individual attitudes and behaviour of respect and protection of the natural environment.

The Naturgy Foundation has also carried out numerous initiatives to disseminate, train, inform and raise awareness in society on energy and environmental issues. For example, we collaborate with public administrations, universities, conservation associations, other companies in the sector and various entities in protection initiatives, as well as in the creation and dissemination of technical knowledge to improve the protection of biodiversity and the development of natural capital.

It should be noted that, to ensure effective communication with external stakeholders, a number of formal grievance mechanisms are in place within the company. There is great value in receiving environmental complaints in an orderly way, as it provides an opportunity to improve environmental management. During 2022, 1,153 environmental complaints or claims were registered, 988 of which were resolved during the year with no relevant actions required, the rest being in the process of resolution.

2. Presence in trade associations

[2-28]

Naturgy carries out permanent work with its stakeholders and its participation in associative entities is essential in contributing to social dialogue and the construction of better public policies sought by the company. The entities in which Naturgy participates include the Spanish Association of the United Nations Global Compact, Forética, and the Foundation for Environmental Sustainability (FUNSEAM).

Since 2019, Naturgy has had an Institutional Relations policy which, among other matters, regulates these initiatives. At the end of 2022 Naturgy was involved in more than 150 major partnerships with an investment of 2,575,829 Euros per year.

Given Naturgy's involvement and its strict commitment to sustainability and the fight against climate change, in 2020 it was decided to review and analyse the position in these areas of the main entities in which the company participates. The analysis made it possible to identify a group of entities with relevant actions in these matters¹ and another group with an uneven degree of formalisation of these commitments. We also ruled out that none of these associations is not aligned with the commitment that Naturgy has in the fight against climate change, in the many ways it can manifest itself.

This analysis was systematised following the update of Naturgy's Institutional Relations Policy, which has incorporated verification requirements regarding positioning in the fight against climate change as a prior step to joining new associative entities. This requirement responds to one of the climate action principles reflected in the latest revision of the Environment Policy, whereby participation in entities or alliances with third parties is conditional upon their alignment with the climate policies emanating from the Paris Agreement.

Lastly, it is worth mentioning that during the last year there have been no political contributions in coherence with the provisions of action principle 9 of the group's Code of Ethics.

¹ Some of the entities, with current membership, identified are: Asociación Empresarial Eólica, Asociación Empresarial para el Desarrollo del Vehículo Eléctrico (AEDIVE), Asociación Española de Gas Natural para la Movilidad (GASNAM), Spanish Chamber of Commerce, Círculo de Economía, Círculo de empresarios, Club Español de la Energía, Confederation of Employers and Industries of Spain (CEOE), Eurogas, European Biogas Association (EBA), Forética, Foment del Treball, Confederación de empresarios de Galicia (CEG), Fundación COTEC para la Innovación, Fundación de la Energía de la Comunidad de Madrid (FENERCOM), Fundación Empresa y Clima, FUNSEAM, Global Compact, Global Reporting Initiative, Groupe International des Importateurs du Gas Natural Liquefié (GIGNL), International Gas Union (IGU), Plataforma Tecnológica Española de Redes Eléctricas (FUTUREDD), Associação Brasileira das Empresas Distribuidoras de Gás (Abegás), Asociación de Gas Natural (AGN Chile), Cámara Española de Comercio de la República Argentina (CECRA), Asociación Mexicana de Energía Eólica, Real Instituto Elcano, Sedigas, Unión Española Fotovoltaica (UNEF) and World Economic Forum, where it has joined the CEO Climate Leaders alliance.

3. Reputation and perception

Reputation is an indicator that Naturgy has incorporated into its process of measuring society's perception of the company's activity in general. The indicator comprises four concepts which are: esteem, admiration, good impression and trust (Reprtrak Pulse Model).

In this regard, in 2022 Naturgy continues to be the reputational leader in its sector, with a value of 57.3 points (on a scale of 100). This result places it above the other energy companies in Spain, confirming the company's good performance in the current context. The aspects in which Naturgy continuously stands apart from its competitors are product and conduct, which are the two axes that contribute most to the reputation of the companies in the sector.

Likewise, the Naturgy brand has achieved in 2022, according to studies conducted by GFK, its best results in terms of both suggested awareness (85%) and spontaneous awareness (48%). Consolidating its position as the third brand in the minds of consumers in the energy sector in all indicators, improving especially in the attributes of "renewable energy and care for the environment" and "contribution to society and offering solutions to combat energy poverty".

As regards brand value, in the latest study of the most valuable Spanish brands carried out by BrandZ, Naturgy holds 7th position, with a brand value of US dollars 4,680 million, being the only one in its sector to grow with respect to the previous year, specifically by 11%.

4. Indices and acknowledgements

Presence in sustainability indices

Various analysts and rating agencies regularly assess Naturgy's performance in environmental, social and good governance matters. In the sustainability assessment conducted by S&P Global in 2022, the company received a rating of 87 points out of 100. Although this score is an improvement on the score obtained in 2021 and represents the company's best score in the last 5 years, it has not allowed Naturgy to join the Dow Jones Sustainability Index. Despite this, Naturgy considers this circumstance as an opportunity to identify potential areas for improvement on which it is already working to regain the leadership position it has traditionally held in the index.

Nevertheless, the company continues to rank highly in other sustainability indices, analyst assessments and rating agencies:

- FTSE4GOOD Index, a member since its inception in 2001.
- The MSCI rating agency gives it the highest rating (AAA).
- Sustainalytics, in which it maintains a low risk profile compared to the 712 utilities evaluated.
- ISS ESG, in which it remains in the top 10% of companies in the sector.
- Moody's ESG solution gives a score of 60 out of a maximum of 100, which places Naturgy in an advanced performance category.
- Euronext Vigeo, Naturgy continues to be part of this index in its variants, Europe 120 and Euro 120, based on the assessment carried out by Moody's ESG solution.
- Ecovadis, a global provider of corporate sustainability ratings, awarded Naturgy the platinum medal for its performance in environmental, social and governance issues.
- CDP, Naturgy has been recognised once again as a world leading company for its action against climate change.

The presence of Naturgy on these sustainability indices, as well as the analysts' and rating agencies positive assessment endorses 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.



Acknowledgements

In 2022, Naturgy's work and team were recognised with various awards and accolades:

- Francisco Reynés was recognised as Leader of the Year by the digital media Merca2.
- El Periódico de la Energía has given Naturgy the business award for the Best Environmental Integration Initiative of the sector for the environmental mining recovery project of the Meirama Lake.
- The Naturgy Foundation was recognised in the 'Solidarity Company' category at the XXI Codespa 2021 Awards, for its social programmes to combat energy vulnerability.
- Naturgy won first prize in the brand category for its case for change and brand building at the 14th edition of the awards organised by the Spanish National Marketing Association.
- Naturgy won second prize in the advertising category at the 33rd edition of the La Vanguardia Advertising and Creativity Awards for its branded content campaign Neighbours of the world (Vecinos del mundo).
- Gas and electricity distributors in Spain received awards at the 10th edition of the enerTIC Awards, which recognised UFD's 'Automation of Procedures and Licences' project, in the R&D&I for Sustainability category, and Nedgia's 'Dynamic Maintenance' project, in the Zero Emission category.
- The Vocational Training Programme for Employability in the field of energy of the Naturgy Foundation received recognition from Forética as one of the 28 business initiatives that demonstrate the leadership of companies in the field of green employment and just transition.

In addition, the Commitment and Talent chapter details the recognitions and awards that Naturgy holds in relation to people management.

05. Integrity and trust

Naturgy's contribution to the SDG



One of Naturgy's guiding principles is to be a company where integrity and trust are the foundations on which the business model is based. The company also aspires to be responsible, transparent and committed to all its stakeholders (employees, suppliers, customers and the people in its working environment, among others).

In order to adequately manage risk, Naturgy has a set of rules, the cornerstone of which is the **Code of Ethics**, which is developed and supplemented by a set of policies that govern the conduct and management of the company by its directors, employees and suppliers. In addition to internal regulations, Naturgy has a number of safeguards in place, such as internal audits and a reporting channel.

The **corporate governance** of Naturgy is governed, in addition to integrity and trust, by the principles of efficiency and transparency in each of its actions, as established by the main recommendations and existing national and international standards. A well-developed human rights protection policy, the exercise of proper taxation, and the anti-fraud plans in place in the company are some examples of the measures developed to ensure these principles.

The Board of Directors is responsible for ensuring the good governance of the company. The Board, through its various committees, is responsible, inter alia, for overseeing the company's risk analysis, including environmental, social and ethical issues. In this regard, Naturgy's **Risk Management Model** seeks to ensure predictability of the company's performance in all relevant aspects for its stakeholders.

Among the existing risks, digitalisation takes on greater importance due to the increase of threats and risks related to information systems. This is why cybersecurity is becoming more important and Naturgy has a governance system in this area for the entire organisation.

Moreover, with digitalisation, ensuring privacy and data protection is also an important issue. Naturgy complies with the provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, as well as with all regulations related to this matter in Spanish legislation.

Naturgy, aware that the risk in relation to the integrity of the company goes far beyond its operations, has a policy for managing its supply chain, as inadequate performance by its suppliers and contractors in terms of the environment, health and safety, human rights, labour practices or corruption could damage the integrity of the company. Naturgy has systems in place to analyse and select suppliers, ensuring that the supply chain adheres to the principles set forth in the company's Code of Ethics through the **Supplier Code of Ethics**, in order to minimise these risks and ensure effective management.

1. Integrity and trust in 2022 at Naturgy

Evolution and results

▪ Integrity and transparency

[2-16] and [2-26]

	2022	2021
Communications received by the Ethics and Compliance Committee	61	96
No. of notifications received per 200 employees	1.2	1.7
Average time for resolving notifications (days)	78	74
Audit projects analysed on the basis of the risk of fraud	89	97
Notifications received in the area of human rights	0	0
Number of persons trained on the Human Rights Policy. Accumulated data ⁽¹⁾	7,205	6,948

⁽¹⁾ Accumulated data. 257 persons trained on the Human Rights Policy in 2022.

The increase in the average resolution time is due to a greater complexity in the investigation of the complaints received, although in any case, the resolution times are within the limits established by the Code of Ethics channel's operating regulations, which generally set them at 90 days.

▪ Code of Ethics notifications

	2022	2021
Queries	18	35
Complaints	43	61
Total	61	96

▪ Code of Ethics chapter to which complaints refer

	2022	2021
Respect for the individual	16	16
Corruption and bribery	12	21
Loyalty to the company and conflict of interest	1	8
Occupational health and safety	4	5
Environment and asset protection	1	2
Other	9	9
Total	43	61

NB: further information can be found in the Reporting channel section of this chapter.

▪ **Responsible supply chain management**

[204-1] and [414-2]

	2022	2021
Total number of suppliers ^{(1) (2)}	5,951	5,995
Total purchase volume awarded ^{(2) (3)} (million euro)	2,643	2,470
Assessment of ESG suppliers ⁽⁴⁾ (number)	6,065	6,101
Number of critical suppliers ⁽⁵⁾	1,241	1,247
Official-approval suspended suppliers (number)	1	0

(1) These data include information from Argentina, Australia, Brazil, Colombia, Costa Rica, Chile, the Dominican Republic, Morocco, Mexico, Panama, Spain and USA. The other supply chain indicators in the report do not include information from Australia, the United States and the Dominican Republic, as detailed information is not available. The information for Morocco relates to residual operations carried out before the cessation of activity in Morocco.

(2) There has been an increase in the volume of purchases awarded in Renewables and New Businesses and innovation, in line with the company's Strategic Plan 2021-2025.

(3) Environmental, Social and Governance (ESG). The ESG assessment of suppliers is carried out in the main subsidiaries of the group where the Achilles tool is implemented, and through which the business classification of suppliers is carried out. The number of ESG suppliers assessed includes both the awarded suppliers and the potential suppliers that have qualified to participate in a Naturgy bidding process.

	Target 2022	2022	2021
Purchase volume assigned to local suppliers ⁽¹⁾	> 85%	80.41 %	92.22 %
Coverage level of ESG audits over purchase volume with high ESG risk	> 75%	82.65 %	72.21 %
Percentage of purchase volume with acceptance of the Code of Ethics	> 95%	95.42 %	94.22 %

⁽¹⁾ Local supplier: supplier located in the same geographical area where the purchases are made.

The increase in procurement for the development of renewable projects and the global nature of the suppliers of products for these technologies has a direct impact on the volume of procurement from local suppliers, which is decreasing compared to 2021.

Highlights of the year

– **Compliance:**

- Implementation of a new company-wide Code of Ethics Channel tool that complies with the standards of the Whistleblowing Directive Bill.
- Approval by the Management Committee of the Corporate Services Policy, which reinforces existing control mechanisms on corruption and conflicts of interest.
- In 2022 Naturgy has taken a significant step forward in its due diligence procedures and third party risk analysis after the successful implementation of a new tool that integrates ESG issues, resulting from the joint work of the procurement, environment and social responsibility, and compliance areas.
- During 2022, there is no record of any human rights violations received through the Code of Ethics Channel or otherwise, so no remedial action was required in this area.

– **Corporate governance:**

- Review of the Director Selection Policy and other governance rules to adapt them to the latest developments in the Corporate Enterprises Act.
- Approval of a new Directors' Remuneration Policy aligned with Naturgy's Strategic Plan and aimed at promoting long-term profitability and sustainability.

– **Security and privacy:**

- Naturgy received 73 requests for information from the Spanish Data Protection Agency, all of which were duly dealt with and, at the date of writing this report, none of them had resulted in a sanction.
- Conducting cybersecurity incident response simulation exercises in each of the businesses and countries of operation on an annual basis.
- Zero infrastructure incidents.

– **Integrated and responsible management:**

- In 2022 AENOR audited the integrated quality, environment, health and safety management system (IMS), certified according to the requirements of the ISO 9001, ISO 14001 and ISO 45001 standards.

– **Supply chain:**

- Application of a new criterion in procurement processes, including a progressive assessment of the carbon footprint measurement of suppliers in bidding processes. In addition, and to contribute to the training of suppliers in ESG aspects, Naturgy is part, as a driving company, of the “Training Programme: Sustainable suppliers” in partnership with the Spanish UN Global Compact Network, focused on training SMEs suppliers of large companies in specific areas of the Ten Principles of the Global Compact and the Sustainable Development Goals (SDGs).

2. Compliance

[2-23] and [2-24]

Integrity and trust compliance is one of the challenges that Naturgy faces in a coordinated manner. The company is convinced that the entire organisation must have a uniform approach to action, framed within the company's [Code of Ethics](#) and under a compliance management model.

The body of regulations is based on the Code of Ethics, which is complemented by the [Supplier Code of Ethics](#), the Crime Prevention Model, the [Compliance Policy](#), the [Anti-Corruption Policy](#), the [Human Rights Policy](#) and other control standards and models that ensure the efficiency of operations in each of the company's areas.

Internal audit is the independent and objective assessment activity that ensures and safeguards the overall control system of the company and the external and internal regulations.

Part of being a company of integrity is observing and strictly complying with tax obligations. For this reason, Naturgy has a tax strategy and a [Tax Risks Control and Management Policy](#), that governs the basic principles for Naturgy's tax function and the main lines of action to mitigate and adequately control tax risks.

On the other hand, a commitment to integrity means not only understanding and managing one's own risks, but also taking into account the potential risks that the company's activities may have on people and the environment, and including them in decision-making. Against this backdrop, Naturgy's Human Rights Policy is of particular importance. The policy's ten commitments take into account the stakeholders who may be affected by the company's activities, particularly those who are most at risk.

The following sections detail each of the elements that Naturgy considers essential to meet the expectations of a responsible company.

1. Compliance management model

[2-23], [2-25] and [2-26]

As mentioned above, the compliance management model encompasses all the company's actions to ensure compliance with the precepts of integrity and trust. To this end, Naturgy has a model based on a series of commitments set out in its policies, supervisory bodies and safeguard mechanisms.

During 2022, a number of improvements were made to the compliance management system:

- In July, a new company-wide Code of Ethics Channel tool was introduced, which is more agile, traceable, with more secure and certified software in Europe and compliant with all the standards of the Whistleblowing Directive Bill. In this way, Naturgy is ahead of regulatory requirements and gets a head start on this issue.
- As an essential part of the due diligence processes and to improve the risk analysis of the counterparties with which the company has dealings, a new analysis tool has been successfully implemented which visually and globally covers all the risks associated with counterparties and which must be taken into account in any analysis (sanctions, adverse media, geopolitical risk, politically exposed persons, SOEs, ESG aspects, etc.).
- The implementation of this risk monitoring and analysis tool is part of a joint project with the purchasing, environment and social responsibility and compliance areas that aims to standardise the risk assessment of both suppliers and counterparties under the Counterparty Due Diligence Procedure. It represents a significant improvement in the ESG area by incorporating specific environmental, social and governance risk analyses into third party analyses that will determine the suitability of contracting with such third parties.
- On 24 November, the company's Management Committee approved a new Business Courtesies Policy that replaces the previous one to adapt it to the new business and social circumstances and which reaffirms Naturgy's commitment to the prevention, detection and eradication of irregularities related to breaches of the Code of Ethics, the Anti-Corruption Policy and the established internal rules. This policy reinforces existing control mechanisms on corruption and conflicts of interest.

Code of Ethics and related policies

[2-23]

The Code of Ethics of Naturgy, 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 code sets out the undertakings entered into by Naturgy in the fields of good governance, corporate responsibility and questions of ethics and regulatory compliance.

Since 2005, when it was adopted, the Code of Ethics has been regularly renewed to adapt it to the new situations that affect the company. It was last updated in 2021.

In addition, the company has developed a set of rules with various guidelines that reinforce and extend the principles formulated in the Code of Ethics.

The main compliance policies approved by the company are as follows:

	What it is	Targets
Compliance Policy	It establishes the roles and responsibilities for the compliance management system. Effective from 2019.	<ul style="list-style-type: none"> – Promote a culture of compliance and zero tolerance of non-compliance. – Ensure, through prevention, detection, monitoring, training and response activities, the organisation's compliance with external and internal regulations. – Avoid possible sanctions, financial losses and reputational damage.
Anti-Corruption Policy	It establishes the principles for all employees and managers of Naturgy companies. This complies with national and international legislation in this matter.	Guide the conduct of employees and managers in the face of any corrupt practices within the company, through: <ul style="list-style-type: none"> – Prevention. – Detection. – Research. – Remedy.
Business Courtesies Policy	It establishes the conditions under which Naturgy's directors and employees may accept or offer business courtesies to business counterparties in the performance of their professional duties.	<ul style="list-style-type: none"> – Avoid improperly influencing their commercial, professional or administrative relations with both public and private entities. – It must comply with the principles set out in the Code of Ethics, the Compliance Policy and the Anti-Corruption Policy.
Conflict of Interest Policy	Its purpose is to implement the provisions of chapter 4.10. "Loyalty to the company and conflict of interest" in the Naturgy Code of Ethics, which establishes that Employees must act with loyalty and in the best interests of Naturgy.	<ul style="list-style-type: none"> – Establish the guidelines for action to be followed by Employees in the event of a conflict of interest situation, based on the principles of loyalty, abstention and transparency for the resolution of these situations. – It must comply with the principles set out in the Code of Ethics, the Supplier Code of Ethics, the Compliance Policy, the Anti-Corruption Policy and the Internal Code of Conduct on Matters Relating to Securities Markets and Treasury Stock Policy (ICC).
Counterparty Due Diligence Procedure	Its purpose is to ensure that all areas of the Naturgy group carry out analyses, corruption and reputational risk assessments and their monitoring in an efficient and uniform manner, when third parties are involved in the business relations of the companies that make up the Naturgy group.	<ul style="list-style-type: none"> – Comply with the principles set out in the Code of Ethics, the Crime Prevention Model, the Compliance Policy and the Anti-Corruption Policy.
Supplier Code of Ethics	Its purpose is to establish guidelines for the ethical behaviour of its suppliers, contractors and external collaborators.	<ul style="list-style-type: none"> – Comply with the principles set out in the Code of Ethics, the Crime Prevention Model, the Compliance Policy and the Anti-Corruption Policy. – It includes the commitments derived from the United Nations Global Compact. – It determines the guidelines for conduct in the social and labour, ethical and good governance, health and safety, environmental and quality areas.

The main policies in the area of compliance are accessible to all our stakeholders through our corporate website. In addition, the Counterparty Due Diligence Procedure is hosted in Naturgy's internal regulatory navigator tool and on the company's intranet, being accessible to all employees, thus facilitating their knowledge and application of the due diligence processes.

Supervisory bodies

The Ethics and Compliance Committee works to disseminate the Code of Ethics and it also functions as advisor in the event of any doubt or conflict concerning the same. The Ethics Committee is supported by the Compliance Unit by monitoring compliance with external regulations and the policies and procedures implemented in the group to mitigate the main risks in this area. These include legal, corruption and fraud.

Also, the Compliance Unit takes charge of the dissemination of the Code of Ethics of Naturgy by overseeing compliance with its provisions and the Anti-Corruption Policy. This unit reports regularly to the Ethics and Compliance Committee and the Audit and Control Committee (a delegated committee of the Board of Directors) on the activity carried out in the exercise of its functions. It also provides regular reports, covering the most relevant matters related to the dissemination of and compliance with the Code of Ethics and the Anti-Corruption Policy, and monitors their main indicators.

During 2022, the Ethics and Compliance Committee has held four working meetings, among which, in addition to analysing the monitoring of the main indicators in the area of compliance, special attention was paid to the monitoring of complaints received through the Code of Ethics Channel and the proposal of appropriate measures to close them, and also to the analysis of the counterparties that, due to the singularities presented, have been submitted for analysis by the Compliance Unit.

Safeguard mechanisms

[2-16]

In addition to the Code of Ethics and specific oversight bodies, the compliance management model is complemented by other safeguards to help minimise the potential risks from possible breaches. These mechanisms are:

- Crime Prevention Model.
- Channels for reporting possible non-compliances.
- Counterparty Due Diligence Procedure.
- Dissemination and training actions.

Crime Prevention Model

The company has an international Crime Prevention Model which is updated annually. Thus, in 2022, the model has continued to be adapted to the new organisational structure operated within Naturgy.

From an organisational standpoint, the Board of Directors assigned the functions of autonomous body, described in Organic Law 1/2015, to the Ethics and Compliance Committee, which is responsible for taking significant decisions in relation to the regular monitoring and supervision of the operation of and compliance with the Crime Prevention Model.

The Compliance Unit is in charge of managing the Crime Prevention Model and, in collaboration with the different units affected, assesses the risks in the models it develops.

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.

Each year, this model is assessed by an independent third party. During 2022, the AENOR UNE 19601 certifications relating to Criminal Compliance and ISO 37001 relating to Anti-bribery were renewed. With regard to the evaluation of the system by an independent third party expert, it will be carried out in the first months of 2023 in order to be able to fully measure the design and effectiveness of the Crime Prevention Model during the year.

Worldwide, Naturgy is also deploying crime prevention models gradually in countries with laws governing the civil liability of legal persons.

While the Crime Prevention Model identifies all criminal risks applicable to Naturgy in accordance with article 31 bis of the Criminal Code, the fight against fraud, corruption and the criminal risks related to money laundering are the most important ones, on which more information is provided below.

Anti-fraud and anti-corruption plans

[2-16]

Naturgy's mechanisms to ensure the proper implementation of the Anti-Corruption Policy and to prevent, detect, investigate and sanction cases of corruption:

- Monitoring of the operation and assessment of the effectiveness of the organisation, control and compliance models implemented in the different corporate and business areas of Naturgy, especially the Crime Prevention Model.
- Employees, as well as Naturgy's stakeholders, have at their disposal channels so that they can bring to the attention of the Ethics and Compliance Committee any non-compliance or irregular or suspicious behaviour in this area. Communications can be made on the Naturgy Code of Ethics website (<https://naturgy.integrityline.com/frontpage>). Through this channel, whose link is also accessible through Naturgy's corporate website, the Compliance Unit, together with the internal audit, resources or other areas of the company whose intervention is required, carries out the relevant investigations arising from reports of corruption and bribery. If the reported behaviour is confirmed, and in application of the Channel Operating Regulations of the Code of Ethics, the imposition of sanctions and the adoption of the corrective measures deemed appropriate are foreseen.
- Regular declaration by all employees, in which they must formally state that they know and comply with the principles established in the Code of Ethics, the Compliance Policy and the Anti-Corruption Policy was launched in 2022. Likewise, for those employees considered particularly exposed either because of their area of dedication or because of the position they hold in the company, the declaration is annual.
- Business courtesies policy, the purpose of which is to regulate the conditions under which Naturgy's directors, managers and employees may accept/offer business hospitality from/to third parties within the framework of the performance of their professional duties, which are legitimate, reasonable, proportional and appropriate to the level of the offeror and the recipient, so as to ensure effective compliance with the principles of objectivity, impartiality and transparency established in the Code of Ethics and in Naturgy's Anti-Corruption Policy. The Policy is established as a basic framework for anti-bribery compliance in accordance with the international standard UNE-ISO 37001, on anti-bribery management systems.
- Conflict of interest policy that seeks to establish mechanisms to identify situations of conflict of interest in order to minimise it so that it does not become a risk of fraud and corruption.

During 2022, in Spain, there were no confirmed cases of corruption received through the Code of Ethics Channel or otherwise, so no remediation measures had to be taken in this area.

Prevention of money laundering

[2-25]

Naturgy has the mechanisms, procedures and policies that seek to prevent and, where appropriate, detect and react to those possible breaches in the area of prevention of money laundering that are detected in the performance of its activity.

Prevention	Detection	Reaction and response
Code of Ethics. Anti-Corruption Policy. Counterparty Due Diligence Procedure. General standard for hiring external advisors. Procedure for granting signature levels. Internal Control Procedure for processing payments and cash movements PE.00004. GN-EF. Compliance Policy Committee on Expenditure and Investment (TOTEX)	Review and auditing of the Crime Prevention Model by an independent third party. Reviews of the Internal Audit Area. Internal control system on financial reporting. Reporting channel.	Code of Ethics Channel operating regulations. Disciplinary regime. Collaboration with competent authorities in each country when faced with suspicious situations.

Reporting channel

It is a mechanism that arises for Naturgy employees to acquire a high level of commitment to compliance with its Code of Ethics and Anti-Corruption Policy. Its breach is analysed according to internal disciplinary procedures, legal regulations and existing agreements.

In 2022, as mentioned above, a new Code of Ethics Channel tool has been implemented, which is more agile, traceable, with more secure and certified software in Europe and which complies with all the standards of the Whistleblowing Directive Bill. The new Channel is available through Naturgy's external website and the company's intranet (<https://naturgy.integrityline.com>).

Following the entry into force of the new Organic Law on Data Protection and Guarantee of Digital Rights, and in accordance with the provisions thereof, the Naturgy reporting channel allows for anonymous consultations and whistleblowing. In 2022:

- 37.2% (26% in 2021) of the notifications were related to the principle of respect for people, and they were all solved appropriately.
- No complaints were received concerning labour or child exploitation issues or in relation to the rights of local communities and human rights.
- Seven disciplinary situations (two misdemeanours and five serious offences) from complaints made to the Code of Ethics Committee, or from situations covered in the Code of Ethics or the Anti-Corruption Policy have been handled. These disciplinary situations have been resolved through temporary suspensions of employment and pay and reprimands. It was not necessary to repair damages relating to impacts caused by human rights cases.

Counterparty Due Diligence Procedure

Naturgy has a Counterparty Due Diligence Procedure to know and analyse the counterparties with whom the company operates and thus evaluate the associated corruption and reputation risks.

Through application of this Procedure, Naturgy ensures that all areas of the group carry out analyses, corruption and reputational risk assessments and their monitoring in an efficient and uniform manner, when third parties are involved in the business relations of the companies that make up the Naturgy group.

The application of this Procedure complements, and does not replace, the third-party assessments already established by Naturgy's regulatory body and which must be carried out by other units, such as Purchasing or Risks.

During 2022, a new risk analysis tool was implemented, as indicated in the main milestones section, and the preliminary compliance risk analyses were data processed by implementing initial risk assessment forms via the corporate intranet. Since the implementation of the tool in July 2022, all counterparties have been assessed for, among other things, corruption risks.

Dissemination and training actions

Naturgy regularly carries out training initiatives based on the programme with the aim of raising awareness of the importance of fighting against corruption and ensuring that directors, employees and suppliers are given enough and appropriate information to act accordingly. Some of these regular initiatives include the following:

- Update of the Naturgynet space dedicated to compliance.
- Periodic report to the Board of Directors on the activities of the Ethics and Compliance Committee (notifications received, activities carried out, etc.).
- Training course on Crime Prevention Model, Code of Ethics and Anti-Corruption Policy.
- Specific training in relation to the Crime Prevention Model and Anti-Corruption Policy for new employees and directors.
- Presentations in Boards of Directors and Management Committees of the Crime Prevention Model.

During 2022, and on the occasion of the implementation of the new risk analysis tools for counterparties and the new Code of Ethics channel, face-to-face training sessions were held in this area to raise awareness among the business units of the importance of due diligence processes and of reporting any breaches detected in the area of corruption through the Code of Ethics channel tool.

Additionally, the compliance area has held several webinars as part of the 5 months 5 causes programme, among which three are particularly relevant in this area:

- Webinar on corruption risks, which covered topics such as:
 - Know in which situations a corruption risk may occur
 - Know what risks I run as an individual and what risks the company runs (criminal and reputational)
 - Know the principles of the Anti-Corruption Policy
 - Know the principles of the Institutional Relations Policy
 - Know how I can apply the Business Courtesies Policy
 - Know the Conflict of Interest Policy
 - What should I do if I have any queries, concerns or to report non-compliance?
- Webinar on “the laws that apply to my activity and the crimes I can commit if I do not comply with them” which covered issues such as:
 - Criminal risks at Naturgy - Risk map
 - Consequences of non-compliance for Naturgy and people
 - Why is a Crime Prevention Model necessary?
 - The importance of a documented control system to mitigate risk
- And finally, a detailed explanation of the risks to which the company may be exposed when it does not know with whom it does business or whom it contracts as a basis for due diligence in all contracting.

Non-compliances and fines

[2-27], [417-2]

The penalties imposed on Naturgy with a value of more than Euros 10,000 and considered final in administrative proceedings during 2022 are detailed in this section. This is without prejudice to any legal action that may be taken against them and which could lead to their annulment.

In Spain, the electricity distribution company (UFD) has been fined a total of Euros 30,000 for delays in service provision. Finally, related to the commercialisation business, Naturgy has been fined Euros 19,500 for failing to comply in due time and form with the requirements formulated by the administration, two fines totalling Euros 34,500 for improper contracting of supply and maintenance contracts, five fines amounting to Euros 173,605 for introducing abusive clauses in contracts and two fines amounting to Euros 108,000 for breaches of data protection.

The company recorded no fines in 2022 for monopolistic practices or related to information and labelling of products and services.

Internal auditing

Assurance function of Internal Audit

For Naturgy, Internal Audit is an independent and objective assessment activity. For this reason, the Internal Audit Unit reports to the Audit and Control Committee of the Naturgy group.

Its mission is to guarantee the ongoing review and improvement of the group’s internal control system, and to ensure compliance with external and internal regulations and the established control models. Its purpose is to safeguard the effectiveness and efficiency of operations and to mitigate the main risks in each of the company’s areas. Likewise, it is responsible for drawing up the report on the internal audit activity to the Audit and Control Committee.

In the performance of its activity, Internal Auditing methodically reviews the internal control system of the group’s processes in all areas, and also assesses the risks and controls associated with these processes, through definition and introduction of the Annual Internal Audit Plan.

The methodology for the assessment of 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.

In 2022, 127 (128 in 2021) internal audit projects were carried out, 89 (97 in 2021) of which corresponded to the review of processes associated with the main risks of the service and business executive departments at Naturgy. The analyses carried out reached 100% of the service and business executive departments. In the projects performed in 2022, no significant incidents related to corruption were detected.

Taxation

Tax policy

For Naturgy, the company's tax policy must have well-defined basic lines, so that all the players involved are clear about all the procedures to be followed and those that will be followed.

All of Naturgy's tax policies are aligned with:

- The **Naturgy Corporate Responsibility Policy**, in which one of the commitments and principles of action is to “adopt responsible business management practices and comply with all tax obligations in all jurisdictions in which the company operates, accepting the commitment to accountability and collaboration with the corresponding tax agencies.”
- The **Naturgy Code of Ethics** establishes that “all employees of the group must comply with the laws in force in the countries where they conduct their activities, thereby heeding the spirit and objectives of the laws and behaving ethically in all their actions.”
- The **Code of Best Tax Practices (CBTP)**, approved on 20 July 2010 by the Plenary session of the Large Companies Forum, a body established by the Spanish National Tax Agency with Spain's largest companies, including Naturgy Energy Group, S.A. The CBTP contains recommendations by the tax authorities, which Naturgy has adopted voluntarily, that are aimed at improving the application of the tax system by enhancing legal certainty, reducing litigation, fostering mutual co-operation based on good faith and legitimate trust, and the application of responsible tax policies.

Organisational principles ensure that the tax function is carried out in a global (with responsibility for all the group's tax matters in the various management areas), integrated (with a single criterion) and professional (expert teams) manner.

Tax strategy

Through the Audit Committee, the Board of Directors is responsible for overseeing compliance with the group's tax strategy. At a meeting on 26 January 2019, the Board of Directors approved the Tax Strategy and Tax Risks Control and Management Policy, which sets out the basic principles governing Naturgy's tax function and the main lines of action to mitigate and guide proper control of tax risks. The basic principles governing Naturgy's Tax Strategy are as follows:

- Responsible compliance with tax obligations.
- A low tax risk profile.
- Adoption of tax treatments based on economic reasons.
- Transparency of tax information.
- Co-operation with the Tax Authorities.

Tax Risks Control and Management Policy

The main lines of the Tax Risks Control and Management Policy are as follows:

- Clearly defined tax governance.
- Procedures for controlling the tax risk arising from Compliance.
- Procedures for assessing and controlling tax approaches where there is uncertainty.
- Oversight of the performance of the Tax Control Framework.
- Regular reporting of the tax situation to the Board of Directors.

Overall and integrated responsibility for the tax function is centralised in the Tax Unit. The entire group has common tax policies to allow for proper functioning and coordination between the different tax units of the company. In this way, they are developed under a single, common criterion, without prejudice to the peculiarities of each business and jurisdiction.

In order to perform these functions correctly, both the Tax Unit and the tax units have teams with academic and practical training in accounting, financial and tax matters that enable them to carry out their tasks satisfactorily.

To align Naturgy's tax policies with these principles, the group has a General Regulation governing the Tax Control Framework, designed in accordance with the guidelines of the Organisation for Economic Co-operation and Development (OECD) for multinational enterprises, and for the design and implementation of a Tax Control Framework.

Tax Risks and Tax Control Framework

Naturgy also has a risk map that specifically identifies the tax risks and issues regarding the interpretation or application of tax law. The main matters with a tax impact are detailed in Note 21 "Tax situation" in the notes to the Consolidated Annual Accounts.

Regarding the approach to tax risks, it is worth mentioning that all uncertain tax processes (adopted or those planned to be adopted in tax returns) (which the tax authorities may not accept), are assessed by applying a predefined methodology. Based on the assessments obtained and the defined risk tolerance level, a mitigation, communication and, if applicable, approval plan is established in accordance with the procedures and authorization levels documented in the General Regulation governing the Tax Control Framework.

Additionally, in the case of transactions that must be submitted to the Board for approval and other transactions with special tax risk, the Company and Board Secretary will inform the Board of Directors of the tax consequences before they are approved by the Board of Directors. The practical implementation of this section of the general standard is carried out by applying the provisions of Naturgy's General Procedure of the Tax Control Framework.

The compliance assessment of the fiscal governance and control framework takes place at year-end and prior to the preparation of the Consolidated Annual Accounts. The Board of Directors is presented with Naturgy's tax situation by the Company and Board Secretary, which includes, among other matters:

- The tax policies applied during the year.
- Tax information by country and information included in the annual financial report.
- Tax audits, litigation and tax risk mapping.
- Compliance with the obligations assumed by adherence to the Code of Good Tax Practices.
- The most relevant results of the monitoring of the functioning of the Tax Control Framework.

Finally, with regard to the mechanisms for reporting concerns, through the Code of Ethics, queries and/or complaints may be made regarding behaviour contrary to the rules of conduct published by the company or which, without being expressly regulated, any employee may consider that certain actions are contrary to the code of good tax practices approved by the Board of Directors.

Tax havens

The incorporation or acquisition of undertakings domiciled in countries or territories designated as tax havens must be reported to the Board of Directors via the Audit Committee.

At 2022 year-end, the Naturgy group did not have any company in a territory designated as a tax haven under the related Spanish regulations (Royal Decree 1080/1991, of 5 July, and Royal Decree 116/2003, of 31 January). Nor did it have any companies at the end of 2021.

Tax contribution

Naturgy attaches priority to its obligation to pay any taxes that are due under each territory's rules.

Naturgy's tax contribution in 2022 amounted to Euros 3,503 million (Euros 2,769 million in 2021). The following table shows the taxes actually paid by Naturgy in each country, distinguishing between those that involve an actual expense for the group ("own taxes"), and those that it withholds or that it passes on to the final taxpayer ("third-party taxes"):

	Own taxes						Third-party taxes									
	Income tax ⁽¹⁾		Others ⁽²⁾		Total		VAT		Hydrocarbons tax and Electricity tax		Others ⁽³⁾		Total		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Spain	379	380	273	218	652	598	1,723	903	93	206	184	206	2,000	1,315	2,652	1,913
Argentina	9	18	4	6	13	24	2	2	0	0	5	14	7	16	20	40
Brazil	75	61	0	38	75	99	68	59	0	0	62	6	130	65	205	164
Chile	139	174	5	4	144	178	44	17	0	0	2	2	46	19	190	197
Mexico	95	145	8	0	103	145	67	22	0	0	0	2	67	24	170	169
Panama	10	11	0	6	10	17	1	2	0	0	1	0	2	2	12	19
Rest of LatAm	9	10	0	1	9	11	6	6	0	0	1	1	7	7	16	18
Total LatAm	337	419	17	55	354	474	187	108	0	0	71	25	258	133	612	607
Rest	46	65	3	3	50	68	153	109	35	70	2	2	189	181	238	249
Total	762	864	293	276	1,055	1,140	2,063	1,120	128	276	257	233	2,447	1,629	3,503	2,769

⁽¹⁾ Refers to income tax actually paid in the year as per the Cash-Flow Statement of the Consolidated Annual Accounts. 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 "Tax Situation" of the Consolidated Annual Accounts.

⁽²⁾ Includes energy taxes in Spain, local taxes, social security payable by the company and other specific taxes of each country.

⁽³⁾ Basically includes tax withholdings from employees and employee social security contributions.

Information on revenues from sales to third parties and revenues from intra-group transactions with other tax jurisdictions in 2022 is not available on a country-by-country basis on completion of this report. The information will be available for the country-by-country statement submitted in December next year. For 2021 information, details are provided in Chapter 12. Annexes, section Integrity and trust.

Subsidies

The changes in capital subsidies received are detailed in Note 15 to the Consolidated Annual Accounts. Capital grants were received in 2022 in the amount of Euros 13 million (Euros 1 million in 2021). Operating subsidies received in 2022 are detailed in Note 24 to the Consolidated Annual Accounts; Euros 2 million were received (Euros 2 million in 2021).

Global Human Rights Policy

[3-3]

(Human rights)

The company's commitment to respecting and protecting human rights is set out in the Global Human Rights Policy, first approved in 2011. The policy is aligned with and accepts the UN Guiding Principles on Business and Human Rights. It was last updated and approved by the Board of Directors in 2019, and details the commitment made by Naturgy in both the Corporate Responsibility Policy and the Code of Ethics.

The ten commitments set out in the policy were defined on the basis of a human rights risk analysis, in which 33 risks were identified. This evaluation was carried out for all the countries where the company carries out some type of activity and with those responsible for each business or country the degree of exposure to this risk and the internal mechanisms available for its management were validated. Based on the risks identified, the commitments that Naturgy should establish to ensure adequate management to minimise the materialisation of these risks were defined.

These commitments include stakeholders that may be affected by the company's activities and, in particular, employees who work for Naturgy through third parties, indigenous peoples, communities surrounding its projects, children and, in general, vulnerable groups.

The Human Rights Policy is the company's response to growing demands in this field and is particularly applicable in locations in which local legislation does not provide a sufficient level of protection for human rights. In these cases, Naturgy undertakes to guarantee a level of protection equivalent to the other areas in which it carries on its business.

During 2022, and in view of the publication by the European Commission of its proposal for a directive on due diligence in matters of corporate sustainability, Naturgy has carried out an analysis of the requirements that this directive will imply once it is approved and the internal adaptations that will be necessary to comply with them. In addition, in anticipation of this, it continuously monitors developments during the processing process.

• Human Rights Policy Principles and risks identified

Commitment 1. Avoiding any practices which are discriminatory or which might compromise people's dignity

Risk 1. Failure to respect people	Failure to provide the necessary conditions to enable people to work in an environment where their dignity and rights are respected in the centres and activities of the group.
Risk 2. Discrimination	Failure to avoid discriminatory practices on grounds of gender, ethnic origin, creed, religion, age, disability, political affinity, sexual orientation, nationality, citizenship, civil status or socio-economic status in the processes and practices of the company regarding human resources issues.
Risk 3. Abuse, intimidation and violence	Failure to avoid cases of abuse, intimidation or violence among group employees.
Risk 4. Forced and compulsory labour	Failure to avoid resorting to forced labour or that company employees are unable to freely choose their job position.
Risk 5. Unjust detention	That employees can be detained on unjust or unfair grounds by the authorities or other organisations that use intimidation and violence.

Commitment 2. Eradication of child labour

Risk 6. Child labour	That the activities and operations of the group breach children's rights.
Risk 7. Minimum working age	The company does not ensure that the ages of all its employees exceeds the minimum working age.

Commitment 3. Ensure freedom of association and collective bargaining

Risk 8. Freedom of association	In those places where the institutional framework does not guarantee freedom of association and the right to collective bargaining, failure by the company to provide its employees with the conditions for them to meet and freely discuss issues related to their working or employment conditions.
Risk 9. Collective bargaining	Failure to ensure that its employees have the right to freedom of association, trade union membership and collective bargaining.
Commitment 4. Protecting employee health	
Risk 10. Health and safety of employees	Failure by the group's centres and activities to provide the right conditions for people to work in a safe and healthy environment.
Risk 11. Health and safety of third parties	The assets of the company damage the health or physical integrity of third parties through negligence by the group or the injured party.
Commitment 5. Ensure adequate employment and salary	
Risk 12. Dignified wage	Employees do not receive a dignified wage.
Risk 13. Working hours	Within the company, the limits regarding the number of hours worked per week and employees' right to rest are breached.
Risk 14. Rest	In those places where the institutional framework does not establish remuneration conditions or a right for people to take breaks, the company has not established measures in this regard.
Risk 15. Work-life balance	Failure by the company to facilitate conditions that enable people to maintain a proper balance between their personal and professional life.
Risk 16. Privacy	The company does not respect the right to privacy of its employees.
Commitment 6. Commitment towards people linked to suppliers, contractors and collaborating companies	
Risk 17. Suppliers, contractors and collaborating companies	The company works with suppliers, contractors and collaborating companies whose practices do not respect human rights.
Commitment 7: Respecting indigenous communities and traditional ways of life	
Risk 18. Rights of indigenous communities	The company violates the human rights and fundamental freedoms of the indigenous communities in the areas where it operates.
Risk 19. Indigenous territories	Failure by the company to recognise the right of indigenous communities to maintain their customs and social practices, as well as ownership of those territories that have been given to them legally, according to the provisions of ILO Convention 169.
Risk 20. Land procurement	During the procurement of land and other transactions or trade agreements with communities, the company fails to adequately inform them in advance or compensate them according to local law and practice and, in any case, in an objectively fair manner.
Risk 21. Assessing impacts	Failure by the company to have the necessary mechanisms to assess the potential impact and risk to the rights of communities in its projects.
Risk 22. Environmental impact	The activities of the group generate an unjustified negative impact on the environment.
Commitment 8. Protecting facilities and people on the basis of respect for human rights	

Risk 23. Background on security staff	The staff who protect the security of the facilities and operations of the group have been involved in the abuse of human rights.
Risk 24. Bad practices of security staff	The staff who protect the security of the facilities and operations of the group are involved in injustices and in the inhumane or degrading treatment of people.
Risk 25. Disproportionate use of force	The staff who protect the security of the facilities and operations make disproportionate or unjustified use of force.
Risk 26. Misuse of company assets	The resources and assets of the company are used to violate human rights as a consequence of security staff practices.
Risk 27. Involvement in abuse	The company is involved in the abuse of human rights committed by governmental security forces.
Commitment 9. Support and promote respect for human rights in the wider community	
Risk 28. Public commitment	That the commitment made by the company to human rights issues is not known publicly.
Risk 29. Freedom of opinion and expression	The company does not respect or promote the right to freedom of thought, conscience and religion and the freedom of opinion and expression within its field of activity.
Risk 30. Social rights of the community	Failure by the company to undertake actions or foster plans and/or activities in benefit of social rights, as a part of human rights, in the community where it operates.
Risk 31. Investment analysis	Failure by the company to have the necessary mechanisms to assess the potential impact on and risk to human rights of investment projects.
Risk 32. Partner analysis	The due diligence processes prior to the execution of collaboration agreements with third parties do not analyse the human rights policies and practices of partners.
Commitment 10. Helping to fight corruption and protect privacy	
Risk 33. Corruption	The activities of the company provide incentives for or foster public-private corruption.

Due diligence and risk assessment

Due diligence includes the continuous analysis of human rights risks and their consequences, whether through its own activities or through its business relationships, the establishment of commitments at all levels of the company and the assignment of responsibilities, the supervision and monitoring of the implementation of the policy, the training of the company's people in this respect, and the correction of any malpractice that may occur.

To monitor these risks, the company carries out regular evaluations of the risks identified. In order to make this assessment, those responsible for each business or country are asked to evaluate each of the risks identified, depending on the level of perceived risk and the degree of management of each issue by the company.

Compliance with the policy is the responsibility of each of the business and corporate areas. 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. By the end of 2022, 7,205 people have taken the online human rights course.

Naturgy undertakes to engage the resources necessary to guarantee the effective implementation of this policy. In this regard, the company regularly analyses the human rights issues that are applicable to its activity and will introduce mechanisms that enable it to assess the risk of breach of these in the environments in which it operates.

The company introduces specific measures for management of potential impacts and risks to human rights from the projects and investments, and will ensure that sufficient resources are targeted at the implementation of the corrective measures identified. More detailed information can be found in chapter 10. Social Responsibility, section Relationship with communities.

In the due diligence processes prior to formalisation of collaboration agreements, also with governmental agencies, the company undertakes to assess the human rights policies and practices of its counterparts and to act in accordance with the principles laid out in the policy. During 2022, a new analysis tool was successfully implemented, including a human rights risk assessment of counterparties. More detailed information can be found in this chapter, in the section on Compliance.

Furthermore, as part of the usual assessment of suppliers process, the company includes issues related to human rights practices among the aspects to be evaluated and as a cause for exclusion in the event of an unsatisfactory response from the supplier. Furthermore, through acceptance of the Supplier Code of Ethics, suppliers undertake to observe and ensure compliance with human rights at all times, in particular those related to:

- Eliminating of all forms of forced or compulsory labour.
- Child labour.
- Respecting indigenous communities and traditional ways of life.
- Respecting people in general.

In this way, based on the commitments expressed in the Human Rights policy, the company establishes prevention mechanisms with respect to third parties with whom it establishes commercial relations that offer guarantees in relation to the extension of its own principles to the supply chain.

Any breaches of human rights are studied in accordance with the internal procedures, legal regulations and the prevailing agreements, and could give rise to disciplinary or employment measures as determined in the internal regulations and legislation.

Employees of Naturgy are obliged to report any breach of the undertakings set out in this policy to the company, confidentially and without fear of reprisals. In this regard, those people who, without being company employees, witness potential malpractice in this area may also report this.

• **Contents Index in accordance with the United Nations Guiding Principles Reporting Framework (UNGPRF)**

Indicator	Reference	Level of fulfilment
System of respect for Human Rights (A)		
A1. Policy commitment.	SRNFIS 2022. Global Human Rights Policy. Code of Ethics – pages 8-9.	Complete.
A1.1 Development of public commitment.	SRNFIS 2022. Global Human Rights Policy – pages 4-7.	Complete.
A1.2 Extent and scope of application of commitment.	SRNFIS 2022. Global Human Rights Policy – pages 3-4.	Complete.
A1.3 Form of communication of commitment.	SRNFIS 2022. Global Human Rights Policy – pages 7-9.	Complete.
A2. Embedding respect for Human Rights.	SRNFIS 2022. Global Human Rights Policy, page 8. Code of Ethics – pages 8-9. 2022 Annual Report on Remuneration.	Complete.
A2.1 Organisation of responsibility in the field of human rights.	SRNFIS 2022. Global Human Rights Policy, page 7.	Complete.
A2.2 Human rights issues escalated to the senior management and the governing board.	SRNFIS 2022. Global Human Rights Policy, page 8. 2022 Annual Report on Remuneration.	Partially.
A2.3 Raising employees' awareness about human rights issues.	SRNFIS 2022. Global Human Rights Policy, page 7. 2022 Annual Report on Remuneration.	Complete.

A2.4 Company's form of stating its commitment towards human rights in commercial relations.	SRNFIS 2022. Global Human Rights Policy, page 5 and 8.	Complete.
A2.5 Lessons learnt about human rights and consequences which have arisen as a result.	SRNFIS 2022..	Partially.
Defining a focus of reporting (B).		
B1. Statement of salient issues.	SRNFIS 2022..	Complete.
B2. Determination of salient issues.	SRNFIS 2022..	Complete.
B3. Choice of focal geographies.	SRNFIS 2022..	Complete.
B4. Additional negative impacts.	SRNFIS 2022. 2022 Internal Audit Report.	Complete.
Management of salient human rights issues (C).		
C1. Specific policies.	SRNFIS 2022.	Complete.
C1.1 Importance of human rights policy for persons responsible for implementing it.	SRNFIS 2022. Global Human Rights Policy, page 3.	Complete.
C2. Stakeholders commitment.	SRNFIS 2022.	Complete.
C2.1 Identification of stakeholders to take part in salient human rights issues.	SRNFIS 2022.	Partially.
C2.2 Stakeholders which have had relations with the company in connection to human rights.	SRNFIS 2022.	Complete.
C2.3 Influence of the stakeholders' vision regarding human rights issues.	SRNFIS 2022.	Partially.
C3. Assessing impacts.	SRNFIS 2022.	Complete.
C3.1 Patterns or trends in human rights impacts.	SRNFIS 2022.	Partially.
C3.2 Severe impacts on human rights.	SRNFIS 2022.	Complete.
C4. Integrating findings and taking action.	SRNFIS 2022.	Partially.
C4.1 Involvement by the company's parties in applying solutions and taking decisions regarding salient human rights issues.	SRNFIS 2022.	Complete.
C4.2 Tensions of human rights impacts.	SRNFIS 2022. Global Human Rights Policy, Commitment 6.	Partially.
C4.3 Actions taken to prevent or mitigate potential impacts on human rights.	SRNFIS 2022.	Complete.
C5. Tracking performance.	SRNFIS 2022.	Complete.
C5.1 Effective management of human rights issues.	SRNFIS 2022.	Complete.
C6. Remediation	SRNFIS 2022.	Partially.
C6.1 Means of claiming regarding human rights issues.	SRNFIS 2022. Global Human Rights Policy, page 8. Code of Ethics – pages 22-23.	Complete.
C6.2 People's capacity to make claims or complaints.	SRNFIS 2022. Global Human Rights Policy, page 8. Code of Ethics – pages 22-23.	Complete.
C6.3 Processing of claims and evaluation of effectiveness of results.	SRNFIS 2022. Global Human Rights Policy, page 8. Code of Ethics – pages 22-23. 2022 Audit and Control Report.	Complete.
C6.4 Patterns and trends in claims or complaints.	SRNFIS 2022.	Partially.
C6.5 Repairs in relation to any impact relating to human rights.	SRNFIS 2022.	Complete.

Mitigation and remediation

Through the mechanisms explained above, the Human Rights Policy and the procedures for the evaluation of its own and third party risks, Naturgy adopts a preventive approach in relation to the human rights risks identified.

Further details on the actions to mitigate the risks to Naturgy's employees (Risks 1 to 16) and the objectives established by Naturgy in matters relating to people's rights are described in chapter 8 Commitment and Talent, section Interest in people.

The Supplier Code of Ethics and a supply chain management based on risk assessment are the main tools to prevent the materialisation of risks on suppliers, contractors and collaborating companies, including companies that render security services at the facilities. The assessment of suppliers includes issues related to human rights practices that are used to exclude suppliers in the event of an unsatisfactory response. Further details of these actions are described in this chapter in the section Responsible Supply Chain.

The mitigation of risks relating to indigenous peoples (Risks 18 to 22) and communities in the company's project environments (Risks 28 to 32) is supported by the Social Relationship Model, which is described in more detail in chapter 10. Social Responsibility, section Relationship with communities.

Finally, the measures adopted to mitigate risk 33, relating to corruption, are extensively detailed in this chapter in the Compliance section.

During 2022, there is no record of any human rights violations received through the Code of Ethics Channel or otherwise, so no remedial action was required in this area.

3. Corporate governance

Corporate governance and its constant evolution

[2-9] and [3-3]

(Good corporate governance)

Naturgy's corporate governance is governed in accordance with the principles of efficiency, transparency and responsibility pursuant to the recommendations and best practices at national and international level and included in the main internal rules of the company:

- Articles of Association (updated in 2022).
- Regulations of the Board of Directors and its Committees (updated in 2022).
- Regulations of the General Meeting of Shareholders (updated in 2022).
- Human Rights Policy (updated in 2019).
- Code of Ethics (updated in 2021).

Notably, in 2022, the company has revised its set of governance rules to adapt them to the latest developments in the Corporate Enterprises Act:

- With regard to the holding of general meetings, to expressly include the possibility of holding general meetings exclusively by telematic means.
- In the approval regime for related party transactions.

In the actions carried out by the Board of Directors, there is a clear vocation for compliance with good governance standards, mainly with regard to aspects related to the evaluation of the strategic plan, decision-making, the establishment of control mechanisms, risk supervision, regulatory compliance and the monitoring of ethical, social and environmental issues in the performance of the company's activities. To this end, Naturgy frequently reviews its operations through 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.

• Stake (%)

	2022	2021
Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" ⁽¹⁾	26.7	26.7
Global Infrastructure Partners III ⁽²⁾	20.6	20.6
CVC Capital Partners SICAV-FIS, S.A. ⁽³⁾	20.7	20.7
IFM Global Infrastructure Fund ⁽⁴⁾	14.0	12.2
Sonatrach	4.1	4.1

⁽¹⁾ Stake through Criteria Caixa S.A.U.

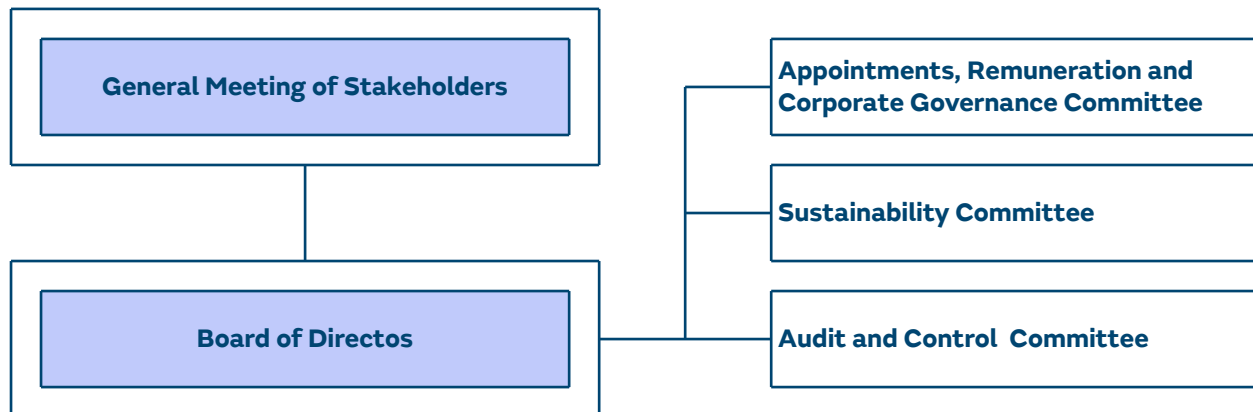
⁽²⁾ Global Infrastructure Partners III, which is managed by Global Infrastructure Management LLC, holds its stake indirectly via GIP III Canary 1, S.à.r.l.

⁽³⁾ Through Rioja Acquisition S.à.r.l.

⁽⁴⁾ Through Global InfraCo O (2) S.à. r.l.

Governing structure of Naturgy

[2-9], [2-15] and [2-25]



Since the Chairman of the Board of Directors of Naturgy is also the Executive Director, the company has appointed the figure of the Lead Director, in order to mitigate possible conflicts of interest. Thus, we have appointed Ms Helena Herrero, who is also an Independent Director, member of the Audit and Control and Appointments, Remuneration and Corporate Governance Committees, and Chair of the Sustainability Committee. Pursuant to article 529 Septies of the Corporate Enterprises Act, the Lead Director has the power to request the calling of board meetings or the inclusion of new items on the agenda, to coordinate and bring together the Non-Executive Directors and to direct, where appropriate, the periodic evaluation of the Chairman of the Board of Directors.

As established in the Regulations of the Board of Directors and its Committees, all members of the Board of Directors of Naturgy, including the Executive Chairman, are obliged by the Corporate Enterprises Act to:

- a) Abstain from participating in the deliberations and voting procedures in relation to resolutions or decisions in which they or any related party is subject to any direct or indirect conflict of interest. The foregoing shall exclude the obligation to abstain from resolutions or decisions that affect the Director in his or her capacity of director of the company, such as the designation or revocation thereof in relation to positions within the governing body or other similar positions.
- b) Adopt the measures necessary in order to avoid situations in which his or her interests, whether directly or indirectly in relation to any third party, may be subject to any conflict of interest with the company's interests and with his or her duties to the company.

In this regard, Naturgy's Directors' Remuneration Policy, approved in March 2022 by the General Meeting of Shareholders, includes, as a preventive measure for possible conflicts of interest, that the Executive Chairman does not participate in the debates of the Appointments, Remuneration and Corporate Governance Committee when they deal with aspects that may affect them in relation to remuneration.

Naturgy also has a Conflicts of Interest Policy, approved in May 2021 and applicable to all group employees, including the Executive Chairman. The policy establishes the guidelines to be followed by employees in the event of a conflict of interest, based on the principles of loyalty, abstention and transparency in resolving it.

Lastly, with regard to the actions aimed at monitoring and mitigating possible conflicts of interest, the Chairman of the Board of Directors must provide information on an annual basis, both in his capacity as a Board member and as an employee of the Naturgy group, on the existence of any conflict between their personal interests and those of the company.

Further information can be found in sections A and C of the Annual Corporate Governance Report 2022.

Management structure

[2-11]

The company's chief executive is also the Chairman of the Board of Directors and has responsibility for all the group's businesses. The group has a structure of directors and managers with the necessary powers to carry out both the company's own operations and its core management activities. Executives are defined as persons with management responsibilities who report directly to the Executive Chairman, Mr. Francisco Reynés Massanet.

As of 31 December 2022, the Management Committee is composed of the Executive Chairman:

- Energy and Network Management Department, managed by Mr. Pedro Larrea Paguaga.
- Renewables and New Business Department, managed by Mr. Jorge Barredo López.
- Commercialisation Department, managed by Mr. Carlos Francisco Vecino Montalvo.
- Information Systems Department, managed by Mr. Rafael Blesa Martínez.
- Capital Markets Department, managed by Mr. Steven Fernández Fernández.
- Planning, Controlling and Administration Department, managed by Mr. Jon Ganuza Fernández de Arroyabe.
- Company and Board Secretariat, managed by Mr. Manuel García Cobaleda.
- Sustainability, Reputation and Institutional Relations Department, managed by Mr. Jordi García Tabernero.
- People and Organisation Department, managed by Mr. Enrique Tapia López.

In addition, there are specific committees for different matters, with the energy balance, risk and commercialisation committee standing out, composed of most of the Management Committee members and part of the managers directly dependent on them, in order to monitor the evolution of energy commodities, both in the field of gas and electricity, and the evolution of indices. Said Committee, in addition to monitoring, has assumed the role of making purchase, sale or hedging decisions, which corresponded to the management level, or has made proposals in the event that, due to the level of competence, they corresponded to the Board of Directors.

Board of Directors

Duties

[2-10], [2-12], [2-13] and [2-14]

The Board of Directors is responsible for carrying out whatsoever action that may be necessary for the fulfilment of the corporate purpose laid down in the Articles of Association.

The Board of Directors is also responsible for approving corporate governance and corporate responsibility policies. Its activities include preventive risk management and the consideration of aspects linked to corporate responsibility. Every year, through the compilation of the respective reports, it also reviews and approves the information on risks and opportunities in these areas.

The Board of Directors exercises the powers attributed to it through the Law, the Articles of Association and the Regulations for the Organisation and Functioning of the Board. Specifically, the following general powers correspond exclusively to the Board of Directors, according to Article 3 of the Regulations:

- Non-delegable matters:
 - Those provided for in legislation as non-delegable.
 - Creation, investment and supervision of the management of personnel pension plans and any other undertakings involving personnel which imply long-term financial liabilities for the company.
 - The appointment and removal of senior managers who have a direct dependence on the Board or any of its members, as well as the introduction of basic conditions of their contracts, including their remuneration.
 - The matters subject to an enhanced majority contemplated in section 4 of Article 7 of the Regulations.
 - The approval of those related-party transactions whose competence has not been attributed by law to the General Meeting of Shareholders.

- Matters ordinarily non-delegable, but which may be adopted by the delegated bodies or persons, for reasons of urgency duly justified and which must be ratified at the first Board of Directors session held after the take-up of the resolutions, of which the following stand out:
 - The approval of management targets, the annual financing plan, the investment and financing policy, the corporate social responsibility policy.
 - The determination of the company's corporate governance policies, of the risk control and management policy, including tax risks, and supervision of the internal reporting and control systems.
 - The approval of the financial reporting which, due to its status as a listed company, must be made public periodically by the company.
 - The approval of investments or operations of a strategic nature.

In accordance with the provisions of article 6 of the Board of Directors' Operating Regulations, the Chairman of the Board of Directors is responsible for convening Board meetings, ordinarily with at least five days' notice. The call is made via a digital platform and, in addition to the meeting agenda, the information corresponding to each item on the agenda is included for review by the directors in advance of the date scheduled for the meeting.

The Chairman submits proposals for the adoption of decisions on matters within the Board's competence at the appropriate intervals. During the course of the meetings, the Board deliberates on the items submitted for its approval, adopting them in each case in accordance with the required majorities.

The company's chief executives have been invited to most of the meetings of both the Board of Directors and its Committees to present matters relating to their general managements or to respond to questions raised by the directors on matters within their competence.

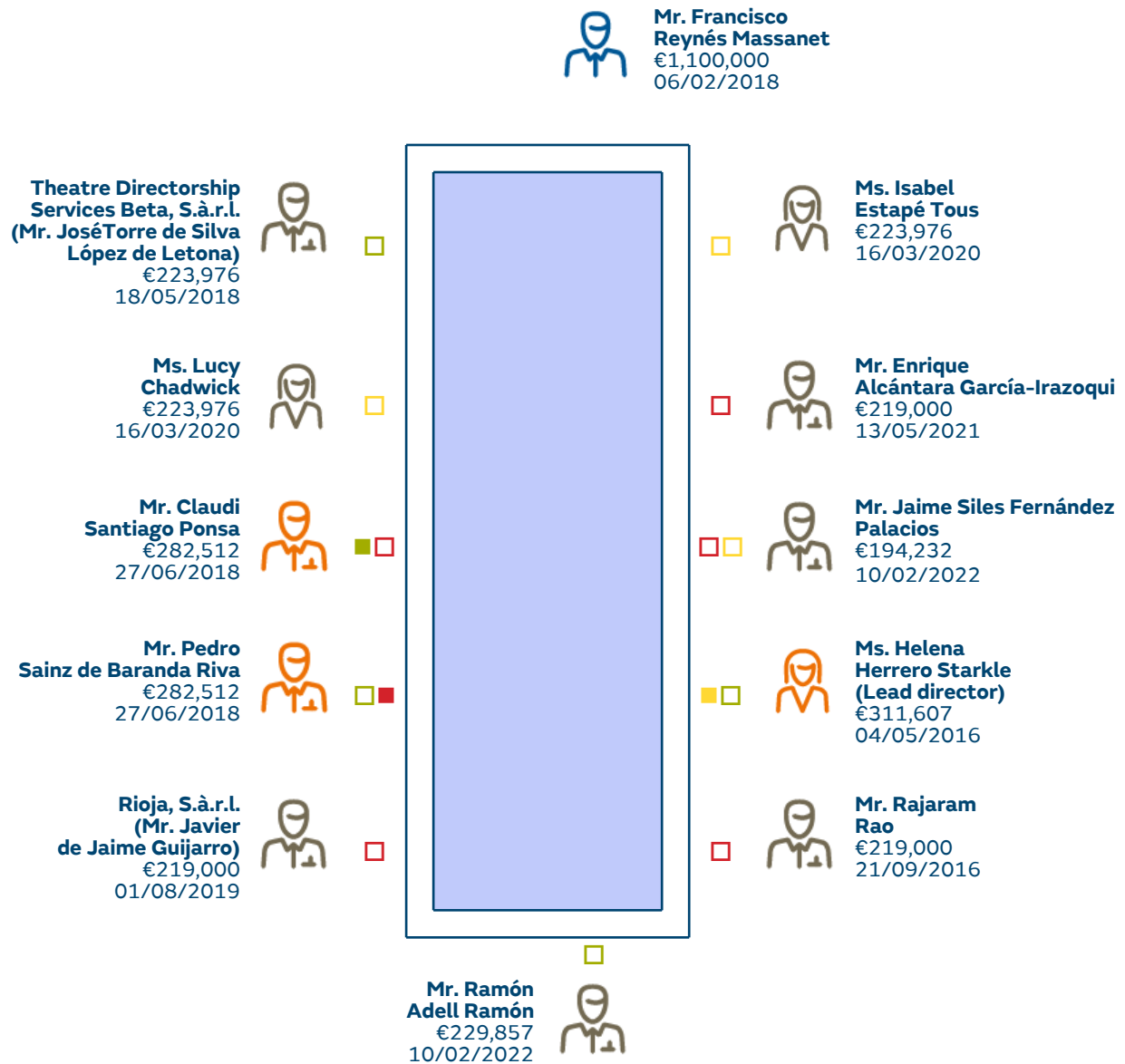
Both the deliberations of the Board of Directors and the resolutions adopted in each case are recorded in the Minutes drawn up for this purpose.

In 2020, Naturgy's Board of Directors agreed to create a new Committee, the Sustainability Committee, responsible for overseeing the company's evolution and role in the energy transition as well as in all its environmental, health and safety and social responsibility indicators.

The Sustainability Committee and the other specialised committees assume the competencies established by law and those entrusted by Naturgy's Board of Directors. Details of the functions and powers of each of these can be found in section C.2.1 of the Annual Corporate Governance Report 2022.

With regard to the functions performed by Directors in other entities, whether or not they are listed companies, the number of other positions, the significant commitments of each member and the nature of the same can be found in section C.1.11 of the Annual Corporate Governance Report.

• **Composition of the Board of Directors and its committees (at 31 December 2022)**
 [2-9], [2-11] and [405-1]



Type of director

- Executive
- Proprietary
- Independent
- N/A

Type of committee

- Audit and Control Committee
- Appointments, Remuneration and Corporate Governance Committee
- Sustainability Committee

■ Chairperson of the Committee

□ Member of the Committee

⁽¹⁾ Mr. Francisco Belil Creixell resigned as Independent Director on 10 February 2022. The remuneration he received for the performance of his duties until that date: 32,232€.

⁽²⁾ Mr. Ramón Adell Ramón ceased to be an Independent Director on 10 February 2022.

Assessment and capacities of the Board of Directors

[2-18]

Pursuant to the recommendations laid down in the CNMV's Good Governance Code of Listed Companies and the Regulations of the Board of Directors of Naturgy, the quality and efficiency of the Board and of its Committees is assessed every year. Every three years, the assessment is carried out by an external consultant, whose independence is verified by the Appointments, Remuneration and Corporate Governance Committee.

An internal self-assessment process of the Board of Directors and its Committees was conducted in 2022. As part of this assessment process, all Directors completed a series of questionnaires on the functioning of the Board and its Committees, in which they were asked to give their assessment on issues related to the structure of the board and its functioning, its work in supervising aspects of internal audit, compliance, risks, or the monitoring of the company's strategic plan.

All board members have taken part in the self-assessment process and completed the corresponding questionnaires.

Of their contributions as a whole, the following stand out:

- i) In general, the high assessment obtained with respect to the functioning of the Board and its Committees.
- ii) In particular, the Directors' comments regarding: high professionalism and diversity of knowledge; very active functioning and an atmosphere conducive to the exchange of opinions; the Executive Chairman and his management team present good supporting information for analysis and decision-making and compliance with the formalities required in a collegiate body.

In addition, the following considerations have been received regarding areas for improvement:

- i) The ongoing training of Directors in a changing environment.
- ii) The need for greater focus on strategic issues and less focus on operational issues that has led to the special situation of 2022.

Both suggestions for improvement will be implemented in the course of 2023.

Diversity in the process of appointments and renewal of directors

[405-1]

The Naturgy Board of Directors comprises 12 members, of whom three are female. Among the Board members there is a diversity of professional experience and academic knowledge (engineers, lawyers, economists, among others), as identified in the Board's Competence.

▪ **Competence matrix**

[2-9] and [2-10]

	Mr. Ramón Adell	Ms. Isabel Estapé	Mr. Enrique Alcántara	Mr. Jaime Siles Fernández-Palacios	Ms. Helena Herrero	Mr. Javier de Jaime	Mr. Rajaram Rao	Mr. Francisco Reynés	Mr. Pedro Sainz de Baranda	Mr. Claudio Santiago	Ms. Lucy Chadwick	Mr. José Antonio Torre de Silva
Energy global trends / strategy / technology	■		■	■	■		■	■		■	■	
Infrastructure (investments in regulated environments)	■	■	■	■		■	■	■		■	■	■
B2C (customer experience and new services)	■				■	■			■			■
Operational excellence and processes optimisation	■				■			■	■	■		
Regulators / other public stakeholders relations	■	■	■	■			■	■			■	
International experience	■	■		■	■	■	■	■	■	■	■	■
Top management experience					■			■	■	■	■	
Accounting / Audit / Risk management	■	■	■	■	■	■	■	■	■	■	■	■
Corporate finance	■	■		■	■	■	■	■	■	■		■
Industrial and Energy technologies (Industrial Tech)								■	■	■	■	
Industrial and Energy technologies (Information Tech)					■			■	■	■	■	
Talent management and remuneration	■	■			■	■	■	■	■	■	■	■
Corporate governance and sustainability (ESG)	■	■	■	■	■	■	■	■	■	■	■	■
Climate change		■		■	■			■		■	■	■

Type of director

■ Executive. ■ Independent. ■ Proprietary.

Experience

■ Professional executive experience.
 ■ Experience as a director or indirect executive experience.

Naturgy's Board Member Selection Policy, revised in February 2022, ensures that appointments are diverse and free from any implicit bias that could imply any discrimination, and does not exclude any candidate on the basis of ideology, religion, belief, ethnicity, race, nation, gender, sexual orientation, family situation, illness or disability.

As vacancies arise on the Board or as directors' terms of office expire, and always with full respect for the shareholders' right to proportional representation, the company will deliberately seek and include among the potential candidates women who meet the professional profile sought, ensuring that the number of female directors is in line with the best practices established in both the CNMV's good governance recommendations and the European Directive on a better gender balance among directors of listed companies and related measures. The Appointments, Remuneration and Corporate Governance Committee will implement measures to ensure that this is achieved and to encourage the appointment of a significant number of women managers in the company.

Regarding the selection of candidates to become members of the Board, the process is based on an assessment by the Appointments, Remuneration and Corporate Governance Committee, which may seek external advice. The analysis is based on the company's needs and on the skills, knowledge and experience needed on the Board, as well as the alignment of the candidate with the principles, values and vision of Naturgy.

▪ **Breakdown of the Board of Directors by age (%)**

[2-9]

	2022	2021
Under 55 years of age (%)	25	25
Between the ages of 55 and 60 years (%)	33	25
Over 60 years of age (%)	42	50
Total (%)	100	100

▪ **Average remuneration of Directors (thousands of euros)**

	2022		2021	
	Men	Women	Men	Women
Executive ⁽¹⁾	1,100		1,100	-
Independent/Proprietary	238	253	256	270

⁽¹⁾ It does not include remuneration for executive functions.

▪ **Remuneration ratios within the organisation**

[2-21]

	2022	2021
Ratio of annual total remuneration of the highest paid person in the organisation to median annual total remuneration of all employees ⁽¹⁾	89.7	N/A

⁽¹⁾ Excluding the highest paid person.

To calculate the ratio we take the fixed and variable compensation of all employees and countries in euros, calculate the median of the total annual compensation and calculate the ratio.

Remuneration model of the Board of Directors

[2-19] and [2-20]

Remuneration of directors represents an issue of major importance in the company's good governance. In accordance with the current legal framework, Naturgy 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, all publicly available.

Remuneration of directors for sitting on the collegiate decision-making bodies is considered as fixed remuneration. Only the Chairman of the Board of Directors receives remuneration based on the executive functions he performs outside of sitting on the Board.

The Board of Directors is responsible for determining the remuneration of each Director. For this purpose, it will take into account the functions and responsibilities attributed to each of them, their membership of Board Committees and any other objective circumstances it considers relevant. In this regard, the remuneration of directors must maintain a reasonable proportion with the importance and economic situation of the company, and the market standards of comparable companies.

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

At the company's General Meeting of Shareholders held on 15 March 2022, a new Naturgy Directors' Remuneration Policy was approved, introducing a new remuneration framework aligned with the principles of Naturgy's Strategic Plan and aimed at promoting the long-term profitability and sustainability of the company.

Specifically, the annual variable remuneration of those Directors who perform executive functions is linked to the achievement of a combination of pre-set, specific and quantifiable targets, aligned with Naturgy's corporate interest and strategy, such as economic-financial variables, efficiency and profitable growth, quality and safety issues, sustainability, environment or good governance. The detail of the components that make up the fixed and variable remuneration of the Directors is included in the Annual Directors' Remuneration Report 2022 as well as in Naturgy's Directors' Remuneration Policy.

General Meeting of Shareholders

In the 2022 Ordinary General Meeting of Shareholders, the Annual Report on Remuneration of Board Members for 2021 was approved by a majority vote, as follows:

Number of shares that have cast valid votes	867,296,880
Total number of valid votes cast	867,296,880
Proportion of the share capital represented by valid votes (%)	89.44
Votes in favour (%)	90.90
Votes against (%)	4.20
Abstentions (%)	4.90
Quorum of attendance at the General Meeting of Shareholders (%)	90.34

The results of the vote can also be found on the company's website.

Issues dealt with at the General Meeting of Shareholders

The quorum of attendance at the meeting represented 90.3% of all shares in Naturgy.

Issue [2-10]	Nature of the issue (economic, social or environmental)	Conclusions drawn
Approval of the Annual Accounts and Directors' Report of Naturgy Energy Group S.A. for the year ended 31 December 2021.	Economic	Approved by a majority
Approval of the Consolidated Annual Accounts and Directors' Report of the Consolidated Group for the year ended 31 December 2021.	Economic	Approved by a majority
Approval of the Consolidated Non-Financial Information Statement, included in the Consolidated Directors' Report of Naturgy Energy Group, S.A.	Social/Environmental	Approved by a majority
Approval of the allocation of profits for the year ended 31 December 2021.	Economic	Approved by a majority
Approval of management performed by the Board of Directors in 2021.	Economic/Social/ Environmental	Approved by a majority
Approval of the Directors' Remuneration Policy of Naturgy Energy Group, S.A.	Economic	Approved by a majority
Approval of the Long-Term Incentive for the Executive Chairman and other Executives.	Economic	Approved by a majority
Consultative vote concerning the Annual Report on remuneration of members of the Board of Directors.	Social	Approved by a majority
Ratification and appointment of Mr. Enrique Alcántara García-Iraozqui as Proprietary Director.	Social	Approved by a majority
Ratification and appointment of Mr. Jaime Siles Fernández-Palacios as Proprietary Director	Social	Approved by a majority
Ratification and appointment of Mr. Ramón Adell Ramón as director as Proprietary Director	Social	Approved by a majority
Authorisation to reduce the period for calling Extraordinary General Meetings, in accordance with Article 515 of the Corporate Enterprises Act.	Social	Approved by a majority
Information on the modification of the Board Regulations.	Social	
Approval of the amendments to the Articles of Association.	Social	Approved by a majority
Approval of the amendments to the Regulations of the General Meeting of Shareholders.	Social	Approved by a majority
Delegation to the Board of Directors of the power to carry out capital increases within the limit established in article 297.1.b) of the Corporate Enterprises Act, within the legal period of five years from the date of this meeting, and with the power to exclude pre-emptive subscription rights, in whole or in part, in accordance with the provisions of article 506 of the Corporate Enterprises Act.	Social	Approved by a majority
Delegation of powers to supplement resolutions of the General Meeting of Shareholders.	Social	Approved by a majority

4. Risk management

[3-3]

(Business continuity)

Risk management model at Naturgy

Naturgy seeks, with its risk management model, to ensure that the company's performance is carried out within a limited and acceptable range of risks. To this end, it is essential to have a clear forecast of such risks, as well as to quantify the variability of the results in order to achieve the strategically defined targets in the aspects relevant to the company's stakeholders.

Essential elements of the risk measurement and management model include ensuring that relevant risk factors are correctly identified, assessed and managed. The ultimate aim is to ensure that the level of risk exposure assumed by Naturgy in the performance of its activities is consistent with the overall objective risk profile defined and with the achievement of the annual and strategic objectives.

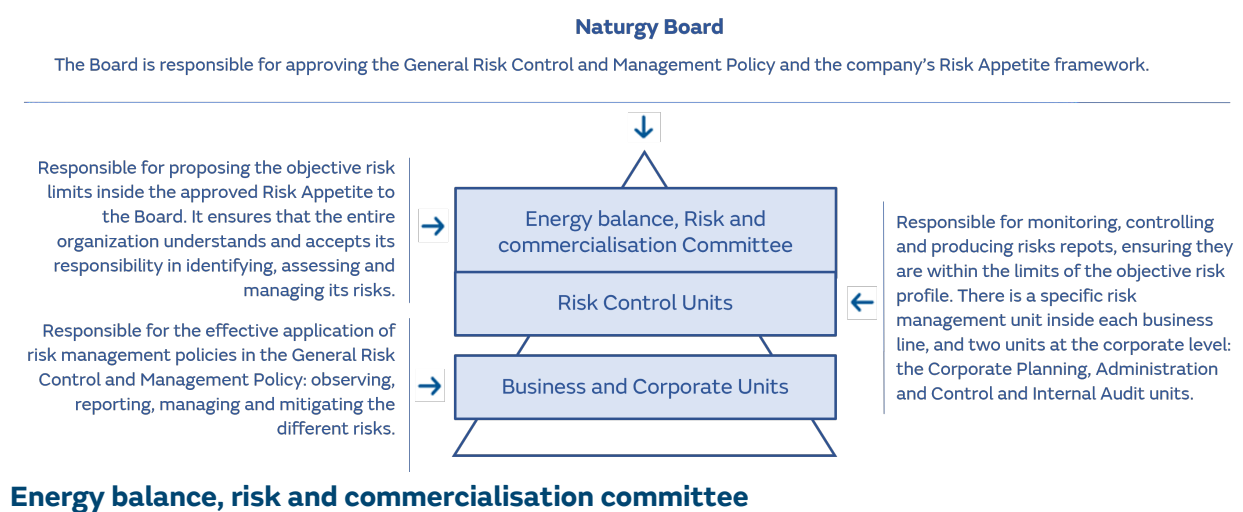
Risk management and control sections:

- Risk Governance & Management: risk governance and management mechanism for all types of risks and for all businesses.
- Risk Assessment: methodology, procedure and process for identifying, evaluating and measuring risks.
- Risk Appetite: definition of risk tolerance through the setting of limits for the most relevant risk categories, by nature of risk and by business according to objectives.
- Risk Reporting: systematic and periodic reporting and monitoring of risk at different management levels: Business Units, Corporate, Chairman's Office and Board.

Risk management bodies

Naturgy has a framework that integrates the vision of governance, risks and compliance, enabling an integrated overview of the group's processes, the existing controls over these and the associated risk.

To this end, it has different bodies, with clearly identified areas of responsibility, which ensures predictability and sustainability in the company's operational and financial performance.



Since the energy crisis in early 2022, the main risk for the group has been the variation of different energy commodities and their indices. An Energy Balance, Risk and Commercialisation Committee was therefore created, comprising most members of the Management Committee and some of the managers reporting directly to them, to monitor the evolution of energy commodities, both in the gas and electricity sectors, and the evolution of the indices. In addition to monitoring, this Committee has assumed the role of taking purchase, sale or hedging decisions that corresponded to management level or has made proposals in the event that, due to their level of competence, corresponded to the Board of Directors. Lastly, it monitors the open position of the group as a whole on a combined basis for gas and electricity and for buy, sell and hedging positions.

A key task of the Risk Control Units within the risk control and management function is the modelling of financial statements, aimed at identifying their main sensitivities and anticipating possible negative impacts and corrective or mitigating actions.

An integrated management

[2-23]

Naturgy analyses its global risk profile through its potential impact on its 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 Naturgy's risk profile are the following:

- Global Risk Management and Control Policy: last approved by Naturgy's Board of Directors in November 2020. Its aim is to lay down the general principles and guidelines on behaviour to guarantee the appropriate identification, information, assessment and management of Naturgy's exposure to risk.
- Corporate Risk Map: identifies and characterises the risks to Naturgy's performance take into account the characteristics of the position at risk (impact variables, potential quantitative and qualitative severity, probability of occurrence and degree of management and control). Each year it is updated and presented by the corporate Planning, Control and Administration unit to the Audit and Control Committee.
- Other risk maps: promoted by Naturgy's Business and Corporate Units, at their discretion, in accordance and aligned with a common methodology, which serve as a basis for the Corporate Risk Map.
- Risk Measurement System: the metrics used for risk assessment depend on the nature of the risk:
 - Stochastic/probabilistic: probabilistic simulation of price deviations for a confidence interval.
 - Deterministic/scenario: expected impact of the event by its probability scenario.
 - Heat maps: qualitative risk analysis by factor.

Risks categories

Naturgy has defined five risk typologies in the 2022 Risk Map: economic, financial, operational, reputational/sustainability and strategic.

The categories for each risk typology are:

Economic	Financial	Operators	Sustainability reputation	Strategic
Commodity	Credit	Security	Reputational	Alignment with energy transition
Exchange rate	Interest rate	Business continuity	Environmental (E)	Long-term commodity exposure
Regulation	Taxation	Fraud	Social responsibility (S)	Capital employed by geography
Volume	Liquidity and solvency	Cybersecurity	Governance (G)	Risk profile regulated businesses
Margin / Price	Rating	Data protection	Compliance	Exposure to soft currency
Legal	Provisions	Environment	People	Exposure to merchant businesses
Operational		Customer satisfaction	Climate change	
		Health and safety		

For the economic and financial risk categories, the quantitative model type is applied, while for the operational and reputational/sustainability risk categories, a heat map assessment is generally applied.

Economic and financial risk typologies

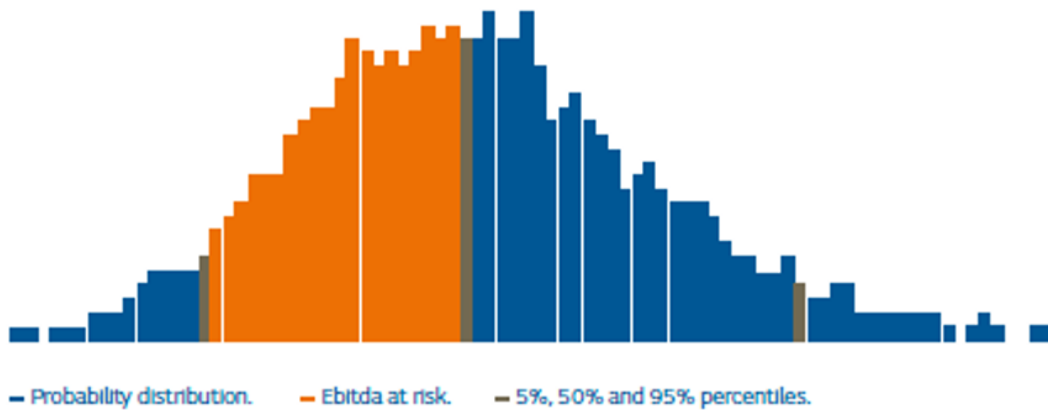
Risk factors with impact on business results and/or impact on the company's cash flow and balance sheet, caused by volatility of exogenous factors, modification of regulatory frameworks or variation of demand with impact on short-term results and by volatility of financial variables, potential impact of counterparties, modification of taxation frameworks or provisioning.

Commodity/exchange rate/interest rate risk

A random measure of the company's risk due to the variability of all prices of energy and financial goods and services with which the company operates:

The risk or CFaR is calculated by taking the highest deviation at a predetermined confidence level of each of the market variables with respect to the reference scenario.

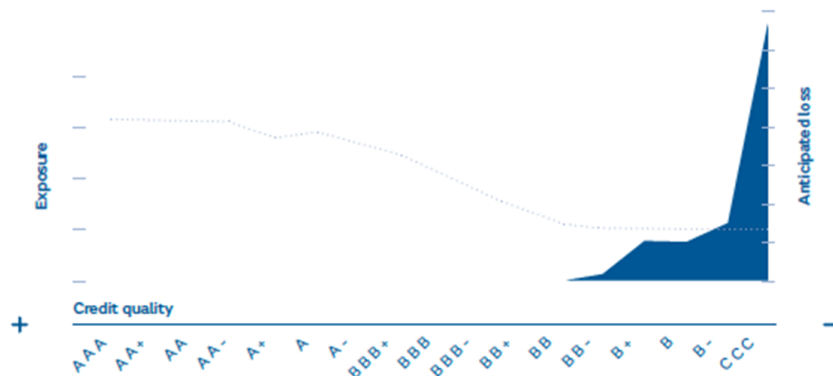
Graphical representation of the distribution of the company's annual Ebitda, its expected value and associated risk



Credit risk

The minimum amount of capital required to be held by an entity as a proportion of its asset base to meet the potential for default and depreciation of assets, in accordance with regulatory agency standards. In Naturgy, the target credit risk profile and the target expected loss are objective. Worse levels of credit quality mean the company's exposure has to be limited.

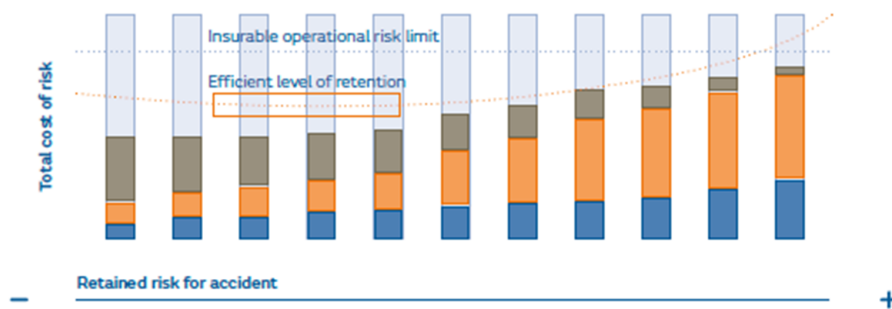
Distribution of the anticipated loss, which increases with the deterioration of customer credit quality



Operational risk

Risk associated with accidents or fortuitous events affecting people and accidents, damage or unavailability of the company’s operating assets, after the coverage by Naturgy’s insurance program.

Its fundamental magnitudes with regard to management are the level of retention and the breakdown of overall costs associated with the risk: premium, expected loss and unexpected loss.



Regulatory, volume, margin/price, legal and tax risks

Measures that determine the company’s risk, defined as the potential variation in Ebitda due to various factors: adverse evolution of demand because of changes in temperature and/or macroeconomic worsening of a country, adverse revision of the regulatory framework of a business, impact on taxes due to uncertainty regarding the acceptance of the tax treatment adopted in the tax returns filed or expected to be filed and uncertainty regarding the probable potential outcome of litigation, arbitration or legal claims filed against Naturgy.

Operational and reputational/sustainability risk typologies

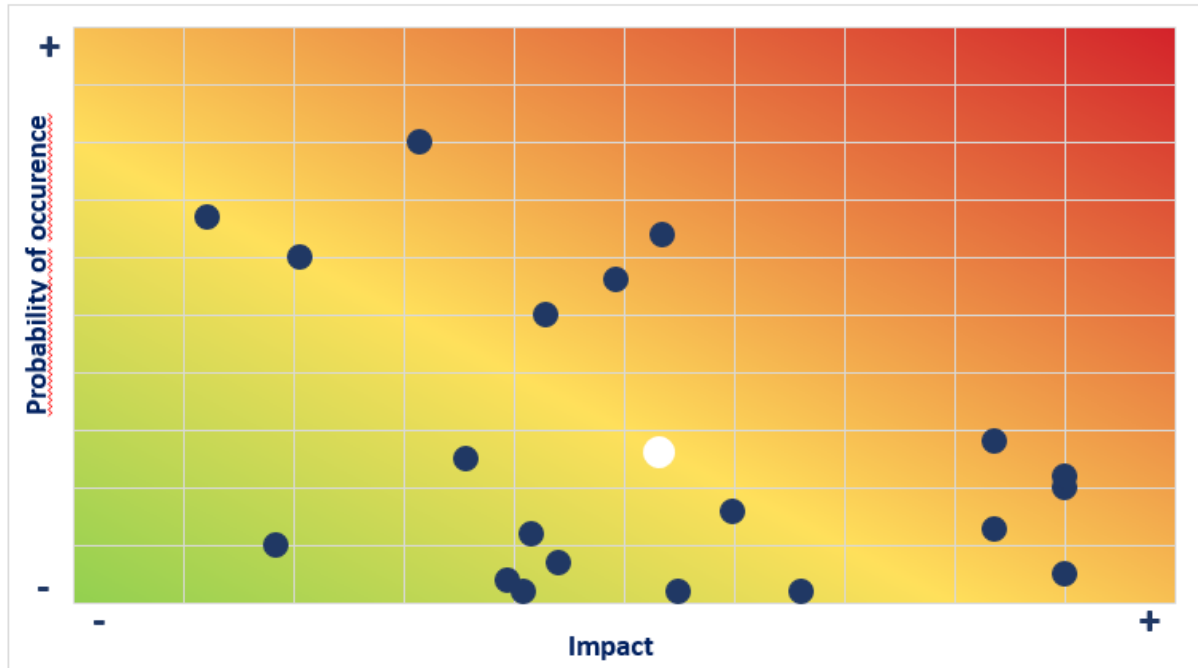
Environmental risk

Associated with the possibility that environmental limits set by the regulator may be exceeded naturally or by human action, or that ecosystems or biodiversity may be damaged.

Naturgy has identified the environmental risks in its facilities by using the reference standard—UNE 150008 in Spain—as its basis. To prevent these risks, the company has introduced an integrated system of management which sets out the operational control and environmental management procedures. This system is audited in-house and certified and audited annually by AENOR. In addition, Naturgy has introduced emergency plans at facilities and storage premises at risk of an environmental accident, including an action plan, containment measures and regular drills.

Risks involving security, business continuity and crisis management, fraud, cybersecurity, data protection, customer satisfaction, health and safety, compliance and people

The risk position is evaluated by means of heat maps, defining critical factors for each risk category, quantifying both the likelihood of occurrence and the impact of each factor, guaranteeing the homogeneity of the criteria used in their measurement.



Representative risk assessment figure

Reputational and ESG risk

The consideration of ESG factors and sustainability criteria in decision-making has taken on particular relevance in recent years. This risk includes uncertainty in the evolution of stakeholder perceptions of the company's reputation and its ability to develop sustainable business from an environmental, social and governance point of view.

Potential impact on business if not managed properly:

- Lower profitability, both in terms of business and investment, in the medium and long-term.
- Lower shareholder value.
- Less sustainable development.
- Negative social and environmental impact, along with a negative financial return.
- Worsening competitiveness.
- Worse assessment by analysts and investors.
- Increased costs of funding.

Mitigation actions carried out by Naturgy:

- Promote renewable energies, renewable gas and energy savings and efficiency as key elements towards a low-carbon model.
- Offering solutions for cities and land and maritime transport that reduce emissions and improve air quality.
- Innovate in technologies and business models that help reduce greenhouse gas emissions.
- Supporting international climate change negotiations and market mechanisms that foster the development of the most appropriate technologies at each stage of the energy transition.

Emerging risks

Of all the potential emerging risks, those considered to be of particular relevance to the company in 2022 are:

Cybersecurity risk or digital information security

Cybersecurity emerges as a consequence of an increasingly technological environment and a focus on progressive digitalisation. The increase in networked devices has forced organisations to establish new defence mechanisms to prevent attacks on the security of their information.

Potential impact on business if not managed properly:

- Loss of information due to theft of files vital to business operations.
- Phishing.
- Loss of trust.
- Loss of customers.
- Reputational damage.
- Stoppage of activity.
- Economic losses.

Climate change risk

[201-2]

Risk derived from energy transition (regulation, market, technologies) and the physical impacts of climate change (acute and chronic).

In order to integrate the climate variable into Naturgy's risk and opportunity management and strategic planning, the identification, measurement and management of climate change risks and opportunities are conducted in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Main opportunities and uncertainties

Naturgy sees the energy transition as an opportunity to transform the business and promote the changes needed to achieve a low-carbon economy. In this context, and based on the Strategic Plan 2021-2025, Naturgy's main opportunities are as follows:

- **Focus on stable, low-risk, strong-currency geographies** to capture growth in energy demand and maximize business opportunities in new markets.
- **Renewable generation:** increasing renewable generation capacity in line with the global energy transition.
- **Network operation and growth:** leveraged on solid regulatory frameworks with long-term visibility and focused on continuous improvement, digitalisation and automation
- **Technological development and innovation:** development of innovation projects in hydrogen and its blending in gas networks, renewable gas, energy efficiency, sustainable mobility and just transition.
- **Natural gas and LNG supply portfolio:** continuous review and optimisation of supply contracts, continuous risk management to ensure predictable cash flows, and adaptation of the LNG carrier fleet to enhance its flexibility.

There are uncertainties of a transversal nature, such as the macroeconomic context and geopolitical exposure, which materialise and have an impact on many of the risks included in the typologies described in the previous point.

Uncertainty of the macroeconomic context

The global macroeconomic scenario of recent years has been profoundly altered by the concatenation of two events of unprecedented complexity and depth. Initially, the outbreak and evolution of the COVID-19 pandemic and, subsequently, the rise of geopolitical tensions in Europe with Russia's invasion of Ukraine. Both events have led to a global crisis, one of the most affected sectors being the energy sector, with significant increases in the price of natural gas and oil, in the former to levels well above pre-war levels and with extreme volatility in daily prices.

Naturgy monitors the status and evolution of the current situation generated, with constant monitoring of macroeconomic and business variables, to manage potential risks. To this end, analyses assess the indirect impacts of the conflict on business activity, financial situation and economic performance, with particular reference to the across-the-board increase in raw material prices and, where appropriate, the reduced availability of material supplies from conflict-affected areas.

In this regard, Naturgy has taken actions aimed at mitigating the effects of rising energy prices on its customers and society as a whole. On the other hand, with regard to gas supply contracts, a significant part of those that expire in the long term have entered the ordinary price review period and in whose negotiations the company looks after the interests of its shareholders, customers and other stakeholders.

On the regulatory side, both European and national bodies have established various regulations to mitigate the consequences of the war on final energy consumers. The regulatory framework is described in Annex II to the consolidated financial statements as at 31 December 2022.

External geopolitical exposure

Naturgy has interests in countries with different political, economic and social environments, highlighting three main geographical areas outside the European Union:

- **Latin America:** Uncertainty factors linked to investment and business in Latin America include the influence of local governments on the economy, fluctuating economic growth rates, high levels of inflation and devaluation, depreciation or overvaluation of local currencies, a changing interest rate environment, as well as social tensions and political instability.
- **Middle East and Maghreb:** Naturgy has both its own assets and important gas supply contracts from different countries in Maghreb and the Middle East. Political instability in the area may result in both physical damage to assets of Naturgy's investee companies and obstruction of the operations of these companies or others involving an interruption of the group's gas supply.
- **China and Taiwan:** The Asian market emerges as a relevant geopolitical uncertainty factor, given the current heavy dependence of the supply chains of processed renewable components on Chinese exports. Interruptions in the supply of these components, due to transport and distribution problems or direct import restrictions, can lead to increased material costs and delays in the commissioning of ongoing renewable projects.

5. Security and privacy

[3-3]

(Cybersecurity and information security)

Privacy and security of personal data

Naturgy has defined a Personal Data Protection Policy that ensures proper processing of this data throughout its life cycle, from collection and processing through to removal.

This policy is communicated to all employees and is developed in a regulatory corpus aligned with all legal requirements, standards and internationally accepted best practices governing the processing of personal data. This policy applies to all organisational units and companies of the company that collect or process personal data, as well as to partners and suppliers that collaborate in such processing.

Naturgy complies with the provisions of Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and the free movement of such data, and with the provisions of Organic Law 3/2018, of 5 December, on the Protection of Personal Data and the guarantee of digital rights, as well as with the other provisions on data protection, to guarantee the protection of data of a personal nature of its directors, employees, customers, suppliers, shareholders, investors and other stakeholders.

Actions to comply with legislation

Naturgy, when it is the data controller, performs all necessary actions to comply with the legislation on data protection, which include the following, for merely illustrative purposes:

- It processes personal data in a lawful, sincere and transparent manner.
- It collects data for specific, explicit and legitimate purposes.
- It minimises the data subject to processing.
- It updates the data, providing data subjects with simple systems for this update.
- It limits the data storage periods.
- It applies appropriate technical and organisational measures to guarantee the security, integrity and confidentiality of the data.
- It obtains the consent of the data subject for processing whenever necessary.
- It introduces simple and adequate mechanisms so that the data subject, directly or through their legal or voluntary representation, can exercise their rights pursuant to prevailing legislation.
- It chooses data processors that offer sufficient guarantees to apply appropriate technical and organisational measures so that data processing is carried out in compliance with the requirements of relevant legislation. In addition, it signs agreement with these data processes through which the data processor will only process data in accordance with the instructions given by the data controller, and will not apply the data or use them for any purpose other than the one set out in this agreement, and will not disclose them, even for safeguarding purposes, to third parties.
- It keeps a record of data-processing activity.
- It carries out the impact assessments it deems appropriate.
- It has a collegiate body that acts as Data Protection Officer.
- It performs audits to guarantee compliance with data protection regulations.

In 2022, Naturgy received 73 requests for information from the Spanish Data Protection Agency, all of which were duly dealt with and, at the date of writing this report, none of them had resulted in a sanction.

	2022	2021
Requirements received from the Spanish Data Protection Agency (AEPD)	73	37

In relation to the evolution of the indicator of requirements received by the AEPD, the increase experienced in recent years is noteworthy. Given that it is the group companies dedicated to marketing that have received the majority of requests, it is reasonable to think that the increase is due to the increase in Naturgy's commercial activity. On the other hand, it should be borne in mind that there is a greater level of public awareness and awareness of personal data protection.

Pursuant to Article 32 of the General Data Protection Regulation (GDPR), which addresses security measures and technology, Naturgy adopts the technical measures designed to safeguard the security of personal data and to prevent them from being altered, lost, or being processed or accessed in an unauthorised way to guarantee the confidentiality, integrity and availability of the data.

In addition, there are procedures for updating and correcting new vulnerabilities of systems, to propitiate better proactive conduct in the prevention of security incidents, and in the analysis and management of information security risks.

Cybersecurity

Cybersecurity Governance/IT Security

The increase in risks and threats, as well as the fact that, in Spain, the infrastructures managed by the company are considered critical, make cybersecurity management a priority issue. In this regard, Naturgy has a global cybersecurity governance system for the entire organisation.

This matter is supervised by the Board of Directors, whose directors have profiles and knowledge in the information technology sector, which favours an overall view of these matters.

Cybersecurity is managed transversally throughout the organisation through the corporate function (Global Head Chief Information Security Officer), responsible for ensuring the correct strategic alignment of the policies and regulations applicable in each of the businesses, which in turn have specific cybersecurity officers (Business Information Security Officers). The corporate cybersecurity function is spearheaded by the Chief Information Officer, who is part of Naturgy's Management Committee.

Naturgy uses the BitSight Index, which allows organisations to examine their cybersecurity and compare it with that of other companies to determine the level of performance in this area. This indicator is changing the way organisations manage their information security by providing objective, verifiable and actionable security scores. In 2022, Naturgy obtained an average score of 730 on this index, which is based on a scale of 250 to 900, with 250 being the most basic and 900 the most advanced.

Finally, Naturgy maintains relations with third parties in the field of cybersecurity, such as the National Institute of Cybersecurity or the European Commission, participates in sectoral forums and collaborates with companies in the sector or others engaged in providing cybersecurity services.

Cybersecurity measures

Naturgy has an updated Cybersecurity Plan in accordance with the latest requirements and threats in this area. This plan seeks to increase the prevention, protection and investigation of cyber-attacks and, accordingly, to strengthen the company's resilience in digital environments in order to ensure the protection of all Naturgy's information assets. The plan is globally applicable and is based on three fundamental pillars: people, processes and technology.

One of the company's objectives is to align its own requirements with regulatory requirements. For this, Naturgy has a body of regulations that establishes the basic lines of action that must be complied with by employees in terms of information security. These regulations are updated periodically and a series of international standards and good practices, such as ISO 27001, NIST SP 500-53 or ISA 62441, are used as a control framework.

In order to integrate cybersecurity into projects from the early stages, Naturgy has a technical office of security projects that helps to include cybersecurity from the conceptualisation and design of projects. In this way, security baselines are defined based on international standards and best practices, such as ISO 27001, NIST SP 500-53, ISA 62441 or CCSA (Cloud Certification).

As regards cyber intelligence tasks, Hunting teams and the CyberSOC (Security Operations Centre) have continued to integrate new sources of cyber intelligence, as well as new use cases aligned with the MITRE Matrix, enabling early detection. In addition, and as a final step in this process, the company has defined a protection plan, consisting of the mitigation of those use cases that could be exploitable on its infrastructure, thus guaranteeing the minimisation of potential damages.

In addition, roles and responsibilities have been assigned in a global incident response plan—aligned with the crisis management plan—and end-user protection tools have been deployed. The capabilities of the threat hunting team, which analyses the environment, identifies new attack trends and thus enriches SOC's capabilities, have also been expanded.

In addition, Naturgy proactively performs, with the support of leading third parties in cybersecurity, periodic attack simulation exercises to prevent and resolve potential vulnerabilities and certify the robustness of the company's processes and systems.

Regarding the extension of the principles to the supply chain, Naturgy establishes cybersecurity criteria that are required in the processes of procurement or contracting third party services, and a qualification evaluation system is being implemented for the main suppliers that process company information.

Process and infrastructure

In the event of a cyber incident, and depending on its level of criticality, Naturgy mobilises and executes the appropriate levels of response, thus limiting its impact on the group, the value of the share, service provision and customer confidence. It is worthy of mention that there have been no infrastructure incidents during 2022 **that prevented business continuity.**

Naturgy has an incident response procedure that determines how to execute the global coordination of cybersecurity incidents based on the nature and criticality of the incidents that are managed, both locally and globally.

The procedure is based on the incident management documentation developed by NIST (National Institute for Standard and Technology - Special Publication (SP) 800-61).

In addition, the company has a Crisis and Technological Continuity Plan, which regulates the mechanisms to be implemented in the event of a serious security incident. These mechanisms help maintain the service level within predefined limits, establishing a minimum recovery period, analysing the results and reasons for the incident, and thus avoiding the interruption of corporate activities. The plan mitigates the financial impact and loss of critical information, as well as the reputational aspect.

Every year, Naturgy conducts cybersecurity incident response simulation exercises for each of the geographies and businesses. In this regard, there have been no infrastructure incidents during 2022.

It should be noted that the Naturgy group's Information Systems infrastructure and information security management systems are audited annually by external auditors during the auditing of the company's accounts. In addition, we carry out an annual cyberassessment (for each business and geography), which allows the company to evolve its level of maturity year after year, proposing and executing new lines of improvement.

Protection of strategic assets at Naturgy

[IF-EU-550a.1] and [IF-EU-540a.2]

Throughout 2022, the corporate Security and Cybersecurity units have monitored and supervised the processes established to protect their critical infrastructures, performing actions for the review/updating of applicable documentation, managing the incidents detected and maintaining dialogue with public and private bodies involved in these infrastructures.

During 2022, there have been no incidents of non-compliance with the group's regulations.

▪ **Integrity of gas supply infrastructure**

[IF-GU-540a.2], [IF-GU-540a.3] and [IF-GU-540a.4]

	2022					2021				
	Spain	Argentina	Brazil	Chile	Mexico	Spain	Argentina	Brazil	Chile	Mexico
Cast iron or puddled iron distribution pipes (%)	2	0	2	0	0	2	0	2	0	0
Unprotected steel distribution pipes (%)	0	0	5	0	14	0	0	5	0	15
Gas transmission pipelines inspected (%)	100	100	36	0	N/A	100	100	20	0	N/A
Gas distribution pipelines inspected (%)	49	80	68	7	89	51	73	80	0	92

NB: no data available for Chile.

Among the efforts made by the company to manage the integrity of the gas supply infrastructure, the actions carried out in Brazil and Mexico in recent years stand out:

- Creation of an instrumented inspection plan in transmission networks.
- Creation of maintenance plans for analysis of coatings in transmission and distribution networks.
- Creation of leak detection plans in distribution and transmission networks.
- Periodic monitoring of the cathodic protection system through a remote management system.
- Follow-up of maintenance indicators through periodic meetings.

Nuclear power stations

Naturgy owns or holds a percentage of several nuclear power stations in the country. The company owns 100% of the José Cabrera nuclear power station, a facility that operated between 1968 and 2006 with excellent results in the areas of nuclear safety, radiation protection and waste management.

In addition, Naturgy has the following ownership in the Almaraz I and II and the Trillo nuclear power stations:

Unit	Thermal power (MWt)	Ownership (%)
Trillo	3,010	34.5
Almaraz I	2,947	11.3
Almaraz II	2,947	11.3

In November 1999, the companies owning the Almaraz and Trillo nuclear power stations set up the Economic Interest group known as Centrales Nucleares Almaraz-Trillo, A.I.E. (CNAT), for the integrated operation, management and administration of both plants, maintaining unchanged their ownership stakes in each of them.

The production of electricity in nuclear power stations is a highly regulated activity. There are numerous national and international bodies working together with operators to define and implement effective management models that make this form of energy production a benchmark in terms of safety, reliability and respect for people and the environment.

Naturgy participates, either directly or indirectly through the coordination organisation of Spanish nuclear operators in the Nuclear Energy Committee, in international organisations of recognised prestige in the nuclear field, as well as in various national forums related to nuclear R&D, in order to ensure excellence in the operation of these assets and to guarantee the production of electricity with high levels of safety.

No other considerations should compromise the security of the company's facilities. This premise demands a commitment to a "safety culture" where safety issues are given the maximum attention they deserve because of their significance. Safety, understood in its broadest sense, encompasses aspects such as operational safety, radiation protection, respect for people and the environment, occupational risk prevention, maintenance of the physical safety of the facilities, safety and risk assessments and ongoing worker training.

CNAT has safety policies, supported by Naturgy, based on a "safety culture" that ensures:

- All the people who work at CNAT are true protagonists of prevention, and it is up to the management and middle management to take the lead.
- The health of all employees and the continuous improvement of the quality of their working life are guaranteed.
- All accidents can and must be avoided. Risk control is always a good investment.
- Training, information, consultation and participation of workers are essential elements of the company's prevention policy.
- Prevention forms part of all the activities of the organisation.
- The coordination of business activities is established and included in the corresponding procedures.
- Every accident and incident needs to be investigated and used as a source of learning. Any unsafe action or unsafe practice must be recognised, analysed and corrected.
- Compliance with prevailing legislation is ensured, both with regard to our own staff and that of contractors, subcontractors and suppliers.

In terms of quality, CNAT's commitment has been recognised by the Spanish Association for Standardisation (AENOR) through the awarding of the official certificate proving that the quality management system complies with the UNE EN ISO 9001:2015 standard for the production of electricity from nuclear energy. In 2021, AENOR carried out a follow-up audit of the certification with a satisfactory result. Furthermore, CNAT complies with the quality standard of reference in the nuclear sector, the UNE 73401 on quality assurance at nuclear facilities, which is the basis of the quality assurance manual, the requirements of which are permanently audited by the Nuclear Safety Council (CSN).

CNAT has had its environmental management system certified by AENOR since 2005, in accordance with the international standard UNE-EN-ISO-14001:2015. In 2021, the follow-up audit of the certification of the environmental management system of AENOR INTERNACIONAL S.A.U. was carried out. This certificate was renewed for the last time in 2020 and is valid until 2023.

6. Integrated and responsible management

Integrated management system

For years, Naturgy has had an integrated quality, environment, health and safety management system (IMS), certified according to the requirements of the ISO 9001:2015, ISO 14001:2015 and ISO 45001 standards. This system is audited externally every year. In 2022 this audit was conducted by AENOR for all businesses.

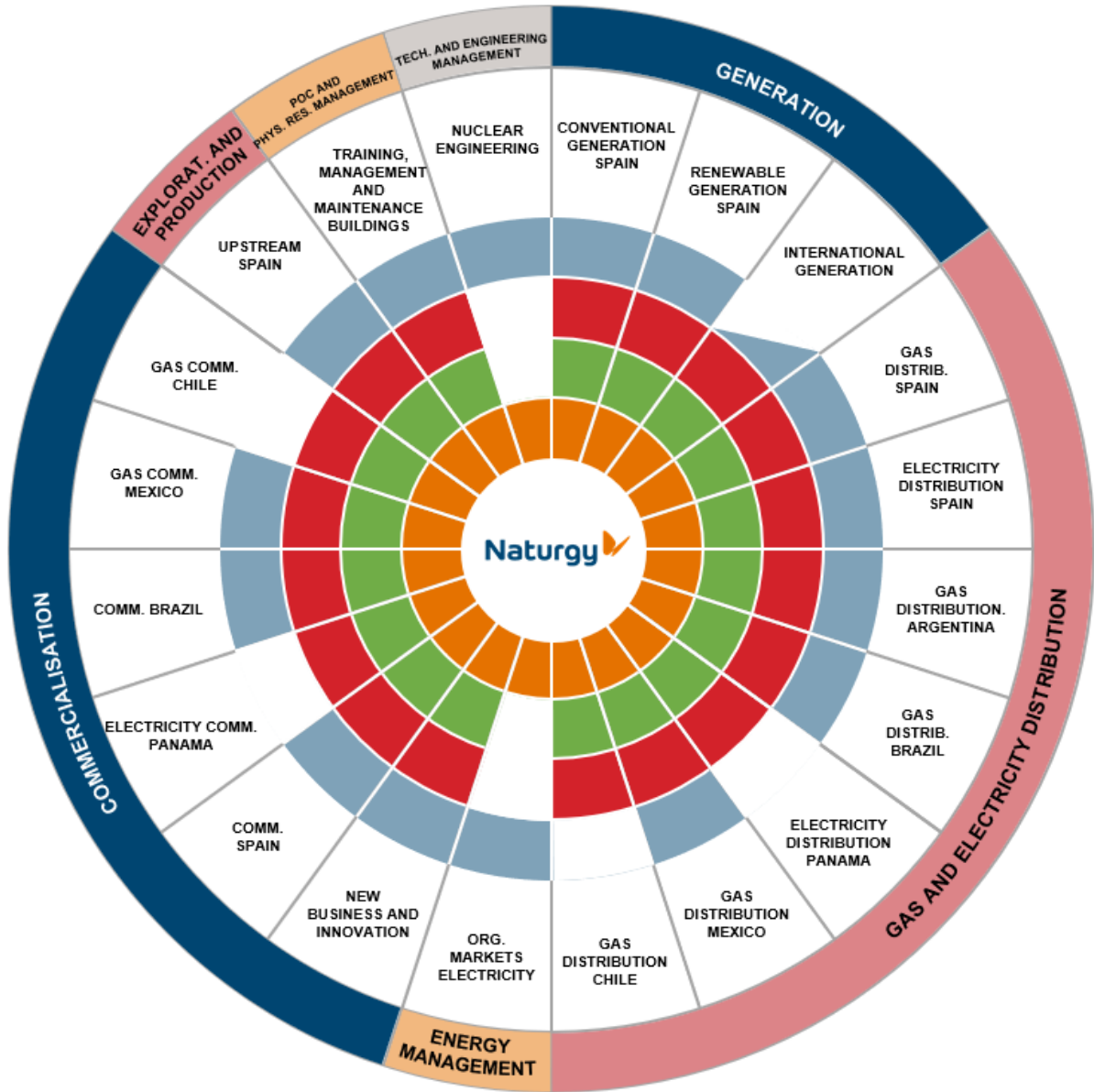
The scope certified by this system is the management of:

- Extraction and injection of natural gas.
- Electricity generation (thermal, hydraulic and renewable sources origin).
- Distribution of natural gas and electricity.
- Commercialisation of natural gas and electricity.
- Development and execution of engineering projects.
- Energy management in organised Iberian electricity markets.
- Corporate training activities.

As part of the IMS, the Healthy Company Integrated Management System is also audited and certified annually in the units in Spain, Argentina, Brazil, Chile, Mexico and the Dominican Republic, in accordance with the Healthy Company Model.

In addition, the energy services activity included in the commercialisation of natural gas and electricity in Spain is certified in the energy management system according to ISO 50001.

• **Quality, environment and health and safety certifications chart**
Ed. 37 (22/11/2022)



- Quality (ER) – ISO 9001
- Environment (EM) – ISO 14001
- Health and Safety (OSH) – ISO 45001
- Healthy Organisation (HO) - Healthy Organisation Model

7. Supply chain

[3-3]

(Responsible supply chain)

Suppliers and collaborating companies are key players in the optimum performance of the value chain of Naturgy, and the company therefore promotes relations based on trust, that are stable, sound and of mutual benefit, under the principles of transparency and risk management.

Suppliers are selected through objective and impartial assessment mechanisms, which ensure that the supply chain complies with the principles set out in the Supplier Code of Ethics. All suppliers must adhere to this Code and its content stems from Naturgy's Code of Ethics, Human Rights Policy, Health and Safety Policy, Environmental Policy and Anti-Corruption Policy, as well as internationally recognised principles of good governance.

This is because the risks to the company extend beyond its activity, as it can be severely impacted by an inadequate activity by its suppliers and contractors in terms of the environment, health and safety, human rights, labour practices or corruption. The management of these risks is included in the global supply chain management model which is based on the assessment of the risk factors intrinsic to the outsourcing of a service or the supply of a product. This allows us to put in place controls to minimise risks and to ensure a level of compliance by suppliers that is equivalent to the requirements that the group satisfies in the activities it performs internally.

The company performs the procurement of works, goods and services, as well as the assessment, monitoring and development of suppliers in accordance with the general principles established in its policies, rules and procedures, ensuring a uniform, efficient and sustainable model that goes beyond regulatory compliance with legislation.

Naturgy's commitments in relation to its supply chain are as follows:

- Extending Naturgy's culture to the supply chain, transmitting the objective of excellence in service, efficiency in resources and compliance with the company's principles of responsible action. Encouraging the incorporation of sustainability criteria in daily management.
- Fostering compliance with the codes and policies of Naturgy in the supply chain, in particular in the area of human rights, ethics, health and safety and the environment.
- Encouraging the hiring of suppliers from the country or region where the company performs its activities against similar competitiveness in other locations, thus supporting the generation of a positive social impact.
- Fostering practices that encourage traceability and fair trade of raw materials at source.

Naturgy suppliers according to the nature of their activity

[2-6]

In 2022, Naturgy set up trade relations with a total of 5,951 suppliers which accounted for a total expenditure of Euros 2,643 million. These data include information from Argentina, Australia, Brazil, Chile, Costa Rica, the Dominican Republic, Morocco, Mexico, Panama, Spain and USA. The remaining supply chain indicators in the report do not include information from Australia, USA and the Dominican Republic and the USA, which represent 5.73% of the total procurement volume awarded, as detailed information is not available. The information for Morocco relates to residual operations carried out before the cessation of activity in Morocco.

Approximately two thirds of the overall amount awarded corresponds to service suppliers that fundamentally take part in the following business areas:

- Development and maintenance of grids, both natural gas and electricity.
- Construction, operation and maintenance of energy plants.
- Commercial management services.

The remaining third corresponds to suppliers that provide materials required for the construction and maintenance of grids and plants, as well as those support services that complement the general activity. This activity was carried out mainly in Argentina, Australia, Brazil, Chile, Mexico, Panama and Spain, and to a lesser extent in Costa Rica, the Dominican Republic and the USA.

Management of the supply chain

[2-6] and [414-2]

Purchasing Model

The Purchasing and Supplier Management model introduces a management process with unified and overarching criteria for Naturgy's entire scope of operations. Key processes of these functions are centralised ensuring a global coordination that makes it possible to identify improvement opportunities.

The company supports the generation of positive social impact by promoting the contracting of suppliers from the country or region where the activities are carried out, preserving the group's reputation and ensuring Naturgy's sustainable principles of action in the purchasing and procurement processes.

The levers and measures that activate Naturgy's purchasing model are the following:

Activators

Naturgy's Policies and Codes

- Corporate Responsibility Policy.
- Human Rights Policy.
- Anti-Corruption Policy.
- Purchase Policy.
- Suppliers Policy.
- Code of Ethics.
- Supplier Code of Ethics.

Preventive

Naturgy Standards and Procedures

- Supplier tree according to risk level.
- ESG risks matrix.
- Supplier classification.
- Approval of suppliers.
- CSR Scoring.
- Reputational and economic-financial analysis.
- ESG audits.
- Environmental Questionnaires.
- Performance monitoring.
- Development of suppliers.
- Reputational monitoring of suppliers.

Corrective

Naturgy Standards and Procedures

- Audit corrective action plan.
- Performance monitoring corrective action plan.
- Revoke classification or approval of suppliers.
- Termination of contracts or reduction of suppliers' workload.

Elements to be highlighted in the management of the Naturgy supply chain

Corporate Responsibility Policy	It establishes commitments, actions and indicators for the responsible management of the company's supply chain.
Supplier Code of Ethics	Since 2016 all group suppliers have to adhere to the Supplier Code of Ethics.
Human Rights Policy	Naturgy's Human Rights Policy extends to the Supplier Code of Ethics. The assessment of suppliers includes issues related to human rights practices that are used to exclude suppliers in the event of an unsatisfactory response. In 2022, no breach of human rights at suppliers was detected.
Transparency in purchases and communication with suppliers	<p>In terms of procurement, Naturgy is committed to ensuring free competition, objectivity, impartiality, transparency and traceability throughout the procurement process:</p> <ul style="list-style-type: none"> – The use of secure electronic means for management of all tenders brings greater transparency to the procurement process and ensures information traceability. – Communication channels with the supplier that facilitate access to all the information necessary for their participation in the procurement processes <ul style="list-style-type: none"> ▪ A specific section for suppliers on the Naturgy website. ▪ The Supplier Portal, an online platform for transferring technical regulations to the supplier, notifying updates and managing orders. ▪ The Supplier Channel is the online tool available to the supplier to sort out any doubts or incidents or for any queries or suggestions.
Reporting channel	All suppliers, contractors and external collaborating companies can contact the Ethics and Compliance Committee of the company through the web channel published in the Naturgy Supplier Code of Ethics.

Measuring the carbon footprint in the supply chain

In terms of environmental sustainability, Naturgy has decided to go a step further by applying, from this year onwards, a new criterion in procurement processes, including a progressive assessment of the measurement of the carbon footprint of its suppliers in the bidding process. In this way, it incorporates climate change management into the performance assessment of the companies it works with.

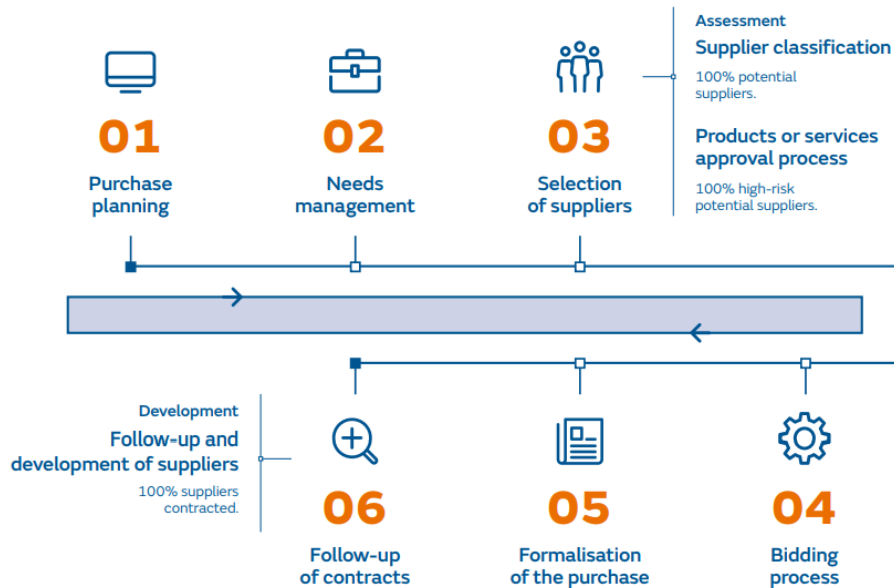
In implementing this requirement, the company has established two phases. In the first, implemented in 2022, suppliers are invited to voluntarily include as part of their technical bid a certificate verifying the measurement of their carbon footprint by an accredited entity. This information may be considered positively by Naturgy in the award decision. From 2023 and for purchases with a certain level of climate change risk, the presentation of this certificate will be mandatory.

In addition, since January 2022, Naturgy contractually requires that certain suppliers, depending on their risk derived from climate change or the amount of the contract for which they bid, report annually to the company on their degree of performance in climate matters through the completion of the CDP Supply Chain questionnaire.

Supply chain management process

In order to promote responsible management in the supply chain, Naturgy establishes a procurement process that aims to meet the needs of goods and services efficiently. It covers all stages of procurement, from identification of the need for a good or service to the follow-up of the management of contracts or orders.

Procurement is based on unified and universal contractual conditions for the entire scope of the group's activities, which include, among others, social and environmental clauses, anti-corruption clauses and ethical practices. The general terms and conditions of contracting and the country specific conditions are published on the relevant group websites.



Policies and procedures for supervising the management of subcontracted activities

Lines of action	Description
Global Outsourcing Policy	It sets out the general principles which have to be applied to all awarding or procurement of works, goods and services carried out by the group, guaranteeing a uniform, efficient and quality model for managing the procurement process.
Global Suppliers Policy	It represents the principles of the processes of assessment, approval, monitoring and development of suppliers. It guarantees sustainable management of the supply chain, identifying and assessing risk factors, evaluating suppliers and ensuring compliance with Naturgy’s corporate social responsibility commitments. General principles include promoting responsible supply chain management and ensuring the group’s sustainability principles in purchasing and contracting processes. In particular, in environmental, social and good governance matters, we guarantee ethical behaviour and human and labour rights, transparency, full and fair opportunity, respect for the interests of stakeholders, respect for the principle of legality and international standards of behaviour, focus on needs, integration and continuous improvement, among others.
Counterparty Due Diligence Procedure	It is designed to cover the main legal and reputation risks involved in business relations with third parties, and, in particular, covering misconduct associated with the risk of corruption.

Risk management of the supply chain

[407-1]

The process of global supply chain management is based on the assessment of risk factors that are intrinsic in outsourcing a service or supply of a product. This allows us to put in place controls to minimise risks and to ensure a level of compliance by suppliers that is equivalent to the requirements that the group satisfies in the activities it performs internally.

With the risk assessment of the 323 purchase categories that are managed worldwide, and after assessing the risks of 50 countries where the company usually contracts, we obtain the risk of each purchase category in accordance with its activity and the country where the activity is conducted.

This combination allows us to assign a high, medium or low risk to each purchase category, which is integrated into the map, thus obtaining the risk of each purchase category by country.

The company considers as critical suppliers those suppliers with a high level of risk in any of the assessed risk factors associated with the purchase categories they supply (Operational, ESG, Health and Safety, and Quality). Also included as non-substitutable critical supplier are technologists or suppliers of products or services that cannot be supplied by others or cannot be substituted, with which specific contractual conditions are established and validated by the specialised areas (Legal, Compliance, Cybersecurity, etc.) and which exceed Naturgy’s Single Contractual Model.

Risk factors

- Health and Safety Risk: potential risk of incorrect performance or failure of the service/product and the impact it would have on the life or physical integrity of people.
- Quality Risk: impact if the supplier fails to comply with the expected or agreed quality levels, which could lead to service/product failures, delays in execution or delivery times, increased costs or low customer satisfaction.
- ESG Risk: existing risk of purchasing products and/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.
- Legal Risk: possibility of infringements and breaches by suppliers of laws, rules and practices that apply to them. To contract a supplier and for the contractual term, it is compulsory to prove compliance with the remuneration, tax and workers’ rights obligations, as well as to provide the civil liability coverage required in accordance with the product or service contracted for which vicarious liability may be claimed.
- Reputational Risk (Compliance): potential reputational damage that could result from the perpetration of a fraudulent or anti-competitive act by a supplier, contravening the ethical standard of compliance established in the Naturgy Supplier Code of Ethics.
- Financial Risk: economic impact on operations that may be incurred by the group in its service to customers as a result of a lack of continuity in supply or the deterioration of a good or service by suppliers that have been awarded contracts.
- Cybersecurity Risk: risk inherent in the processing of information assets, knowledge or data that are of value to the group and that could result in the failure of strategic infrastructures, leakage of confidential information, or technological and telecommunications interruptions.
- Data Protection Risk: risk to the rights and freedoms of natural persons arising from the processing of personal data and which may cause physical, material or immaterial damage.



In 2022, the number of suppliers with a valid contract in critical activities was 1,241, representing 55.5%¹ of the purchase volume. In addition, the company has identified 49 non-tier 1 critical suppliers (those who render services and/or provide products in tier 2 or above levels of the value chain), mainly corresponding to purchase categories of critical products that represent 1.61% of the overall purchase volume.

Naturgy assesses the ESG risk using a matrix that takes into account 20 environmental, social and good governance aspects of each of the purchasing categories and countries in which it operates.

¹ Does not include data from Australia, Dominican Republic and the USA.

Workers' rights are one of the aspects taken into account in the risk assessment. This aspect covers the following issues: work and free choice of profession or trade, freedom of association, collective bargaining, collective action, strike action, assembly, information, consultation and participation in the enterprise. In addition, the supplier code of ethics sets out specific guidelines to be followed by suppliers in relation to, inter alia, freedom of association and collective bargaining. 95.42% of the purchase volume awarded by Naturgy has the acceptance of the supplier's code of ethics.

Process map and sustainability criteria included in the ESG risk matrix

Risk Factors Environment	Risk Factors Good Governance	Risk Factors Social
Climate change. Pollution. Biodiversity. Water. Soil. Landscape · Territory · Heritage. Consumption of resources. Waste.	Fraud. Corruption. Competition. Terrorism. Professional ethics. Regulatory compliance.	Community well-being. Human Rights. Employee rights. Data protection. Safety and quality of products. Freedom.



ESG Risk Map (activity/country)

High level | Medium level | Low level

In this way, Naturgy identifies the suppliers with high risk in sustainability, considering those that reveal a high risk level in the Health and Safety and ESG factors. In 2022 the number of suppliers in this category was 408², representing 37.3% of the total purchase volume. 97.06% of these suppliers present a high Health and Safety risk as this is the predominant factor due to the nature of the activity carried out by Naturgy, construction, operation and maintenance of natural gas networks, electricity networks and power stations.

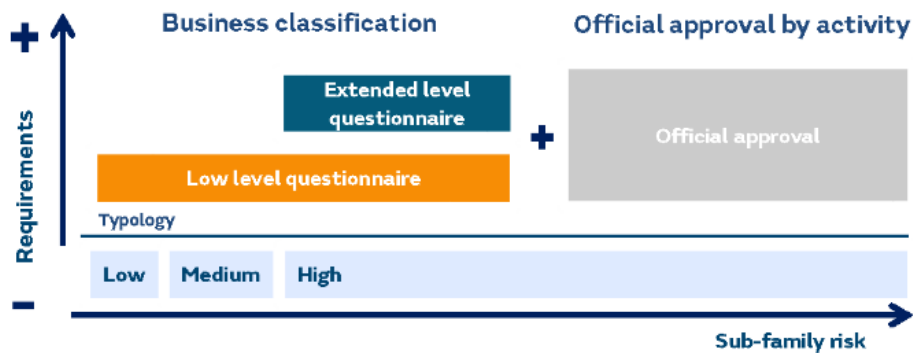
Supplier assessment process

[407-1] y [414-2]

Supplier assessment consists of business classification and approval processes by activity.

² Does not include data from Australia, Dominican Republic and the USA.

Risk map by purchase category



Business classification of suppliers

[409-1] and [414-1]

Based on the assessment of compliance at company level with Naturgy's requirements in the different risk factors. All suppliers must pass this process before maintaining commercial relations with Naturgy.

The supplier business classification model establishes:

- A basic level for suppliers with medium and low risk that ensures their adherence to the Naturgy's Supplier Code of Ethics and the declaration of compliance with the main legal, tax, organisational, environmental, social, health and safety, cybersecurity, compliance, quality and personal data processing criteria required by Naturgy.
- An extended level, for high-risk suppliers, which additionally requires an extended questionnaire and evidence of financial, sustainability, health and safety, and compliance information.

The company classification process also obliges all suppliers to declare compliance with minimum social, health and safety and labour practice requirements, and the abolition of traditional and emerging practices of forced labour and child labour.

The classification is managed by registering on the Achilles platform, the supplier classification system, and critical suppliers are required to register in the RePro Community of the energy sector in Southern Europe and South America.

Suppliers who do not answer satisfactorily to the minimum requirements will be considered unsuitable to work with Naturgy.

In 2022 Naturgy has conducted the ESG assessment of 6,065 suppliers, including potential and active ones. The latter have to be assessed on an annual basis.

The result of the process shapes a suppliers tree in which they are classified in accordance with the categories for which they are able to supply services or products, and according to the associated risk level. The weight of sustainability issues raised to high-risk level suppliers during the business classification process represents 63% of the total and compliance issues represent an additional 22.1%. The social factor takes into account not only the social aspects characteristic of the supplier's activity or product (community well-being, human rights, workers' rights, data protection, product safety and quality, freedom), but also the country risk where the work is carried out. Failure to comply with the established social minimums may be grounds for exclusion of the supplier.

In the countries of the group with the supplier classification model implemented through the Achilles platform, all new suppliers have to pass selection filters according to social criteria. It is a prerequisite for a supplier to maintain a contractual relationship with Naturgy. If all the group's countries are taken into account, including those in which this platform is not implemented, in 2022 the percentage of new suppliers that have passed selection filters according to social criteria was 67.6%.

For high-risk suppliers, RePro has a specific sustainability and compliance module and an objective scoring system that classifies suppliers into five categories -excellent, high, medium-high, medium-low and low-. Suppliers in the last two categories receive customised reports with recommendations for improvement.

The high risk rating process also includes the assessment of criminal, privacy and cybersecurity compliance issues through a compliance rating and corresponding customised recommendation report for each supplier.

In accordance with the company's Health and Safety Commitment, specific regulations have been introduced to classify the health and safety risk of suppliers, by defining objective aspects and assessment criteria, requirements for classification, selection and evaluation of bids in award processes.

Official approval and management of supplier quality

[409-1]

At Naturgy, all suppliers that perform critical activities —those defined with a high risk in any of the ESG, Quality and Health and Safety risk factors— must be approved.

The approval process is based on audits conducted at the supplier's facilities or by distance depending on the critical nature, to check compliance with the specific requirements defined for the service or material. If anomalies are detected during the audits, corrective actions must be introduced within the deadlines agreed between Naturgy and the supplier, and this deadline is always less than one year.

Naturgy also approves the non-tier 1 suppliers corresponding to categories of purchase of critical products, over which audits are conducted based fundamentally on quality-related aspects.

In 2022, 718 audits were performed on suppliers and subcontractors, of which 89 were conducted at their facilities (27 audits of approval and 62 inspections at source). If anomalies arise in the approval process, this may lead to a plan of corrective actions, or to the non-approval of the supplier, which would prevent such supplier from performing this activity for Naturgy.

85% of the approval audits carried out at the suppliers' premises has resulted in the need to submit a corrective action plan. On the other hand, in 2022, one supplier's approval has been suspended, withdrawn and the contractual relationship terminated for non-compliance with safety, quality and other requirements.

Monitoring, follow-up and development of suppliers

Monitoring of suppliers

- Criteria considered in monitoring

	<p>Since 2019 Naturgy has been monitoring online the reputation risks of the portfolio of suppliers with whom it maintains commercial relations. A screening tool has been used to detect exposure to counterparty reputational risk and to make decisions based on the risk detected in coordination with the Compliance Unit.</p>
Corporate image and reputation	<p>The monitored supplier base amounts to 5,873 at the end of 2022. In no case has there been evidence of an impact that has placed these suppliers at very high risk.</p> <p>In addition, reputational due diligence is performed on suppliers to analyse the alignment with Naturgy's corporate responsibility commitments.</p> <p>In 2022, 1 supplier was disqualified on the grounds of fraud or unethical practices.</p>
Economic-financial information	<p>The main potential or active suppliers of Naturgy are analysed from the economic-financial point of view in order to prevent contractual breaches by suppliers.</p> <p>In addition, in the assessment process the supplier's economic dependency ratio is measured with respect to Naturgy and is taken into account in the supplier's global scoring that can be used in the supplier's valuation during the contract award strategy.</p>

Monitoring of suppliers

- Monitoring mechanisms

Environmental specifications	<p>Naturgy has developed specific environmental specifications for suppliers and contractors that are attached to the corresponding contracts, based on the purchase category supplied and which include minimum environmental management requirements for application and monitoring during procurement.</p> <p>59.6% of the purchase volume from critical suppliers has an environmental management system with external certification.³</p>
Performance	<p>This is carried out with the most relevant suppliers and involves carrying out performance assessments to measure the operating units' level of satisfaction with suppliers and detailed aspects concerning quality, health and safety, operations and ESG.</p> <p>For those suppliers who perform activities classified as high risk, health and safety performance is measured using objective metrics and the method set out in Naturgy's "Health and Safety Standard: Assessment of performance of collaborating companies in health and safety issues". Thus, corrective actions are carried out on those suppliers whose assessment does not reach the standard set by the company.</p> <p>In 2022, 986 performance assessments were conducted on suppliers from Argentina, Brazil, Chile, the Dominican Republic, Mexico, Panama and Spain, with a total of 771 suppliers being assessed. The results and classification obtained are reported to the supplier, also specifying their weak points and areas for improvement. In 2022, action plans have been agreed with 104 suppliers whose score in the performance measurement proved insufficient..</p>
ESG audits <small>[409-1]</small>	<p>For suppliers classified as having a high level of risk, documentary evidence is required, and for those whose assessments of financial, people (working environment, recruitment practices, working hours, occupational risk prevention), reputational, compliance and corporate social responsibility (ethics and integrity, non-discrimination, community relations) risk criteria do not exceed the objective parameters established by the RePro Community, audits are carried out from the point of view of corporate responsibility. In 2022, ESG on-site audits were carried out on 66³ of the group's suppliers. In addition, Naturgy carries out ESG audits on the suppliers with the highest purchase volume classified as having a high ESG risk. In 2022, 82.7%³ of high ESG risk purchase volume was audited.</p> <p>Suppliers with significant findings on social, environmental and governance aspects require a corrective action plan for their resolution. Suppliers have a maximum of one year, and in case of non-compliance or unsatisfactory resolution, the company may terminate the contractual relationship.</p>

³ Does not include data from Australia, Dominican Republic and the USA.

For suppliers in critical procurement categories with current awards, self-assessment and quality control mechanisms are agreed upon prior to delivery of products or services, follow-up audits are conducted based on the risk level of the purchase category. The calibration of equipment is also checked and it is verified that the personnel who carry out high-risk activities are authorised or certified to carry them out, and accreditations or identifications are issued.

The products corresponding to critical categories are also subjected to inspections, technical acceptance and Factory Acceptance Test (FAT) at the production centres.

Development of suppliers

Naturgy's Corporate University, through its Extended Academy (EA), provides a training offer, both technical and managerial, to external collaborating companies, customers and suppliers. This encourages the improvement of operational efficiency, the incorporation of innovative methodologies and the development of skills aimed at excellence in operations and service.

The EA thus contributes to the establishment of a common planning and management model, favouring the professionalisation of companies that participate in the Naturgy value chain, with a recurrent activity of more than 12,000 annual participants and 27,000 hours of training. The number of unique participants in 2022 was 9,159.

Likewise, the relationship with strategic suppliers is managed in order to strengthen partnerships, in an environment of collaboration and efficiency, sharing information, aligning strategies, seeking continuous improvement and promoting innovation.

06. The opportunity of environmental challenges

Naturgy's contribution to the SDG



The Global Environmental Policy, applicable to all countries and businesses, and the Corporate Responsibility Policy, the company's highest-ranking policy in favour of sustainable environmental development, define Naturgy's environmental action around eco-efficiency, rational use of natural and energy resources, minimisation of environmental impact, promotion of innovation and use of the best available technologies and processes. They also establish Naturgy's voluntary commitment to be a key player in the energy transition towards a circular and decarbonised economy model, which, in line with the goals of the Paris Agreement, drives climate action and the protection of biodiversity while at the same time promoting a just and inclusive transition through the generation and improvement of employment opportunities.

Naturgy's most immediate, specific and measurable responsibility towards the environment is set out in the Sustainability Plan, which establishes the objectives that guide the company in its daily performance, in line with the SDGs set by the United Nations and the Strategic Plan defined for the 2021-2025 period. On a more distant time horizon, with a view to achieving climate neutrality by 2050, the company is committed to investing today in sustainable activities, many of which are eligible under the European Taxonomy:

- Build new renewable generation facilities to reach an installed capacity of around 60% by 2025.
- Commit to carbon-neutral renewable gases with the aim of producing or injecting at least 1 TWh into the grids by 2025.
- Develop smart and adapted energy grids that play a key role in the energy transition.
- Protect biodiversity, which is partly affected by the climate challenge, and avoid the risk of net loss of natural capital as a strategic priority.

In this regard, as stated in the Environmental Policy, Naturgy voluntarily assumes the commitment to be a key player in the energy transition towards a circular and decarbonised economy model, in line with the goals of the Paris Agreement. Thus, the company is committed to becoming carbon neutral by 2050 at the latest, reducing total Scope 1, 2 and 3 emissions in accordance with the 1.5°C - 2°C pathways of the Paris Agreement. To this end, Naturgy will work on four strategic environmental axes:

- Governance and environmental management.
- Climate change and energy transition.
- Circular economy and eco-efficiency.
- Biodiversity and natural capital.

1. The opportunity of environmental challenges in 2022 at Naturgy

Evolution and results

• Responsible environmental management

	Target 2025	2022	2021	Base year 2017	Variation 2022 vs 2017
Activity with environmental certification according to ISO 14001 ⁽¹⁾ (%)	95	97.9	93.1	87.7	12 %
Calculation of Physical Climate and Energy Transition Risks at Corporate Level (50%) and at Business Unit Level (100%) (%)	100	n.a.	50.00	-	n.a.
Eligible Capex according to European Taxonomy (%)	80	67	61.21	-	n.a.
Absolute greenhouse gas (GHG) emissions - Scopes 1 and 2 (MtCO ₂ eq)	11.4	15.1	13.5	21.8	-31 %
Absolute greenhouse gas emissions (GHG) Scope 3 (MtCO ₂ eq)	114.1	110.1	136.5	142.6	-23 %
CO ₂ intensity in electricity generation (tCO ₂ /GWh)	171.0	279.3	261.0	388.0	-28 %
Installed capacity from renewable sources (%)	56	34	33	22.0	53 %
Renewable gas production or injection capacity (TWh) ⁽²⁾	1.00	0.22	0.21	-	n.a.
Water consumption (hm ³)	15.6	18.8	15.2	28.0	-33 %
Waste produced (kt)	110	94	98	824	-89 %
Recycled or recovered waste (%)	75	92	57	33	179 %
Initiatives to improve biodiversity (No.)	350	345	302	-	n.a.
Environmentally restored cumulative area (ha)	Pending definition	In progress	In progress	-	n.a.

⁽¹⁾ Percentage of Ebitda certified. The Ebitda used to calculate this percentage corresponds to the end of November.

⁽²⁾ The figure for 2021 has been changed from 0.14 to 0.21 to adjust it to the capacity of existing projects.

• Pathways target 2022

	2022 target value path	2022	2021
Direct GHG emissions Scope 1 (MtCO ₂ eq/year)	12.8	14.7	13.0
Indirect GHG emissions Scope 2 (MtCO ₂ eq/year)	0.5	0.4	0.5
Indirect GHG emissions Scope 3 (MtCO ₂ eq/year)	124.3	110.1	136.5
Emission intensity in electricity generation (tCO ₂ /GWh)	252.0	279.3	261.5
Emissions by leaks in gas networks (tCH ₄ /km network)	0.2	0.2	0.2
Total volume of water captured from the environment (hm ³)	710.2	920.6	872.4
Total water consumption (hm ³)	15.1	18.8	15.2
Total spill volume (hm ³)	772.2	902.0	857.6
Atmospheric emissions SO ₂ (kt)	1.6	0.8	1.2
Atmospheric emissions NO _x (kt)	9.5	8.1	7.9
Atmospheric particulate emissions (kt)	n.a.	0.1	0.2
Total waste (kt)	96.0	94.0	98.0
Non-hazardous waste (kt)	90.0	89.0	94.0
Hazardous waste (kt)	6.0	5.0	5.0
Recovery and recycling rate (%)	76.0	92.0	57.0

The reason for not meeting the 2022 target pathway values for GHG emissions scope 1, emissions intensity and volume of water captured, consumed and discharged into the environment is common. The low rainfall during the year in Spain, due to the drought, together with the closure of coal-fired power stations, has resulted in a significant increase in electricity production in combined-cycle power stations, which act as a backup for the lack of renewable resources. Therefore, Scope 1 GHG emissions and emission intensity in power generation have increased. In addition, these plants use water in their operation, which has resulted in an increase in water collection, consumption and discharge.

Highlights of the year

Governance and environmental management

Lines of action	Achievements and highlights in 2022
Environmental management	Increase in environmental actions (environmental investments and expenses) by 12% in 2022 compared to 2021, reaching a total of Euros 846.1 million.
Awards and recognition	Naturgy was externally recognised for its climate management, obtaining the A- rating from the CDP Climate, and has been present in the leadership band since 2011. Business award for the Best Environmental Integration Initiative in the sector for the Meirama Lake mining environmental recovery project by El Periódico de la Energía.

Climate change and energy transition

[IF-EU-110a.3]

Lines of action	Achievements and highlights in 2022
Carbon footprint reduction	In 2022 there is a reduction of the total carbon footprint (scopes 1, 2 and 3) of 16.5% compared to 2021.
GHG emission reductions from boiler replacement	249 boilers (industrial and community boilers) in Spain have been replaced with natural gas boilers, avoiding the emission of 191,431 tCO ₂ eq. In Spain, nearly 9.9 GWh of renewable electricity with guarantees of origin certified by the CNMC for 1.3 million contracts have been supplied, representing 49% of the energy purchased, and an increase of 43% compared to the previous year.
Innovation in low-carbon energy products and services	Neutral gas has also been marketed, for which the total direct and indirect emissions (generated from its extraction to the point of consumption) have been compensated in the voluntary market, through the acquisition and voluntary compensation of Certified Emission Reductions (CERs). The process of offsetting emissions with CERs is carried out in the European Emissions Registry and will be verified and certified by AENOR. The energy compensation certificate for the previous calendar year can be viewed by calling the customer service hotline from April of the following year. By the end of 2022, we expect to have 487,460 CERs certificates (tCO ₂ e), which represents a 3-fold increase compared to the previous year.

Circular economy and eco-efficiency

Lines of action	Achievements and highlights in 2022
Reducing waste and increasing the recovery rate	There has been a -4% reduction in the amount of waste managed compared to the previous year. Of this waste, 92% is recycled or recovered. This percentage has increased by 57% compared to the previous year.
Reuse of discharges	In six of Naturgy's combined-cycle power stations, a total of 21.7 hm ³ of discharges from urban areas or other industrial activities have been reused. Two of the plants reuse the discharge of vaporisation water from regasification plants (combined-cycle power stations of the Port of Barcelona and Cartagena, in Spain). The other four (Hermosillo, Naco and Durango combined-cycle power stations in Mexico and Málaga in Spain) reuse urban waste water, avoiding the use of 3.1 hm ³ of fresh water in high water stress areas.
Biomethane	In 2022, the biomethane production capacity in own plants and injection into Naturgy's gas networks amounted to 0.22 TWh. This is the biomethane produced in the plants at the Elena waste landfill site and at the Bens urban wastewater treatment plant, where the company has implemented an upgrading module for grid injection. Additionally, biomethane is being injected into the Spanish gas network, generated in the Torre Santamaría cattle farm and in the Biogasnalía plant that uses agri-food waste; and in Chile, from the La Farfana WWTP. In 2023, a new plant will come into operation at the Hostalets de Pierola landfill with a production capacity of 71 GWh/year.

Biodiversity and natural capital

Lines of action	Achievements and highlights in 2022
Progress towards no net loss of biodiversity [304-3]	345 biodiversity initiatives in course on an international level, 20% of which are voluntary. Environmental restoration actions were carried out on 50 ha. 31% of this area corresponds to protected areas, habitats or species.
Environmental studies	<p>200 studies have been conducted, particularly in the area of electricity generation facilities (thermal, hydropower and wind farms) and electric distribution in order to learn about and monitor the environmental and ecological status of the surrounding areas. In the case of thermal and hydropower plants, sampling campaigns have been carried out to determine the physical-chemical and biological quality of the aquatic environment (rivers, reservoirs, etc.).</p> <p>Recent studies confirmed the situation of normality observed in recent years, and concluded that the studied facilities had an acceptable impact on their environment.</p>
Environmental training and awareness-raising	Various environmental awareness-raising actions have been carried out. In Spain, together with GREFA, training sessions have been held for schools, both in person and online, with 1,344 schoolchildren and 72 teachers attending. In Argentina, the Sowing the Future (Sembrando Futuro) programme carried out various actions with a total of 446 participants.

2. Governance and environmental management

Governance

The Board of Directors, through the Sustainability Committee, is responsible for Naturgy's environmental governance. It regularly monitors management of risks and opportunities, as well as evolution of the company's environmental performance by monitoring key indicators and targets.

In this way, Naturgy demonstrates a serious commitment to responsible environmental management, based on the leadership of the management through the following premises:

- The Management Committee, led by the Chairman and senior management, regularly analyses proposals, monitors performance and validates sustainability action plans.
- An organisational structure that defines the environmental responsibilities of the different areas of the company. At corporate level, the function falls to the Environment and Social Responsibility Department, which reports to the Sustainability, Reputation and Institutional Relations Department, and reports directly to the Chairman. This corporate unit defines the policies and standards to be followed and carries out high-level monitoring of the evolution and results of the action plans, indicators and environmental objectives. In turn, the different businesses and areas have specific environmental management units to ensure daily operations, compliance with standards and continuous improvement of processes.
- The Sustainability Committee, with representation from all areas of the company, monitors indicators and defines and promotes the projects and actions necessary to ensure compliance with the objectives of the Sustainability Plan, including environmental objectives.
- The Environmental Operating Committee, involving all businesses and geographies, coordinates the activities carried out by the different units, and guarantees the uniform implementation of criteria and the dissemination of good environmental management practices.
- The integration of the environment into business processes, in all phases, from strategic decision making to risk and opportunity management, planning, design and execution of activities.
- An externally audited environmental management system certified under ISO 14001, based on environmental indicators and objectives for detailed monitoring and continuous improvement of processes.
- Annual action plans aligned with the environmental objectives.
- Methodologies and specific tools for environmental management.
- Innovation in technologies and business products and models that are eco-efficient and less intensive in CO₂.
- Responsible supply chain that integrates environmental criteria into the purchasing process.
- Communication, awareness and training of employees, collaborating companies and stakeholders on environmental issues.
- Preparation of regular reports on environmental performance and participation in international sustainability indices to ensure transparency and dissemination of results.
- Participation in associations and working groups aligned with Naturgy's environmental principles.

Environmental management

Naturgy goes beyond compliance with legal requirements in environmental matters and adopts more ambitious actions and goals to maintain respect for the environment. The company is aware that to meet society's demand for energy while protecting the environment, it is necessary to understand, prevent, reduce and control the environmental impact of its activities. To this end, its Environmental Policy establishes the following principles around its strategic environmental axis of Environmental Governance and Management:

- Ensure compliance with environmental legislation and more stringent voluntary requirements, in readiness for new regulations.
- Prevent pollution and reduce environmental impacts along the value chain by training employees and encouraging both their involvement and the involvement of collaborating companies and stakeholders.

- Integrate the environment into management of risks and opportunities, and on strategic decisions, as well as into mergers and acquisitions of assets through the performance of environmental due diligence.
- Establish targets that drive continuous improvement in environmental performance.
- Have an externally audited and certified environmental management system, in accordance with the criteria of the Global Policy of the Integrated Management System.
- Promote transparency, in line with international reporting standards, to facilitate communication with our stakeholders.
- Support the dissemination of knowledge and awareness on energy and environmental issues and to promote constructive and proactive dialogue with Public Administrations, NGOs, universities, customers and other stakeholders.

The most significant effects of the company's activities on the environment are the following:

- Impact on climate change.
- Pollution of air, water and soil.
- Consumption of non-renewable raw materials ¹.
- Biodiversity affected by habitat and species loss ².

Based on the identification of significant effects, Naturgy performs environmental management based on the principle of prevention, taking into consideration the entire business value chain. For years, the company has had an integrated management system (IMS) for quality, environment, health and safety certified in its environmental component according to the requirements of the ISO 14001 standard and audited each year. This system is aimed at preventing pollution and reducing environmental impacts throughout the value chain by involving employees, suppliers and other stakeholders. The processes certified through this system are:

- Electricity generation (thermal, hydraulic and renewable sources origin).
- Distribution of natural gas and electricity.
- Commercialisation of natural gas and electricity.
- Management of office buildings.
- Corporate training activities.
- Extraction and injection of natural gas.

The following table shows the processes by country with environmental management certified under the ISO 14001 standard.

¹ The impacts of water management are detailed in the section on circular economy and eco-efficiency.
² The section on biodiversity and natural capital details the main impacts on biodiversity.

• **Processes by country with certified environmental management**

	Electricity generation	Gas and electricity distribution	Commercialisation of natural gas and electricity	Management of office buildings	Extraction and injection of natural gas
Argentina		■			
Brazil		■	■		
Chile		■	■		
Costa Rica	■				
Spain	■	■	■	■	■
Mexico	■	■	■		
Panama	■	■	■		
Dominican Republic	■				

■ Certified.

In addition to the ISO 14001 certificates, the commercialisation activity in Spain has an ISO 50001 certificate, which certifies its energy management system. This activity has an appropriate energy policy and management, which translates into real and quantifiable savings in consumption.

In 2022, 97.9% of Ebitda comes from industrial activities with ISO 14001 environmental certification. This certification has been obtained after passing the external audits carried out by AENOR.

To ensure consistency and uniformity in the key environmental management processes, there are global methodologies and tools that are used in the company's different businesses and countries:

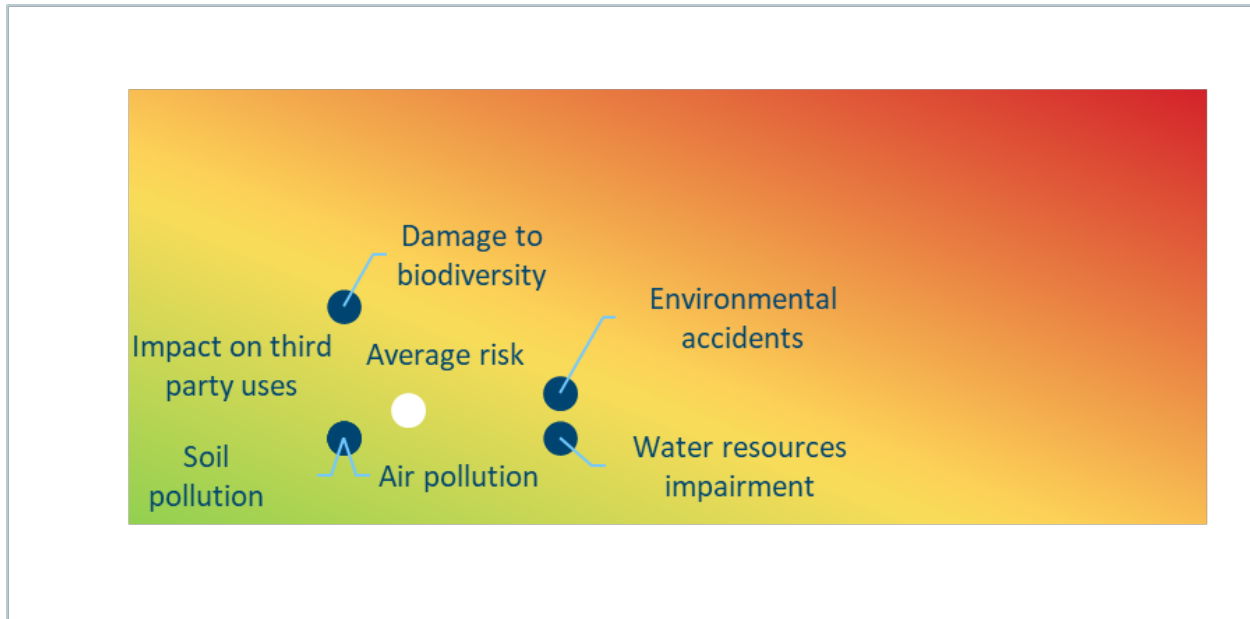
- Themis, to identify, register, monitor and manage compliance with legal requirements.
- Prosafty, for the recording and management of findings, non-conformities, observations, incidents, accidents, opportunities for improvement, and the monitoring of environmental management goals and action plans.
- Damas, to identify and assess the company's direct and indirect environmental aspects.
- Enablon, for the registration and centralised management of environmental indicators.
- Carbon footprint.
- Geographical information system for biodiversity.

Environmental risks³

[201-2] and [306-3]

Naturgy has identified the environmental risks in its facilities by using the reference standard as its basis (UNE 150008 in Spain). The following figure shows the most relevant risks, which are prevented through environmental management carried out under an ISO 14001 certified system. In addition, the company has emergency plans in facilities and warehouses at risk of environmental accidents, which in turn include action plans for eventualities, with means of containment and frequent drills.

³ Environmental and climate change risks are integrated into the overall model described in the "Risk Management" chapter. In this section, environmental risks are discussed in more detail, the latter being described in more detail in the section on "Climate change and energy transition: TCFD Report".



The Prosafety tool, among others, is used to manage these risks. It enables reporting on any activity or geography that may cause damage to the environment as well as analysing smaller environmental accidents and incidents that do not cause significant damage, but from which lessons can be learnt and larger events prevented. Prosafety also facilitates identification, analysis, development, implementation and exchange of preventive measures and best practices in risk management across all areas.

It is also important to cover potential environmental risks financially, with a financial provision to ensure this coverage. For this reason, Naturgy has a series of insurance policies with environmental coverage.

- Environmental liability insurance: limit contracted for a value of Euros 150 million per loss event and in the annual aggregate.
- Liability coverage for sudden and accidental pollution in the general public liability policy: limit of Euros 506 million per loss event.
- Protection and indemnity insurance: maximum limit of US Dollars 500 million per loss event, in accordance with the Rules of the UK P&I CLUB 2018 (Charterers), to cover the liabilities for pollution arising from chartering vessels.

Legal requirements and penalties

Naturgy continuously monitors environmental regulation in order to know, in advance, the impact it has on its activity. This makes it easier to define its positioning and adapt to new requirements. Monitoring is done using consultation and public information processes in the international, European and national context.

In 2022, there were no significant penalties (amount over Euros 10,000) in environmental matters.

Environmental investments and expenses

For Naturgy, environmental protection is a priority activity that deserves all means and economic resources without exception. For years, the company has been reporting environmental investments and expenditure according to its own methodology and, since last year, it has also reported economic information according to the Taxonomy Delegated Regulation, available in the section “Sustainable Finance”.

The environmental actions carried out in 2022 have reached a total of Euros 846.1 million (Euros 758.7 million in 2021), of which Euros 660.0 million correspond to environmental investments and Euros 186.1 million to expenses incurred in the environmental management of the facilities, excluding those resulting from the carbon market. Of specific note are the investments in new renewable energy projects, which will contribute to the energy transition and reduce direct emissions of CO₂ and other atmospheric pollutants.

The table below provides a breakdown of environmental investments and expenditures.

• Environmental investments (million euro)

	2022	2021
Governance and environmental management	0.1	0.1
Climate change and energy transition	648.4	590.2
Circular economy and eco-efficiency	5.3	6.4
Biodiversity and natural capital	6.2	2.3
Total	660.0	599.0

• Environmental expenses (million euro)

	2022	2021
Governance and environmental management	47.3	48.4
Climate change and energy transition	131.9	103.4
Circular economy and eco-efficiency	3.5	4.4
Biodiversity and natural capital	3.4	3.5
Total	186.1	159.7

Environmental training

To prevent and reduce negative impacts on the environment and improve control of operations, environmental training is another of the company’s key tools. Thus, Naturgy places special emphasis on training its employees by providing 2,837 hours of training to 1,258 participants in 2022, with a performance of 131.0% and 111.0% respectively with respect to the hours and participants in accordance with the plan.

Supply chain

One of the fundamental elements in the management of sustainability and the environment in Naturgy is the supply chain, i.e. suppliers, providers and external collaborators. Accordingly, the global purchasing and supplier management model (described in detail in section “Supply chain”) takes into account environmental criteria, including matters such as climate change, atmosphere, water, soil, landscape, territory, heritage, resource consumption, waste production and biodiversity.

The model is further complemented by specific tools such as CDP Supply Chain, which enables suppliers to be involved in the group’s climate action through the exchange, integration and analysis of key environmental indicators.

3. Climate change and energy transition: TCFD Report

[3-3]

(Climate change and energy transition)

The global energy transition is the great challenge to be met in order to reduce greenhouse gas (GHG) emissions and contribute to slowing down the climate change affecting the world.

Naturgy is committed to being one of the key players in the energy transition towards a circular and decarbonised economy model. To this end, its Environmental Policy establishes the following principles around its strategic environmental axis of climate change and energy transition:

1. Achieve climate neutrality by 2050 at the latest through the reduction of total scope 1, 2 and 3 emissions, setting intermediate targets aligned with the 1.5°C - 2°C reduction pathways of the Paris Agreement.
2. Align new investments with the goals of the Paris Agreement, promoting renewable and decarbonised energy, energy savings and efficiency, and climate adaptation.
3. Publish each year the carbon footprint in all its scopes, verified by an independent third party, establishing systems for monitoring and reducing emissions.
4. Integrate the climate variable into risk and opportunity management and strategic planning, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).
5. Supporting international climate change negotiations and market mechanisms that foster the development of the most appropriate technologies at each stage of the energy transition.
6. Promote directly and through alliances with other players, climate policies aligned with the Paris Agreement, ensuring the permanence only in entities that meet this criterion and each year publishing the list of these entities.
7. Promote decarbonisation in line with the principles of just transition and involve the supply chain, promoting actions that reduce the carbon footprint of collaborating companies.

In line with these principles, the company has adopted the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) since 2017. The TCFD aims to improve disclosure of climate-related risks and opportunities and to provide stakeholders with the information necessary to conduct consistent analyses of the potential financial impacts of climate change.

Naturgy recognises the value of the recommendations and continues to work to align and improve the dissemination of qualitative and quantitative information with the four core elements of the TCFD: governance, strategy, risk management, metrics and objectives, set out in the report Recommendations of the Task Force on Climate-related Financial Disclosures, published in June 2017.

Climate change governance

The Board of Directors is the highest body responsible for climate change governance at Naturgy, and the Sustainability Committee is the body that oversees the company's performance in terms of environmental, social and corporate governance policies. It monitors the performance of key indicators, as well as the management of risks and opportunities.

The Sustainability Committee meets, whenever necessary, to issue reports or proposals within its competence, whenever its chairman deems it appropriate or when two of its members request it. In any case, the Committee must meet at least three times a year to monitor climate change and energy transition performance using the high-level indicators scorecard.

Its functions include monitoring the evolution of the Sustainability Plan indicators and, specifically, the specific climate change indicators - Scope 1, 2 and 3 emissions, intensity of emissions of electricity generation and installed renewable capacity, inter alia-.

The main decision taken by the Sustainability Committee in recent years has been to formally commit the company to the Net Zero 2050 target and the climate targets included in the 2021-2025 Sustainability Plan.

One of the key aspects of Naturgy's risk management is to ensure the resilience and sustainability of the business, which is why environmental and climate change risks are built into this global model. All the company's operational and geographic areas, businesses and projects are involved in climate governance, which is channelled through the Management Committee and the Sustainability Committee.

The Audit and Control Committee is the supreme body in charge of the efficacy of internal control and of the risk management systems. It approves the Corporate Risk Map, which includes climate change risks, and ensures compliance with the Global Risk Control and Management Policy approved by the Board of Directors.

The process of identifying, monitoring and assessing Naturgy's risks is governed by the Corporate Risk Map. This is the reflection spearheaded by the Risk Committee, which is published quarterly and 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 approved every year.

In 2022, the Sustainability Committee has decided to make further progress in the quantification and monetisation of climate change risk until full implementation of the TFCF standard.

Governance agencies and responsibilities in climate change



(1) Oversees sustainability, environmental, social and corporate governance policies. It ensures that the company's actions are aligned with the energy transition and contribute to the 2030 Agenda of the Sustainable Development Goals.

(2) Oversees risk management systems, approves the Corporate Risk Map (including climate risks) and ensures compliance with the Global Risk Management and Control Policy.

(3) Ensures the application and monitoring of business and sustainability policies, strategies, plans and objectives, and proposes measures in the areas of energy transition, climate change and sustainable development.

(4) Determines and reviews the target risk profile and monitors its management by the units, including physical and transitory climate risks.

(5) Ensures, through monitoring and action proposals, the performance, implementation and improvement of policies, commitments and the Sustainability Plan, and, more specifically, environmental and climate change plans and objectives. Oversees the proper assessment and management of climate and ESG risks in accordance with the group's risk profile.

(6) Sets policies, indicators and targets for the environment, climate change and sustainability in general. In coordination with the businesses, it monitors developments, consolidates information and centralises reporting to the management committees and the Board of Directors. Continuously assesses the main climate and ESG risk factors.

(7) They apply general principles and strategies and develop plans, projects and activities to meet climate change and environmental objectives, as well as the other goals set out in the Sustainability Plan.

The variable remuneration of the Executive Chairman and the management team considers economic-financial, operational and sustainability aspects. The weight of objectives linked to sustainability or ESG aspects is 10%.

Naturgy has a firm commitment to transparency and dissemination of information related to climate change whereby the company participates in international reference indices on climate change. It should be noted that Naturgy has been recognised by the CDP Climate index for its climate management, remaining in the leadership band since 2011.

Naturgy has also voluntarily undertaken commitments to the fight against climate change by joining climate-related initiatives such as the Carbon Pricing Leadership Coalition (CPLC), Caring for Climate, the Climate Change Trust and Disclosure Statement, or the Statement of Support for the Task Force on Climate-related Financial Disclosures (TCFD).

In addition, to strengthen the company's commitment to the energy transition and the decarbonisation of the economy, the Chairman of Naturgy has joined the "CEO Climate Leaders" alliance in 2022 during the World Economic Forum in Davos. This alliance was created in 2014 to support and promote the Paris Agreement on climate change from the senior management of companies.

Climate strategy

Energy transition

Naturgy's climate change strategy includes the components of Nature and People, as they are complementary and mutually influential realities. This holistic vision is therefore based on three fundamental pillars:

- Reduce greenhouse gas emissions by transforming the generation mix and the gas and electricity business towards an increasingly decarbonised model.
- Creation of natural capital and restoration of ecosystems to maximise CO₂ capture and neutralise emissions, ensuring the protection of native fauna and flora and maximising co-benefits for local communities.
- A Just Transition, maximising the benefits of the transition to a low-carbon economy and minimising the negative impacts on business, workers and communities.

In this regard, the main lines of climate action reflected in the Strategic Plan 2021–2025 are:

- Promote renewable energies and encourage their integration through the development of smart networks.
- Ensure security of supply in the energy transition to 100% renewable energy, using gas combined-cycle power stations as back-up power. It is an eligible technology according to European taxonomy and with a reduced level of specific CO₂ emissions compared to conventional thermal generation.
- Develop renewable gases as a lever for decarbonisation of natural gas and in this way promote the circular economy through biomethane from organic waste and green hydrogen produced with surplus renewable electricity.
- Promote energy eco-efficiency in own and customers' facilities.
- Offer eco-efficient and carbon neutral products and services at competitive prices to our customers.
- Promote sustainable mobility that reduces GHG emissions and air pollution, helping to improve air quality.

Key ESG objectives Strategic Plan 2021–2025


		2020	2025	
Environment	➤ Emissions reduction	16%	24%	Reduction of tCO ₂ , (scopes 1+2+3) ¹
	➤ Biodiversity	265	> 350	Projects (#)
Net Zero by 2050				
Social	➤ Enhance diversity	27%	>40%	Women in management positions
	➤ Extending ESG throughout supply chain	70%	95%	Suppliers ESG audited
Gender Parity by 2030				
Governance	➤ ESG targets as a part of management incentives	3%	10%	Variable pay ESG linked
	➤ Climate change risks and taxonomy reporting	Partial	100%	TCFD & Taxonomy implementation
Management compensation aligned with ESG				

Strategic Plan 2021-2025 Investments: Two main lines of investment

Total Capex


€14.0bn

- > Focus on projects with predictable returns
- > Financial discipline as a cornerstone
- > 80% eligible investments according to Taxonomy



Renewables


€8.7bn



- > Proven generation technologies
- > Focus on attractive geographies
- > Commitment to innovation
 - Distributed generation
 - Biogas and hydrogen
 - Sustainable mobility

Networks

€4.1bn



- > Focus on solid frameworks with proactive regulatory management
- > Ongoing projects to achieve full automation and remote operation
- > Adapting existing infrastructures to play a key role in energy transition

Investments aligned with energy transition

Just energy transition

The energy transition in which society is immersed is so profound and urgent that it generates a series of undesirable consequences in communities, especially for workers who may see their jobs disappear. One example is the closure of coal-fired power stations.

In order for this transition to minimise the negative impacts on workers and their activity, a framework was proposed through the International Labour Organisation, which, under the concept of “just transition”, was agreed between governments, employers and trade unions.

In Spain, the just transition of the territories affected by the closure of thermal power stations is articulated under the “Agreement for a Just Energy Transition for thermal power stations undergoing closure”. It includes the commitment of the government of Spain, energy companies and trade unions to ensure employment and economic recovery of the areas affected by the closure of thermal power stations located in Aragon, Andalusia, Principality of Asturias, Castilla y León and Galicia. This agreement also establishes the commitment of the parties to work on the elaboration of Just Transition Agreements that include a participatory process of mobilisation and consultation for their elaboration.

Closure of plants and accompanying plans

Naturgy has drawn up accompanying plans for each of the closed plants. These plans detail the commitments made by the company:

- Proposals for new investments in renewable energies in the same territories.
- Outplacement plans for our own personnel.
- Prioritisation for the recruitment of workers from auxiliary companies in the decommissioning works.
- Search for investors.
- Participation in support plans to improve employability in new activities, including specific training plans.

During 2022 Naturgy has continued with the decommissioning process of the four coal-fired power stations under its management. At the close of 2022, the situation of the dismantling process at the different sites is as follows:

Facility	Degree of progress (%)	Revaluation and/or recycling rate (%)
CT Anllares	96	97
CT La Robla	73	83
CT Meirama	60	97
CT Narcea	20	88

Safety procedures and environmental measures that do not affect third parties and the environment have been prioritised in the dismantling work. To this end, demolition techniques are prioritised to minimise risks, and dismantling materials and equipment are reused and recycled.

As a result of the decommissioning, Naturgy has drawn up an investment plan in the affected areas that prioritises more efficient, less emitting and more environmentally friendly generation technologies. These alternative plans are focused on:

La Robla Site (Castilla y León)	Meirama Site (Galicia)	Narcea Site (Asturias)
<ul style="list-style-type: none"> - Development of photovoltaic parks and substation. - Green hydrogen plant together with Repsol. - Biomass plant promoted by Reolum. - Hydromagnesite manufacturing plant using the plant's desulphurisation facilities. 	<ul style="list-style-type: none"> - Meirama, As Encrobas and Teixos wind farms and substation. Favourable Environmental Impact Statement (EIS) obtained for the Meirama wind farms in November 2022 and As Encrobas in December 2022. - Development of Green Hydrogen production hub together with Repsol and Reganosa. - Biogas power station together with Repsol and Reganosa. 	<ul style="list-style-type: none"> - Transfer to Tineo Town Council of the village annexed to the power station to be used for social purposes, subject to obtaining aid for its rehabilitation.

Employment and training

As well as developing projects that help maintain economic and industrial activity in these areas, Naturgy's commitment includes the promotion of employment. In this regard, it should be noted that the closure of the plants was communicated both to the staff directly affected and to the workers' representatives. For the relocation of professionals, we sought to minimise the impact of the change of work centre, making the most of the means offered by Naturgy and the flexibility of the units and equipment. Accordingly, a large part of the staffing requirements for renewable technology development projects were covered by personnel from coal-fired power stations.

With regard to the employees of third parties, communication was established with the contractor companies to inform them of the next steps to be taken, as well as the channels for applying for employment in the decommissioning work. These channels have ensured equal opportunities based on allowing the companies awarded the decommissioning work in each of the work centres to identify the profiles they need.

As far as possible, for decommissioning work, priority has been given to hiring personnel residing in the municipalities where the sites are located or in nearby areas. A local employee is considered to be an employee who resides in the municipality of the sites or who resides in different municipalities and is registered in the job exchange of the Institute for Just Transition.

Site	Local employment (% of total number of persons hired)
La Robla	35
Meirama	33
Narcea	30

Job creation requires the training and preparation of people. Within the framework of the Alliance for Vocational Training of the Ministry of Education and Vocational Training and linked to the Vocational Training Programme for Employability, the Naturgy Foundation provides workshops aimed at teachers, students of training cycles and the unemployed and employees of the sector. Specific training in new energy technologies such as the installation and maintenance of photovoltaic panels, renewable gases or the digitalisation of electricity grids. In the section on the activity of the Naturgy Foundation in chapter 10. Social Responsibility, can be further developed in the development of this programme.

Along the same lines, in 2022 the Institute for Just Transition and the Naturgy Foundation have signed an agreement to collaborate on training, improving employability and gender equality in the energy sector. The protocol establishes the lines of collaboration between the two institutions in the fields of training and research to promote green employment in areas of just transition, as well as to strengthen the re-qualification of workers in such areas.

Management of climate change risks and opportunities

Climate risks assessment

With the aim of creating a common and globally consistent framework for the consideration of the economic risks resulting from global warming, the TCFD created by the FSB (Financial Stability Board) established in 2017 a definition and categorisation of these risks that has today become the global benchmark standard. Specifically the risks arising from physical impacts and those arising from the transition to a low-carbon economy:

Physical risks

They arise from the increasing severity and frequency of extreme weather events (acute physical risks) or from a gradual, long-term change in the Earth's climate (chronic physical risks). They can affect companies directly through damage to their assets or infrastructure or indirectly by disrupting their operations or making their activities unviable.

Transition risks

The commitments made by the signatories of the Paris Agreement and the consequent transition to a decarbonised production system imply a drastic transformation of the global economy through major changes in regulations, the market and technology. These changes carry significant risks for companies.

Regulatory developments related to climate change are evolving at an ever faster pace. These regulations generally seek to limit activities that contribute to climate change and to promote adaptation measures. This means that economic actors must adapt to the new regulation, which sometimes has a very significant impact on their strategy and their business and production models. Some examples of policies that entail a regulatory transition risk are the implementation of CO₂ pricing, the promotion and subsidisation of renewable and efficient energy sources or the setting of greenhouse gas emission reduction targets.

Climate change can affect the market in multiple ways, one of the main ones being changes in the supply and demand of products and services or increases in production costs. Changes in consumer behaviour that increase the demand for products classified as sustainable, or a decrease in the supply of certain resources due to increased scarcity, are examples of this type of market transition risks.

Technological innovations focused on the transition towards a low-carbon economy can have a significant impact on companies and economic sectors, as they imply anticipated losses of value on already developed infrastructures, as well as heavy investments in R&D&I and the incorporation of new technologies that are still in the evolutionary phase. Examples are technological improvements related to renewable energies, hydrogen and other renewable gases, CO₂ capture or energy efficiency.

In addition, there is a growing risk that a company will be sued for negligence in mitigating and adapting to its effects, or for lack of transparency about its risks, known as reputational transition risk.

Climate risk assessment methodology

The climate risk assessment model used by Naturgy is based on the following premises:

- First of all, it relies on its risk policies and corporate risk profile to identify what is an acceptable level of risk.
- Several time horizons have been considered: short term in reference to the Strategic Plan 2021-2025, medium term until 2030 and long-term (2030-2050), although the intermediate milestones are adapted to the evolution of the emission reduction objectives established at country level on each geography.
- Climate scenarios grouped by climate ambition have been used: business-as-usual, aligned with the Paris agreement and those that set more ambitious targets than the Paris agreement.

Under these premises, an assessment of the potential impact of the risks was carried out, considering how it could affect more qualitative aspects, such as reputation, ability to comply with regulations, and possible damage to health, safety, property or the environment. The impact and therefore the materiality of a risk is based on how critical it could be for business continuity. Additionally, an analysis by business and type of facility was performed in collaboration with MSCI, in order to assess the detailed risk of the company's infrastructure and business portfolio for the different climate scenarios.

Physical risk assessment

Climate-related physical risk affects all company facilities, to varying degrees. Particularly at risk are those infrastructures located in climate-sensitive and long-lived regions. Therefore, Naturgy's risk model is based on modelling the exposure and vulnerability of assets to different climate hazards:

Term	Definition
Exposure	The number of items that are prone to or subject to certain hazards and that may cause them to be affected.
Vulnerability Sensitivity Susceptibility	An asset's predisposition to be affected, including sensitivity or susceptibility to financial damage (or opportunities) and capacity to adapt.
Hazard Risk	Natural phenomenon in question: probability of occurrence and intensity of extreme weather events.

Physical risks are assessed at the level of facilities or asset types to ensure that they can be safely operated and accessed in extreme weather conditions and are manifested in assets mainly through the following financial impacts:

- **Damage to assets:** estimation of potential damage to assets resulting from catastrophic events, considering the variables of occurrence and intensity of the events.
- **Business interruption:** estimate of annual business interruption costs proportional to the number of days where the hazard intensity exceeds a relevant threshold. They assume that on each of these days a fixed proportion of income is lost, specific to each sector.

In addition, the use of scenario analysis is a major component of climate risk analysis, especially with regard to modelling extreme weather events. It is designed to provide a starting point that can indicate which scenario is most likely to materialise. The scenario analysis is aligned with TCFD recommendations.

The physical risk scenarios used in the models show how physical phenomena of the climate system change in response to increases in greenhouse gases, including variables such as temperature increases, sea level rise and changes in the frequency and severity of extreme weather events.

To this end, climate impacts are assessed over a 15-year period, based on the statistical extrapolation of 35 years of historical data, taking into account various scenarios of long-term GHG emission reductions and how these affect the occurrence of extreme climate events. The emission reduction scenarios used in such an analysis are the relative concentration pathway (RCP) scenarios defined by the Intergovernmental Panel on Climate Change (IPCC), specifically the Fifth Assessment Report (AR5)

AR5 defines scenarios as relative concentration pathways (RCPs) that provide a range of GHG emissions and concentrations that allow projections of future climates beyond the 21st century. A new set of four scenarios considering climate policies has been used in AR5:

- RCP 2.6, requires that carbon dioxide emissions would have started to decrease by 2020 and reach zero by 2100. It is likely to keep the global temperature increase below 2°C by 2100 compared to pre-industrial levels (1850-1900) and sees a 44% chance of limiting the temperature increase to below 1.5°C.
- RCP 4.5 is described by the IPCC as an intermediate scenario, emissions peak around 2040, then decline. An average temperature increase of about 2.7°C in 2100, compared to the period 1850-1900, is estimated.
- RCP 6, emissions peak around 2080 and then decrease. Temperature forecasts include continued global warming until 2100, resulting in a global temperature increase of 3-4°C by 2100
- RCP 8.5, emissions continue to increase throughout the 21st century. IPCC estimates that the global temperature increase from pre-industrial levels will be above 3°C, and with a 62% probability it will exceed 4°C.

The four scenarios are not forecasts, but a range of possibilities described in different research. RCP8.5 is considered to have high GHG emission rates. The RCP6.0 and RCP4.5 scenarios can be considered as medium mitigation scenarios, while RCP2.6 can be considered as the lowest degree of emissions.

One of the main differences between these scenarios is the development of emission reduction technologies. The climate effects of these reductions will be seen in 2050 and beyond, not in the short term, so the RCP scenarios diverge slowly over time and in the short term result in similar climate projections:

- The climate adapts slowly to direct emissions, i.e., the increase of GHG potential in the atmosphere is observed in forms of extreme weather only after at least a decade.
- Most scenarios do not count on drastic emission reductions right away, not even the most ambitious 1.5°C temperature increase scenarios.

Since the current analysis focuses on a time horizon of 15 years and the relevant changes occur in the long term, only the business-as-usual scenario RCP8.5 has been used, with a steady increase in GHG emissions throughout the 21st century, i.e. no specific measures are taken to combat climate change.

Transition risk assessment

The Climate Value-at-Risk (Climate VaR) methodology has been used, which aims to provide a quantitative and prospective analysis of how climate change may affect the profitability of an activity or a company, based on risks and opportunities. It provides information on how current and future climate policies and regulation, technological developments in terms of energy efficiency, new energy sources or carbon capture and the evolution in the supply and demand of decarbonised products and services or the increase in production costs could affect the company, based on the costs necessary to align the business model to these trends.

The Climate VaR model comprises four main sub-models:

- the climate VaR of direct or Scope 1 emissions, based on the reduction requirements and carbon price estimates, which are specific to each scenario.
- the climate VaR of electricity use or Scope 2 emissions calculates the potential risk that the company could face through its electricity consumption in a climate transition scenario.
- the climate VaR of the value chain, or scope 3 emissions, calculates the potential risk faced by an issuer from integrated activities within its value chain.
- climate VaR of technological opportunity: using granted patents as an indicator of innovative capacity to reduce emissions, it identifies which companies will be potential beneficiaries.

For the assessment of transition risks, Integrated Assessment Models (IAMs) of climate projections have been used to assess the effect of greenhouse gases (GHG):

- AIM/CGE - Asia Pacific Integrated Assessment Model / Computable General Equilibrium;
- GCAM - Global Change Assessment Model;
- IMAGE - Integrated Model to Assess the Global Environment, and
- NGFS - Network for Greening the Financial System.

In turn, these models consider different scenarios of social and economic drivers of GHG, the biogeochemical cycles and atmospheric chemistry that determine the fate of these emissions and the resulting effect of GHG on climate and human well-being. Within each of the models, the possible implications for the company of the most representative scenarios have been assessed:

Early action scenarios (AIM CGE 1.5°C and NGFS ORD):

- They envisage ambitious actions to achieve a net zero GHG emissions economy between 2050 and 2070.
- To achieve these ambitious targets, the AIM CGE model places special emphasis on the development of renewable energy, with 85% of electricity generation coming from renewable sources by 2050, while the NGFS model is more focused on the use of carbon capture technologies than on the development of renewables.
- These measures will offer a high chance of limiting global warming to around 1.5°C.

Gradual action scenarios (IMAGE):

- Model based on renewable energy generation (although to a lesser extent than the AIM/CGE scenarios), the use of carbon capture technologies and electrification of the transport sector with net zero emissions achieved by 2090.
- Emission reductions do not start until 2030.
- This results in a warming of 1.78°C by 2100.

Late action scenarios (AIM/CGE 3°C; NGFS DISORD):

- Scenarios of disruptive, sudden and unforeseen actions later. Climate policies are not introduced until 2030, and are more focused on the use of low-carbon technology. The result is an increased transition risk.

- Limited policy decisions with emissions slowly decreasing over time, but never reaching Net Zero, lead to a warming by the end of the century to 2.8°C.

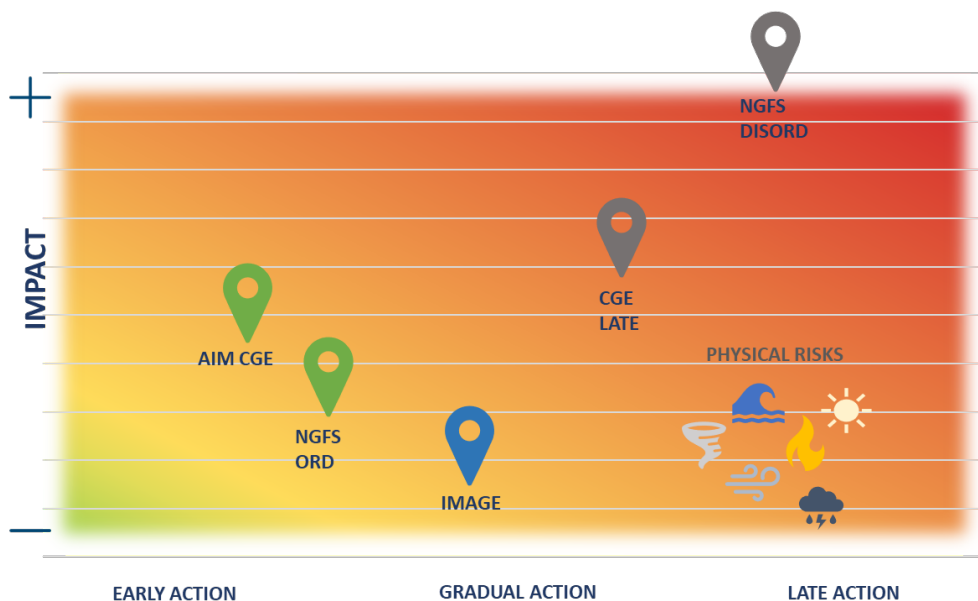
Underlying the most ambitious scenarios is a greater penetration of renewable generation, carbon capture technologies and electrification.

Emission reductions need to be higher in the most ambitious scenarios to limit warming, which translates into higher carbon prices and costs. This also translates into potential gains from higher technology opportunities, as it is assumed that the costs of reducing emissions are equal to the potential revenues that companies can earn through the sale of their low-carbon products and services. Early action scenarios envisage prices in 2025 of USD100/tCO₂eq rising to USD500-1,500//tCO₂eq in 2050, depending on the scenario.










On the other hand, even though in the late action scenarios CO₂ prices are estimated at around USD50/tCO₂eq to reach the range between USD100 and 600/tCO₂eq by 2050, in the long-term, physical and transition risks increase considerably.

Impacts of climate risks [201-2]

The following graph shows the impacts of the physical and transitional climate risks identified under the climate scenario analysis described above. The representation has been made in relative terms, given the degree of uncertainty and immaturity of existing assessment methodologies in analysing these risks. To date, the methodology used to quantify climate risks is not sufficiently robust, in accordance with Naturgy's risk assessment standards, and therefore, the quantitative results obtained with this methodology are not conclusive to determine the financial implications of these risks.



Legend:

ENERGY TRANSITION SCENARIOS		PHYSICAL RISKS			
	Early action		Coastal flooding		Tropical cyclones
	Gradual action		Extreme winds		Low river flows
	Late action		Extreme heat		Fire

The analyses carried out show, as can be seen on the table, that the sensitivity of the company is greater to transition risks than to physical ones, since the latter represent a much smaller impact, as they are less likely to occur and specific adaptation measures for mitigation have been designed to reduce their impact, as described in the following section.

The speed of the energy transition, understood as decarbonisation policies, consumer behaviour, technological innovation and social responsibility, will have a significant impact on the evolution of the energy mix and electricity demand:

- In case of ambitious scenarios and actions to reach the 1.5°C temperature increase target, the impact of transitional climate risks may increase in the short to medium term, as it would lead to higher CO₂ prices and higher cost efforts to achieve these reductions. In fact, Naturgy's annual carbon cost exposure is expected to increase over the next decade due to the implementation of more ambitious global decarbonisation regulations and their effect on the price of CO₂.
- On the other hand, late actions entail far higher transition risks in the long-term, as higher emission reductions at higher CO₂ prices have to be dealt with in less time. Similarly, physical risks would also increase both in terms of probability of occurrence and impact.

In terms of transition risks, Naturgy's positioning since 2018 and endorsed in the Strategic Plan 2021-2025 based on renewable energies and networks, places the company in a favourable position to face these risks.

In 2022, for short-, medium- and long-term planning, the average scenario described above, “gradual action”, has been chosen, consistent with the Paris and Glasgow Agreements and, at the Spanish level, also consistent with the Integrated Energy and Climate Plan 2021-2030 (PNIEC). This is described in Note 2.4.25.k - Climate Change and the Paris Agreement, from the 2022 Consolidated Annual Report, explaining the impacts of climate risks on the financial statements.

Scenario updates are planned alongside the PNIEC update during 2023 and, on a recurring basis, the company will continue to update its operational and energy transition plans based on the evolution of all factors influencing the assessment of climate risks.

In this way, Naturgy operates at all times on the basis of a business model aligned with the maximum level of ambition of the Paris Agreement, i.e. aligned with the goal of limiting the increase in global temperature preferably to 1.5°C or below 2°C, and to this end it has defined strategic lines and targets to put the company on track to achieve zero net emissions in its three scopes by 2050.

Climate risks assessment

[201-2]

For climate risks, Naturgy relies on the TCFD recommendations described above and on the company's risk management model detailed in section 5.4 of this report.

Naturgy has therefore implemented various mitigation and adaptation measures to limit impacts, reduce vulnerabilities and increase the resilience of its infrastructures and activities in the face of climate change or climate policies.

- **Main risks linked to climate change at Naturgy**

Identification			Risk management			
Type	Risk	Time horizon	Impact	Management and mitigation	Adaptation to climate change	

Acute physical risks	Tropical cyclones	Medium	Damage to facilities, loss of production and/or prolonged interruption of thermal and wind generation business.		Design of facilities guaranteeing their protection against rainfall variations, etc. For example, flood risk studies, dam safety, etc. Flood protection structures.
	Coastal flooding	Long	Damage to facilities, loss of production and/or prolonged interruption of the thermal generation business.	Physical risk mitigation: considered and integrated into the design and construction of assets. All facilities are designed to operate under extreme weather conditions.	
	Extreme winds	Medium	Damage to facilities, loss of production and/or prolonged interruption of the wind generation business.	Policies for property damage/loss of profit, environmental liability and land liability.	Implementation of measures in case of adverse weather warnings such as safe shutdowns of wind farms
	Extreme flooding	Short	Material damage to hydropower plants.	Emergency plans for all facilities, continuously updated. Emergency and flood management plans.	Construction of a dam at the Torito power station, designed to withstand considerable flooding. Construction of retaining walls and modification of the shaft aeration pipe to prevent water ingress in the event of flooding. Constant monitoring of the river channel by means of automatic cameras and aerial photography by drones.
	Increased frequency and severity of fires	Short	Damage to facilities, loss of production and/or prolonged interruption of business and power supplies. Electricity distribution.	Policies for: property damage/loss of profit, environmental liability and land liability. Innovation projects for the improvement of felling and pruning work for the maintenance of power line safety corridors.	The electricity distribution business in Spain has developed the GALA project, which consists of creating a digital model of the networks, using drone images to detect the areas of vegetation proximity and scheduling felling and clearing for the maintenance of the safety corridor.

Chronic physical risks	Effects of increased temperature		Reduced productivity / labour availability or changes in the efficiency of production processes in thermal generation and, in general, in outdoor operational activities and administrative (office) activities.	All facilities are designed to operate in extreme weather conditions, taking into account extreme weather events. All risks to employees are assessed, including the effects of heat waves.	Operational efficiency plan that establishes objectives to improve specific consumption in thermal power stations, compensating for efficiency losses due to temperature increases. Actions ("Fogging systems") to improve airflow and compensate for power reduction as a result of increased ambient temperature in thermal generation facilities. Adaptation of outdoor work plans and air conditioning to high temperatures. Hydration and personal protection guidelines
		Medium	Drop in demand for natural gas for heating (residential and commercial).		Increase the contribution of electricity vs. gas businesses.
	Changes in rainfall patterns and extreme variability of weather patterns.	Long	Changes in the generation dispatch. Changes in the price of electricity in the wholesale market. Low river flows.	Study of the impact of climate change on hydropower plants. Dominant position of combined-cycle power stations to support the production of electricity from renewable sources.	Hydropower plant repowering programme. Improving cooling water management systems to offset for possible reductions in river flows.

It is concluded that no significant costs are currently expected for carrying out adaptation measures. Going forward, the company will monitor and broaden the analysis to conduct a more comprehensive climate resilience assessment according to the evolution of different scenarios.

Identification

Risk management

Type	Hazard	Time horizon	Impact	Management and mitigation
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Transition: policies and regulation	<p>More demanding GHG emission reduction paths.</p> <p>Accelerated transition to decarbonisation.</p> <p>Variations in the carbon markets.</p> <p>Changes in environmental taxation.</p> <p>Electrification to the detriment of natural gas.</p>	Medium	<p>Naturgy's annual carbon cost exposure is expected to increase over the next decade due to the establishment of more ambitious regulations on decarbonisation targets and the estimated upward evolution of the carbon price. Particularly, in 2022, in order to comply with the EU emission rights, Naturgy has increased its cost by more than 100% compared to 2021 due to the increase in the carbon price and the generation mix derived from the climatology, as recognised in the 2022 Consolidated Annual Report (Note 16).</p>	<p>Measures to reduce the company's carbon intensity: divestment of high carbon intensity assets (coal mine in South Africa, fuel oil power generation in Kenya), coal plants closure, development of new renewable power, increasing the weight of electricity in the company's portfolio and boosting renewable gases.</p> <p>Positioning natural gas as support for renewables and as a substitute for high-emission fossil fuels (coal and/or oil derivatives) in the energy transition. In addition, participation in public policy-making and regulatory processes.</p>
Transition: technological	<p>Technological improvements, cost reductions or innovations that support the transition to a more efficient and low-carbon economic system. For example, implementation of large-scale electricity storage systems.</p>	Medium	<p>Harnessing new technologies to develop a decarbonised business model in line with society's expectations.</p> <p>However, if the company gets ahead of society, and risks investing in unsuccessful low-carbon technologies, markets or products, it could have a material adverse effect on its financial results.</p>	<p>Increase up to 14 GWh of installed renewable capacity by 2025.</p> <p>Distribute 1 TWh of biomethane by 2025.</p> <p>Promote the development of renewable gases (biomethane and green hydrogen), energy storage and other technologies for energy transition to a decarbonised economy.</p>
Transition: market	<p>Demand for new low-carbon products and services.</p> <p>Financing difficulties for projects not aligned with the reduction of greenhouse gas emissions.</p> <p>Loss in asset valuation (stranded assets).</p>	Medium	<p>If the company does not remain aligned with the preferences of customers and other stakeholders, it could affect its reputation and future profits.</p> <p>A failure to decarbonise in the face of investor and lender expectations could have a material adverse effect on the company's ability to use the funding in its future projects.</p>	<p>Development of new services (self-consumption, commercialisation of renewable electricity, PPAs) and low-carbon or carbon neutral products (Neutral Gas, neutral LNG, GoO in the gas sector).</p> <p>Increase in the weight of electricity in the company's portfolio and development of renewable gases.</p>

Transition: reputation	<p>Loss of relevance in climate change and sustainability indices due to failure to achieve the expected standard of climate management or reputational damage resulting from climate change impacts, which may negatively affect the valuation of company intangibles by stakeholders (shareholders, investors, customers or employees).</p>	Short	<p>Failure to decarbonise in line with the expectations of society, government and investors is a major risk to Naturgy's reputation as a responsible company and a leading energy company in the market. The impact of this risk includes shareholder divestment, increased regulatory scrutiny, tightening of financing or loss of customer share as a result of public interest group protests.</p>	<p>Naturgy's commitment to achieve net zero GHG emissions by 2050 and emission reduction targets and plans aligned with the Paris Agreement and climate policies. Presence in the main sustainability indices such as CDP Climate or Sustainalytics.</p>
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Management of climate change opportunities

Naturgy believes that the opportunities arising from the decarbonisation of the global economy (growth in renewables, investments in inclusive smart grids, greater electrification, sustainable mobility, biomethane development, green hydrogen, etc.) outweigh the risks.

As with risks, opportunities linked to climate change are also identified. Those considered in the Strategic Plan 2021-2025 are:

• **Main opportunities linked to climate change at Naturgy**

Opportunity	Opportunity management
Development of new renewable installed capacity (solar and wind)	<p>Development of new renewable projects to decarbonise power generation. Reduce investment costs compared to other technologies, with the possibility of financing through instruments such as Green Bonds.</p> <p>Positioning in a growing market linked to renewable energies (Power Purchase Agreement, Guarantees of Origin, etc.). In the medium-term, combined-cycle power stations represent the best possible back-up for renewable energy.</p>
Promotion and development of renewable gases	<p>The drive and innovation for the development of renewable gas (green hydrogen and biomethane) will provide a new energy product, which can replace natural gas, but with neutral CO₂eq emissions in a circular economy model.</p> <p>Renewable gas will maintain the value of distribution network assets in the long-term and decarbonise the energy that customers use with minimal changes to their facilities in a more efficient manner thanks to existing gas infrastructures.</p>
Smart and integrated networks (gas and electricity)	<p>The digitalisation and integration of electricity and gas networks will enable dynamic demand management, cost reduction, increased security of supply and the development of new services associated with big data.</p> <p>In addition, smart networks, coupled with renewable gas generation from surplus electricity generated on wind or solar farms, will enable energy storage by taking advantage of existing infrastructures, without the need for additional batteries, and on the scale required to meet seasonal variations in demand.</p>
Natural gas as energy for the energy transition	<p>Penetration of natural gas and LNG (liquefied natural gas) in carbon-intensive markets to replace high-emission fossil fuels (coal, oil), in line with the pace of the international climate agenda.</p> <p>Commercialisation of new products, such as neutral LNG or Neutral Gas, to offer customers a decarbonised alternative.</p>
Self-consumption	Development of new services to promote renewable self-consumption by customers.
Energy efficiency	Promotion of energy efficiency in both internal and customer processes, with a commitment to business models of energy service companies (ESCOs). Energy efficiency provides economic competitiveness and makes possible synergies with other sectors, as in the case of cogeneration.
Strengthening the position in the electricity business	Growth in the electricity distribution business associated with the growing trend towards electrification of the economy.
Digitalisation to provide new customer services	The use of technologies such as the Internet of Things (IoT) and artificial intelligence makes it possible to develop the figure of the active customer, that is, a customer that has tools for monitoring and controlling their facilities in order to consume energy more efficiently and integrate new services such as distributed renewable generation or electrical mobility.
Sustainable mobility	Penetration in the road and maritime mobility sector through the development of electric and gas solutions, which allow the reduction of CO ₂ emissions, the improvement of air quality and the obtaining of economic savings for users. In the case of maritime transport, LNG is the most eco-efficient alternative in terms of GHG emissions.
Positioning, governance and transparency	<p>Strengthening governance and policies on sustainability and climate change to meet the expectations of customers, investors and society in general.</p> <p>Transparency and good performance make it possible to improve the position with ESG investors and access to improved conditions of funding.</p>

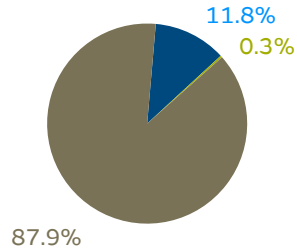
Objectives and metrics

[305-1] and [IF-EU-110a.3]

The carbon footprint at a glance

Footprint 2022

125.2 million
tCO₂ eq



Carbon footprint reduction between 2017 and 2022

↓ **28%** Emissions scopes 1 and 2

↓ **24%** Total carbon footprint (scopes 1, 2 and 3)

Scope 1
Direct emissions
14.7 MtCO₂eq

Scope 2
Indirect emissions
0.4 MtCO₂eq

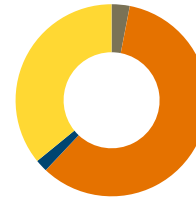
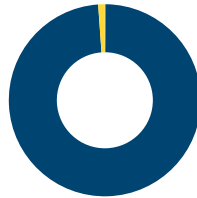
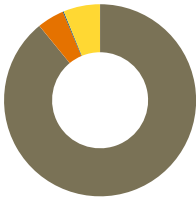
Scope 3
Other indirect emissions
110.1 MtCO₂eq



Scope 1 reduction between 2017 and 2022
↓ **28%**

Scope 2 reduction between 2017 and 2022
↓ **72%**

Scope 3 reduction between 2017 and 2022
↓ **23%**



89% fossil fuel power stations



98% losses in electricity distribution networks



95% customer emissions from gas distributed and commercialised

■ Electricity generation
■ Electricity distribution

■ Gas distribution
■ Procurement, LNG and gas commercialisation

Total offset emissions in 2022: 508,293 tCO₂eq

Carbon footprint inventory

[305-1], [305-2] and [305-3]

▪ Total GHG emissions (tCO₂eq)

[IF-EU-110a.1]

	2022	2021
Scope 1	14,741,483	12,965,240
Scope 2	363,489	487,067
Market	0	0
Location	363,489	487,067
Scope 3	110,079,558	136,450,026
Goods and services purchased	243,491	n/a
Capital goods		
Activities associated with upstream fuels and energy	28,990,579	33,167,755
Coal		
Natural gas	26,448,521	28,780,916
Oil	256,060	282,272
Electricity	2,285,998	4,104,567
Transport and distribution of goods		
Waste produced in the operation		
Business trips	1,212	362
Mobilisation of employees	5,489	5,685
Upstream leased goods		
Downstream transport and distribution		
Procedure for products sold		
Use of products sold: natural gas	80,838,787	103,276,224
End-of-life processing of products sold		
Downstream leased goods		
Franchises		
Investments		
Total	125,184,530	149,902,333

NB: for Scope 3 emissions, within the categories defined by the GHG Protocol, those weighing less than 1% have been excluded, as long as the sum of all of them does not exceed 5%.

Scope 1 emissions have increased by 1.8 MtCO₂eq. This increase in emissions is mainly due to two factors:

- The increase in electricity production from combined-cycle power stations in Spain, due to the fact that 2022 was a very dry year, amounted to 7,126 GWh. Conversely, cycle production in Mexico decreased by 669 GWh, resulting in a net increase in overall cycle production of 6,457 GWh. Considering the average emission factor of the cycles in Spain 2022 of 375 tCO₂eq/GWh this increase in production means an increase in emissions of 2.4 MtCO₂eq.
- The lower international LNG vehicle gas emissions meant a reduction of -0.5 MtCO₂eq.

Together, these two reasons justify an increase of 1.9 MtCO₂. The rest are small variations, mainly the decrease in electricity generation from cogeneration and the fuel oil plant in the Dominican Republic.

Scope 2 emissions have decreased by -0.1 MtCO₂eq. This decline is mainly due to two reasons:

- Increased electricity generation in Spain has meant that distributed energy is less than generated energy, which means that all Scope 2 and 3 emissions in Spain are 0 as they are already included in generation emissions. This represents a decrease of -0.25 MtCO₂eq.

- An increase in the emission factor of the Panama network from 187.5 tCO₂/GWh considered in the 2021 inventory (actual data for 2017 due to the lag in the availability of information) to 329.7 tCO₂/GWh considered in the 2022 footprint (actual data for the electricity mix in 2020), which has meant an increase in emissions of 0.14 MtCO₂eq. This variability in the emission factor of Panama's electricity mix is associated with the electricity demand and hydropower of the year in question.

Scope 3 emissions have decreased by -26.4 MtCO₂eq. This decline is mainly due to four factors:

- Indirect emissions from downstream end-use of gas vehicles (category A3.11) have been reduced by 22.6 MtCO₂eq due to falling demand for natural gas in final consumption, mainly in Spain due to higher commodity prices and to a lesser extent due to unusually high temperatures. The price increase has also affected wholesale gas demand in Europe. Likewise, in Chile and Brazil there has been a decrease in gas sold due to the inflationary trend in raw material prices combined with the weakness of Latin American currencies against the USD, which has led to an increase in gas prices at the domestic and industrial level and, consequently, a fall in consumption. As for the volume of international LNG sold, the reduction is explained by policies to secure gas supply in Europe together with global price levels, which have not favoured LNG arbitrage between different regions. Thus, the gas vehicle consumption outside the organisation (indirect consumption), after deducting own consumption and double bookkeeping, has been reduced from 564.79 TWh in 2021 to 441.42 TWh in 2022, which represents a reduction in emissions of 22.6 MtCO₂eq in terms of emissions;
- Upstream indirect emissions from gas vehicles (category A3.3) have been reduced by 2.4 MtCO₂eq due to less vehicular gas, partly offset by an increase in the upstream emission factor due to a higher weight of US LNG bunkering, associated with CH₄ emissions from fracking;
- Indirect emissions from supplied electricity (category A3.3) have been reduced by 2.7 MtCO₂eq for the reasons discussed for Scope 2 in Spain;
- The inclusion of a new Scope 3 category in purchases of goods and services (category A3.1) that could not be calculated in 2021 has led to an increase of 0.3 MtCO₂eq.

Together, these four reasons justify the decrease of 26.4 MtCO₂eq.

▪ Inventory of GHG emissions Scopes 1, 2 and 3 by country (tCO₂eq)

Country	Scope 1	Scope 2	Scope 3
Spain	8,283,931	0	39,127,919
Mexico	5,223,484	704	5,052,205
Chile	39,821	1,110	6,939,130
Dominican Republic	400,086	0	166,041
Argentina	760,194	89,729	20,293,008
Brazil	31,379	385	9,781,131
Panama	2,449	270,964	1,720,949
Costa Rica	0	0	15
Australia	140	597	56
Rest	0	0	26,999,104
Total	14,741,483	363,489	110,079,558

• **Inventory of GHG emissions Scopes 1, 2 and 3 by business area (tCO₂eq)**

	Scope 1	Scope 2	Scope 3
Generation Spain	7,529,298	0	2,124,769
International generation (GPG)	5,599,063	597	1,221,711
Procurement, LNG and Commercialisation	670,437	0	64,782,033
Gas distribution Spain	57,443	0	2,625
Electricity distribution Spain	21,150	0	0
EMPL&Up/mid	1,292	0	309
Gas distribution Argentina	758,965	2,300	18,924,343
Electricity distribution Argentina	24	86,941	565,531
Gas distribution Brazil	30,975	385	9,550,813
Gas distribution Chile	39,399	1,110	6,938,483
Gas distribution Mexico	23,336	209	3,995,373
Electricity distribution Panama	1,880	270,964	1,720,467
Corporate	8,221	984	253,102
Total	14,741,483	363,489	110,079,558

• **GHG emissions intensity ratio**

[305-4]

2022

	Electricity generation	Gas distribution	Electricity distribution	Gas infrastructure	Commercialisation	Corporate	Total
CO ₂ (tCO ₂ eq)	13,111,844	6,694	0	643,877	14,639	7,694	13,784,749
CH ₄ (tCO ₂ eq)	7,246	903,420	0	11,209	37	32	921,944
N ₂ O (tCO ₂ eq)	6,671	4	0	1,953	7	48	8,682
SF ₆ (tCO ₂ eq)	536	0	23,054	0	7	0	23,596
HFC (tCO ₂ eq)	2,065	0	0	0	0	447	2,511
PFC (tCO ₂ eq)	0	0	0	0	0	0	0
Total group	13,128,361	910,118	23,054	657,039	14,690	8,221	14,741,483
Net turnover (€M)							33,965
Ratio (tCO₂eq/€M)							434

2021

	Electricity generation	Gas distribution	Electricity distribution	Gas infrastructure	Commercialisation	Corporate	Total
CO ₂ (tCO ₂ eq)	10,917,161	12,251	0	1,119,606	14,533	7,549	12,071,100
CH ₄ (tCO ₂ eq)	6,196	844,124	0	6,696	36	73	857,124
N ₂ O (tCO ₂ eq)	5,987	6	0	5,155	8	99	11,255
SF ₆ (tCO ₂ eq)	1,355	0	22,983	0	8	0	24,346
HFC (tCO ₂ eq)	978	0	0	0	0	438	1,416
PFC (tCO ₂ eq)	0	0	0	0	0	0	0
Total group	10,931,676	856,380	22,983	1,131,456	14,584	8,160	12,965,240
Net turnover (€M)							22,132
Ratio (tCO₂eq/€M)							586

The reduction in the ratio of emissions by Annual Turnover (tCO₂eq/€M) is due to the fact that the increase in Scope 1 emissions in 2022 compared to the previous year (+14%) was lower than the recorded increase in net turnover for the same time period (+59%), resulting in a 27% lower intensity ratio.

Other climate change indicators

[305-1] and [IF-EU-110a.2]

	2022	2021
Emission intensity in electricity generation (tCO ₂ /GWh) ^(*)	279.3	261.46
Emissions associated with electric power supplies ^(**) (MtCO ₂ eq)	10.2	9.1
Installed emission-free electricity generation capacity (%)	37	36
Net electricity production free of emissions (%)	29	35
Total installed capacity in renewable electricity generation (MW)	5,462	5,170
Increase in installed capacity in renewable electricity generation compared to the previous year (%)	6	12
Emissions by leaks in gas networks (tCH ₄ /km network)	0.237	0.223
Emissions by leaks in gas networks (tCO ₂ eq/km network)	6.6	6.3

(*) This ratio corresponds to direct CO₂ emissions from electricity generation (Scope 1) divided by electricity produced.

(**) Emissions associated with electricity supplies include all customers, both retail and wholesale.

The emission intensity of electricity generation has worsened compared to the previous year due to the fact that 2022 has been a very dry year in Spain, which has increased the production of electricity from combined-cycle power stations and is slightly above the 2022 target path value 252 tCO₂/GWh.

As can be seen, emissions from gas leakage have increased by 6% in terms of tCH₄/km. This trend is reversed due to the updating of the fugitive emissions estimation methodology from a linear method with bibliographic emission factors by materials and pressure levels previously used to an event-based method in which the annual variations actually show the variation in the events that produce the leaks (breakages by third parties, network monitoring, leaks due to warnings or others). This event-based methodology has already been used in Spain and from 2022 will be used in all countries where Naturgy has gas distribution activities.

Climate balance sheet

The climate balance is an indicator that tries to value the emissions that have been avoided by Naturgy's assets, products and services against its total Carbon Footprint, including both direct and indirect emissions. The balance is calculated as the ratio of emissions avoided to emissions produced. It is therefore an indicator that, although it marks a trend indicating whether the group is moving towards or away from the global goal of climate neutrality, it does not represent the Net-Zero target set by the company or the concept of neutrality set out in the Paris Agreement.

The criteria used to quantify avoided emissions are as follows:

- Projects and activities must have quantifiable GHG emission and energy reductions against a baseline, which is defined on a case-by-case basis and measured over a specific period.
- The emissions prevented are calculated as the difference between the emissions of the “with project” and “without project” scenarios. Those from the “with project” scenario represent the actual level of GHG emissions. Those from the “without project” scenario represent the GHG emission levels that would have been achieved with other more emitting sources if the project were not implemented.
- The emission factors used for the “with project” and “without project” scenarios are obtained following the 2006 IPCC guidelines for the preparation of national GHG inventories.
- Calculations are made in accordance with the United Nations Framework Convention on Climate Change (UNFCCC) methodologies and tools for the Clean Development Mechanism (CDM) projects.

Climate balance sheet in figures

	2022	2021
Total emissions Scopes 1, 2 and 3 (MtCO ₂ eq)	125	150
Emissions prevented (MtCO ₂)	112	142
Climate balance sheet: emissions prevented/total emissions Scopes 1, 2 and 3 (%)	89	95

In 2022, the balance is 89%, lower than in 2021, mainly due to a decrease in natural gas final demand. The table below provides a breakdown of the associated emission reductions and energy savings.

• **Initiatives for reducing GHG emissions and associated energy savings**

[302-4], [302-5] y [305-5]

Emissions prevented ⁽¹⁾	Emissions prevented 2022 (tCO₂eq)	Energy savings 2022 (GWh)	Emissions prevented 2021 (tCO₂eq)	Energy savings 2021 (GWh)
Natural gas: reduction of CO₂ emissions by displacement of coal and oil derivatives, of higher emissions	102,483,501	152,812	131,921,464	180,198
Electricity production	76,619,897	134,852	86,212,063	150,327
Industry	14,945,839	6,579	22,576,604	10,183
Residential/Commercial	8,863,550	9,322	11,349,138	12,043
Transport	2,054,215	2,058	3,523,373	3,529
Cogeneration			8,260,286	4,116
Renewable energies: displacement of fossil fuel generation	6,295,743	23,667	6,295,866	22,959
Wind farms	3,326,930	12,663	3,411,485	12,387
Hydroelectric production	2,377,780	9,002	2,446,882	8,941
Photovoltaic production	562,079	2,002	437,499	1,631
Energy savings and efficiency in own and customers' facilities	835,969	2,664	1,128,579	2,197
Own facilities: Energy Efficiency Operations Plan				
Renewal of gas transmission and distribution networks	355,088	229	9	0
Actions in electricity distribution	28,125	114	0	0
CCGTs	292,542	1,439	69,359	358
Coal-fired power stations	0	0	0	0
Fuel oil-fired power stations	0	0	4,428	16
Customer facilities				
Energy services	160,214	882	235,213	1,293
Other				
Nuclear production	2,226,473	-5,265	2,446,339	-4,270
Total	111,841,686	173,879	141,792,248	201,084

⁽¹⁾ The emissions prevented are calculated as the difference between the emissions of the "with project" and "without project" scenarios. Using the 2006 IPCC emission factors for the development of national GHG inventories and UNFCCC methodologies and tools for Clean Development Mechanism (CDM) projects.

⁽²⁾ The emissions prevented from the use of natural gas in CHP in 2022 are included in electricity generation.

⁽³⁾ The emissions prevented from renewable gases have started to be calculated in 2022.

Climate neutrality target by 2050

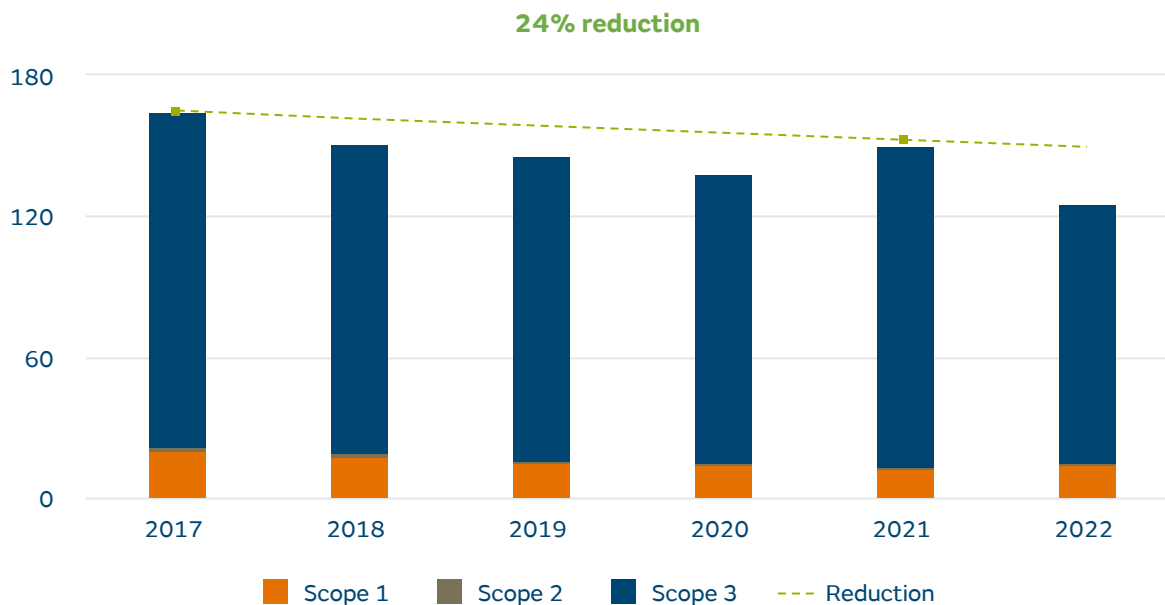
In the Strategic Plan 2021-2025, Naturgy is committed to achieving climate neutrality, i.e. zero net GHG emissions, by 2050. This target includes all scopes 1, 2 and 3 of the carbon footprint, all greenhouse gases and applies to all of the company's activities and geographies, with no exclusions. The priority is to reduce emissions as much as possible, considering, if necessary, the use of GHG emission absorption mechanisms to offset residual emissions.

Work is being done on emission reduction pathways in the three scopes with intermediate milestones to achieve net zero in 2050 according to the temperature scenarios of the Paris Agreement and in the case of Spain, additionally, with what is contemplated in the update of the National Integrated Energy and Climate Plan to 2030 (PNIEC) to be published in 2023.

The difficulty in establishing these intermediate paths is the current uncertainty of the evolution of new non-emitting technologies alternative to natural gas and the energy and climate change policies implemented in each country where the company is present.

	Emissions	Approval year	Base year	Target (% reduction)	Target (MtCO ₂ eq)	2022 (MtCO ₂ eq)	2022 (% compliance)	Base year (MtCO ₂ eq)
Neutrality 2050 (net zero)	MtCO ₂ e	2021	2017	↓100%	0.00	125.2	24 %	164.5

▪ **Evolution of the carbon footprint (MtCO₂eq)**



Intermediate targets for 2025 and 2030

Intermediate absolute emissions targets for 2025 and 2030

In 2015, Naturgy set targets to 2025 and 2030 taking 2012 as the base year to meet the requirements of the Science Based Target Initiative (SBTI) Tool v.8. The 2025 target has been deleted as a new target has been formulated for the Strategic Plan to 2025. The 2030 target is maintained as a medium-term goal aligned with science (Science Based Target).

- To reduce GHG Scope 1 and 2 emissions by 4.5% per year by 2030 compared to the base year 2012, a 56% decrease in absolute terms.

In 2021, with the approval of the Strategic Plan 2025, Naturgy approved new short-term emission reduction targets, included in the Sustainability Plan:

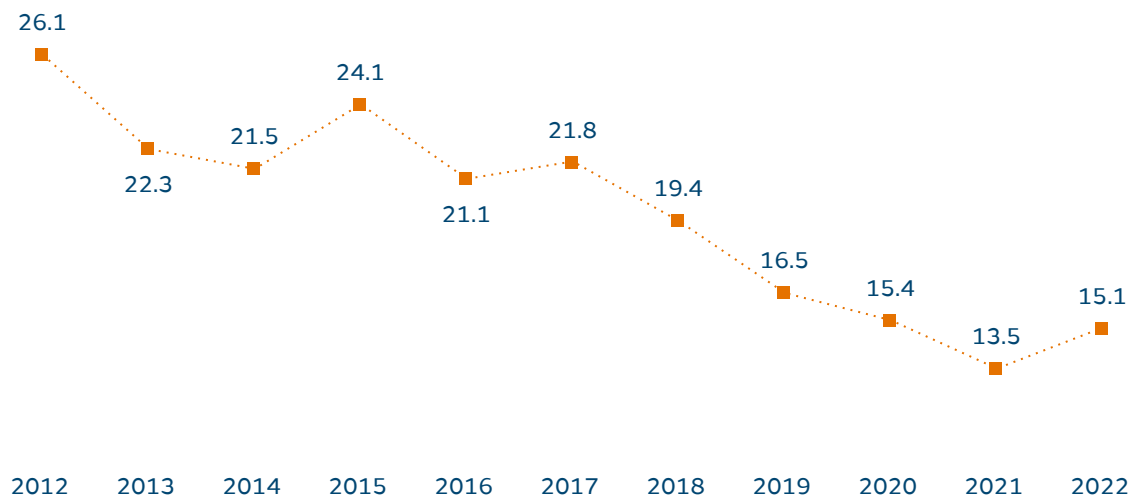
- To reduce GHG Scope 1 and 2 emissions by 48% in 2025 compared to the base year 2017.
- To reduce GHG Scope 3 emissions by 20% in 2025 compared to the base year 2017.

The targets set are aligned with the overall average reduction required under SBTi for a 1.5°C temperature increase scenario and for Scopes 1 and 2 and WB2DS for Scope 3.

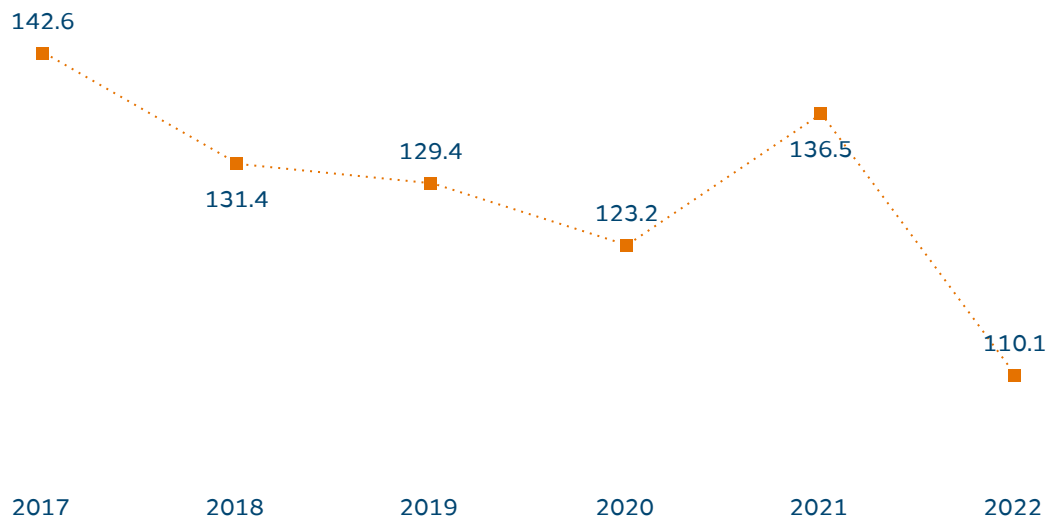
	Scope	Approval year	Base year	Target (% reduction)	Target (MtCO ₂ eq)	2022 (MtCO ₂ eq)	2022 (% compliance)	Base year (MtCO ₂ eq)
Strategic Plan 2025	A1+A2	2021	2017	↓48%	11.4	15.1	64 %	21.8
Strategic Plan 2025	A3	2021	2017	↓20%	114.1	110.1	114 %	142.6
2030 SBT ^(*)	A1+A2	2015	2012	↓56% (↓4,5% annual)	11.4	15.1	75 %	26.1

^(*)Objective reformulated in 2021 with values from the Strategic Plan 2025.

• **GHG Emissions Scopes 1 & 2 (MtCO₂eq)**



• **GHG Emissions Scope 3 (MtCO₂eq)**



Intermediate emissions intensity targets for 2025 and 2030

Emissions intensity targets are expressed as the amount of CO₂ emitted per electrical energy produced (tCO₂/GWh) and cover the activity of generation, which is responsible for nearly 90% of the group's direct emissions.

In 2015, Naturgy set emissions intensity targets to 2025 and 2030 taking 2012 as the base year to meet the requirements of the Science Based Target Initiative (SBTI) tool v.8. The 2025 target has been deleted as a new target has been formulated for the Strategic Plan to 2025. The 2030 target is maintained as a medium-term goal aligned with Science Based Target:

- Reduce the GHG emissions intensity of electricity generation by 4.8% per year by 2030 compared to the base year 2012, a 59% decrease in absolute terms.

In 2021, with the approval of the Strategic Plan 2025, Naturgy adopted a new short-term emission intensity reduction target, included in the Sustainability Plan:

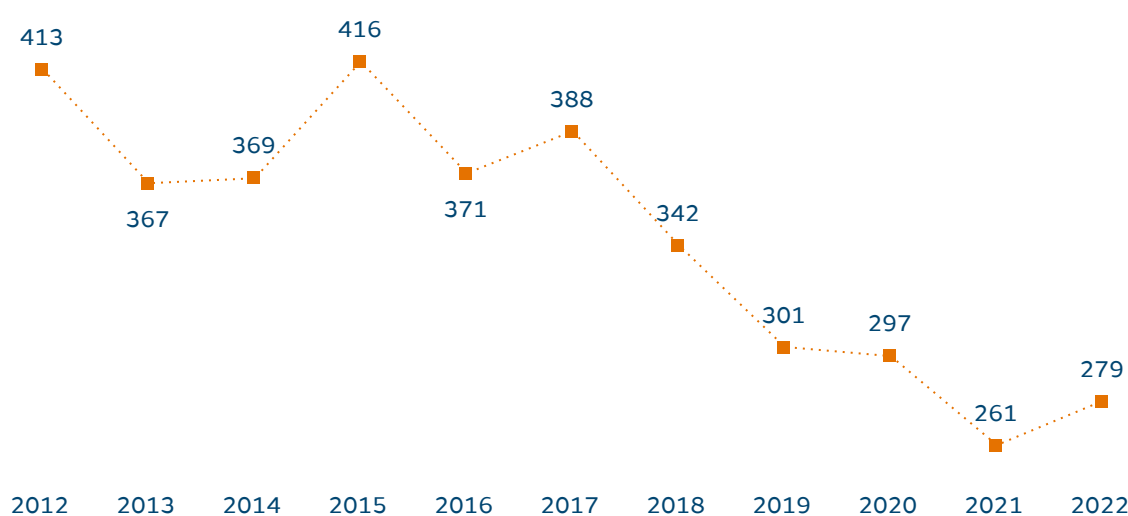
- Reduce the GHG emissions intensity of electricity generation by 56% by 2025 compared to the base year 2017.

The targets are aligned with the SBTi for a 1.5°C scenario.

	Approval year	Base year	Target (% reduction)	Target (tCO ₂ /GWh)	2022 (tCO ₂ /GWh)	2022 (% compliance)	Base year (tCO ₂ /GWh)
Strategic Plan 2025	2021	2017	↓ 56%	171	279	50 %	388
2030 SBT (*)	2015	2012	↓ 59% (↓ 4,8% anual)	171	279	55 %	413

(*) Objective reformulated in 2021 with values from the Strategic Plan 2025.

• Electricity generation carbon intensity (tCO₂/GWh)

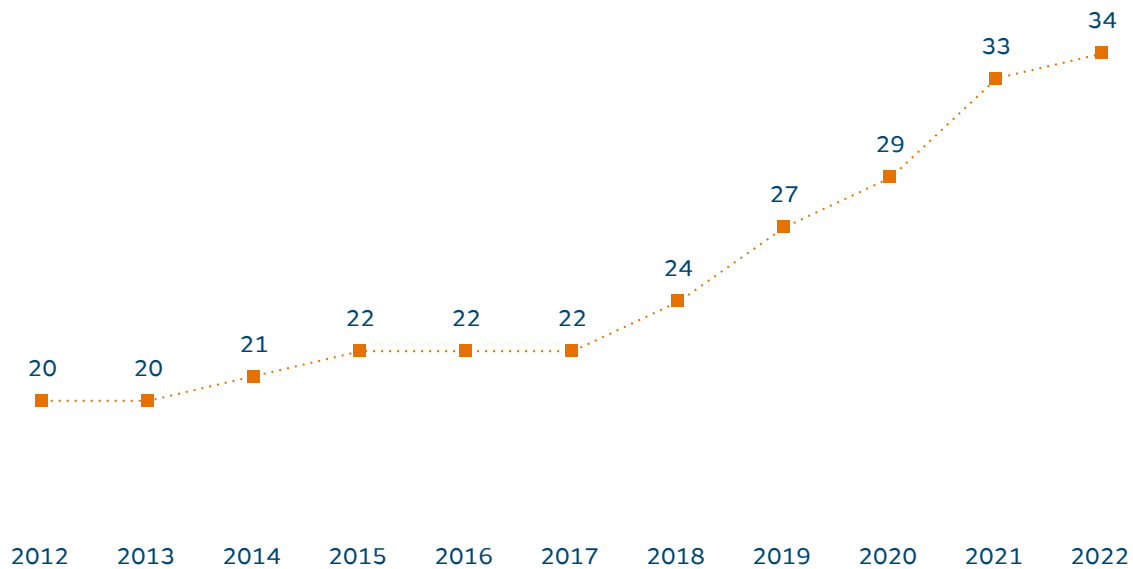


Renewable energy target

The commitment to renewable energies is one of the strategic lines for the reduction of emissions. Accordingly, one of the targets of the Strategic Plan is that of reaching a percentage of renewable installed power in the generation mix greater than 56% by 2025.

In Spain, Naturgy is building approximately 30 wind farms and photovoltaic plants with a capacity of 1GW, which will be commissioned in the coming months.

Renewable power (%)



Carbon Market

Price

Naturgy uses a reference carbon price associating a cost to CO₂ emissions of around €40/tCO₂. This price is used internally for:

- Strategic decision-making.
- Investment analysis.
- Identifying opportunities according to the degree of maturity in low-carbon technologies.
- Climate change and energy transition risk analysis, and stress testing.
- Analysis of climate change and GHG regulation.

This is an average unit price applicable to all the company's businesses.

Naturgy recognises the role of carbon pricing mechanisms as the most effective way to implement the fulfilment of committed GHG emission reduction targets.

Naturgy's GHG emissions offsetting

Emission offsetting is a voluntary instrument in the fight against climate change, which consists of the acquisition on the secondary market of emission credits from projects that reduce, avoid or eliminate GHG emissions into the atmosphere (CERs, VERs, etc.). These projects are implemented in developing countries as a form of crowdfunding for climate action, as the purchase of emission credits continues emission reductions and benefits local communities at the same time. Projects can be, for example, renewable energy (wind farms, biomass, hydropower) or climate change mitigation (landfill methane removal, energy efficiency initiatives or forestry projects).

Naturgy carries out various types of initiatives to offset emissions, among them the Neutral Gas and Neutral LNG, which offset emissions linked to the consumption of the fuel supplied to customers. Naturgy, within its residential portfolio, commercialises compensated gas to 22% of its portfolio through the Zen Tariff, Tariff by Use, Flat T Tariff and Online, which have an implicit eco attribute, and therefore offer customers an emission-neutral consumption.

In addition, through the COmpensa2 initiative, emissions from work centres and company travel are offset. The following table shows the amount of offset emissions.

• Emissions offsetting

	Emissions offset in 2022 (tCO₂eq)	Emissions offset in 2021 (tCO₂eq)
Neutral Gas	487,460	196,238
Neutral LNG	0	36,712
COmpensa2 Initiative	10,416	9,634
Scope 1 emissions from fuel use in workplaces (fixed sources and fleet)	8,221	8,160
Scope 2 emissions from electricity consumption in workplaces	984	1,112
Scope 3 emissions from business trips (air and train)	1,212	362
Total	508,293	252,218

Products to facilitate customer decarbonisation ^[416-1]

The energy transition is an opportunity to offer new products and services to customers who are increasingly committed to low carbon strategies. These include: carbon footprint calculation, offsetting of emissions through voluntary markets, emission reduction plans for customers, self-consumption solutions, management of Guarantees of Origin (GoO) for electricity, approaching the future market for energy saving certificates.

Among these products is the so-called “Neutral Gas”, created in 2017, which offers compensated gas to retail and wholesale customers, including the calculation of the footprint not only of the emissions from the end use of natural gas but of its entire life cycle from extraction. Clearing is done in voluntary markets, considering the customer’s needs in terms of technology, geography and social impact. This compensation is certified by an accredited third party. In 2022, 487,460 tCO₂ were offset, demonstrating the interest in this type of value-added products and services, and Naturgy’s commitment to offering more sustainable products. At present, all new registrations and tariff changes include electricity and neutral gas GoO and, in the near future, the company expects to be able to offer renewable gas GoO as well.

Another example is the Naturgy Solar initiative, launched in 2022 to promote self-consumption in all market segments, with the aim of enabling them to move towards decarbonisation. It is a comprehensive and customised solution to facilitate access to photovoltaic solar energy and self-consumption, which will enable customers to achieve savings of up to 70% on their electricity bill.

The new ‘Naturgy Solar’ initiative is aimed at private customers, homeowners’ associations, SMEs and companies, and offers a customised design, the management and processing of permits and subsidies, and payment facilities. The proposal provides customers with an flexible and simple solution, as well as a maintenance service. Naturgy also offers a price of €0.11/kWh for the purchase of surplus energy that the customer does not consume.



CO₂ emissions trading systems

Most of Naturgy’s thermal electricity generation facilities in Spain are regulated by the European Emissions Trading Directive, which establishes the rules for the acquisition of emission rights equivalent to verified emissions from its combined-cycle and cogeneration facilities, among others. This means that the Directive regulates the trading of this energy, which is why the company participates in the supply on the primary market through auctions, as well as on the secondary market.

The emissions covered come from the combined-cycle gas-fired power stations in Spain and account for 50% of Naturgy’s direct emissions (Scope 1) in 2022. The operation of these plants is included in the National Integrated Energy and Climate Plan (PNIEC), aligned with the European objective of climate neutrality by 2050.

In Mexico, the Emissions Trading System (ETS) Test Program has been implemented, which includes emissions from combined-cycle power stations. This test phase started in 2020 and ended on 31 December 2022 and includes the free allocation of 100% of the installations regulated by this cap & trade system, which emit more than 100,000 tCO₂/year. Installations registered in the ETS must submit emission allowances equivalent to the tons of CO₂ they emit. Currently, Naturgy's combined-cycle power stations in Mexico are registered in the ETS and have received the corresponding emission allowances from the authority.

• **CO₂ emissions covered by regulation or trading systems**

[IF-EU-110a.1]

	2022		2021	
	Emissions (MtCO ₂ eq)	Percentage share of total Scope 1 emissions (%)	Emissions (MtCO ₂ eq)	Percentage share of total Scope 1 emissions (%)
Total CO ₂ emissions affected by the regulations governing the European Emissions Trading System	7.4	50	4.9	38
Scope 1 emissions covered by emission limitation regulations	12.6	85	10.3	80
Scope 1 emissions covered by emission reporting regulations	14.7	100	13.0	100

4. Circular economy and eco-efficiency

[3-3]

(Circular economy and eco-efficiency)

Naturgy is committed to promoting the circular economy by following the following principles of action, which are included in the Environmental Policy:

- Boost the circular economy through the efficient use of resources (energy, water, etc.) and waste management to reduce environmental impacts.
- Promoting renewable gas as an energy and storage vector that facilitates the transition to a circular and carbon neutral economic model.

Energy and materials

Within the framework of the integrated management system, Naturgy implements management and control procedures aimed at minimising the consumption of energy and material resources. With regard to energy, Naturgy's commitment to renewables and the promotion of energy savings and efficiency, both in its own facilities and in homes, businesses and customer facilities, helps reduce environmental impacts.

The figures regarding energy consumption both inside and outside the organisation are given below ¹.

• Total energy consumption within the organisation (GWh)

[302-1] and [IF-EU-000.E]

	2022	2021
Non-renewable fuels	90,405	78,821
Natural gas	75,597	64,289
Coal	0	0
Petroleum derivatives	2,262	2,493
Uranium	12,546	12,039
Renewable fuels		0
Electricity acquired for consumption	1,155	1,618
Renewable electricity generated (not included in the consumption of fuels)	9,353	10,521
Electricity and steam sold	-47,029	-41,940
Total	53,884	49,020

The following table shows the ratio of energy consumption to net turnover.

• Energy intensity within the organisation

[302-3]

	2022			2021		
	Energy consumption within the organisation (GWh)	Net turnover (million euro)	Ratio (GWh / net turnover)	Energy consumption within the organisation (GWh)	Net turnover (million euro)	Ratio (GWh / net turnover)
Total	53,884	33,965	1.59	49,020	22,132	2.21

¹ Energy consumption data have been extracted from direct measurements using conversion factors published by the Spanish Climate Change Office or other authoritative sources.

▪ **Energy consumption outside the organisation (GWh)**

[302-2]

	2022	2021
Final use of the natural gas commercialised	481,610	564,493
Electricity	14,004	23,048
Total	495,614	587,541

In 2022, there is a 10% change in the consumption of energy resources within the organisation due to increased generation from gas combined-cycle power stations. Outside the organisation, there has been a variation of -16%, due to the reduction in the end demand for natural gas.

▪ **Materials used, by weight or volume (Mt)**

[301-1]

Fuels	2022	2021
Natural gas	5.1	4.3
Coal	0.0	0.0
Petroleum derivatives	0.2	0.2
Uranium	0.00001	0.00001
Total fuels	5.2	4.5

▪ **Materials used, by weight or volume (kt)**

[301-1]

Other materials (non-combustible)	2022	2021
Lubricant/hydraulic oil	0.8	0.7
Sulphuric acid	1.1	1.4
Nitrogen	0.9	2.0
Sodium hypochlorite	0.6	0.5
Calcium hydroxide	0.7	0.7
Sodium hydroxide	0.7	0.9
Rest of other materials (*)	1.9	1.8
Total other materials	6.7	7.9

(*) Includes paper and toner consumption, which in 2022 amounted to 58 t and 0.9 t respectively, much lower than in 2021 (53.2 t and 0.6 t respectively).

With regard to the materials used, it is noted that there has been a variation in fuel consumption of 16% due to the increased operation of combined-cycle power stations. However, in other non-fuel materials the variation was -15% compared to 2021, reflecting an improvement in eco-efficiency.

Water

[303-1], [303-2] and [IF-EU-140a.3]

Sustainable water management

Water, an essential commodity for life, is one of the natural resources used in the company's processes. Water management merits special consideration, which Naturgy carries out through the analysis of the risks related to its use, based on the use of different methodologies and the consideration in the corporate risk map. In particular, it pays special attention to water consumption, water quality control in discharges, ecological management of reservoirs, and prioritises eco-efficiency and water reuse in processes, for example, by integrating waste water from other activities.

The table Potential impacts on biodiversity in the section Biodiversity and natural capital describes the main potential impacts that Naturgy's activities may have on the water resource.

Naturgy applies the precautionary principle to avoid possible negative impacts on water management. In the design phase of facilities, environmental impact studies are conducted, in which project alternatives and the natural environment are studied, paying special attention to water and its availability, both for the ecosystems and for the affected population. Consequently, necessary measures are included in the project design to ensure that the environmental and social impacts associated with water use are minimised.

In the environmental impact assessment process, both the project and the environmental impact study are subject to public information in order to have the participation and input of stakeholders. The result is an environmental authorisation that specifies the specific conditions of the project and guarantees water management adjusted to the local context of natural resource availability and compliance with public policies. Occasionally, where facilities are located in areas without local discharge requirements, internationally recognised standards, such as those established by the World Bank guidelines, are taken as a reference.

Once the facilities enter into construction or operation, the monitoring and analyses set out in the environmental studies take place, as well as the environmental authorisations to ensure the quality of the environment and the availability of the shared resource (guaranteed by the environmental management system). In addition, strict operational control and risk management procedures (environmental emergency plans, drills, etc.) are implemented to prevent incidents before they occur or minimise damage. In fact, 200 studies were conducted in 2022, especially in the field of electric power generation facilities (thermal, hydropower) to monitor the water impacts of the environment. In the case of thermal and hydropower plants, sampling campaigns have been carried out to determine the physical, chemical and biological characteristics of the aquatic environment (rivers, reservoirs, etc.). Recent studies confirmed the normal situation observed in recent years, and concluded that the facilities studied had an acceptable impact, as shown in the following table reporting the incidents that occurred.

▪ **Number of incidents of non-compliance related to water quantity or quality permits, standards and regulations**

[IF-EU-140a.2]

	2022	2021
Number of incidents	0	1

Beyond its own facilities, Naturgy pays attention to water risks in its supply chain. These are considered to be the result of the combination of activity risk (water risk inherent to the supplier's activity) and country risk (water risk inherent to the country or location of a given facility). Thus, this combination allows it to assign each category of purchases a level of risk: high, medium or low, considering high-risks critical. In addition, Naturgy has a life cycle analysis methodology to analyse the impact associated with the products and services that have the greatest impact on water in its value chain. It should also be noted that, through the CDP Supply Chain initiative, the company works with its main suppliers to improve water management.

▪ **Water collection, consumption and discharge (hm³)**

[303-3] and [303-5]

	2022	2021
Total volume of water captured from the environment	921	872
Total water consumption	19	15
Total volume discharged	902	858

Most of the total water collected by the company is returned to the environment, with consumption representing a very small percentage of the total, just 2%. The most relevant installations in relation to water management are thermal power stations, which are responsible for more than 99.89% of the company's total water consumption. It is important to highlight that all of them implement water management plans, endorsed by the ISO 14001 environmental certification, with which the fulfilment of improvement objectives is assessed each year and the monitoring of collection, consumption, discharge, accident prevention, etc. is maintained.

Globally, in absolute terms in 2022 there has been a significant increase in water collection (6%), water consumption (24%) and water discharge (5%). This was mainly due to a very dry year in Spain, which meant that the combined-cycle power stations had to cover the shortfall in hydropower generation, producing 43% more electricity. To further interpret these results, and given that electricity generation is the activity that uses 99.9% of water resources, the specific ratios of collection, consumption and discharge have been calculated. This indicator reflects the amount of water needed to generate one unit of electricity.

▪ **Water collection, consumption and discharge specific ratio (hm³/TWh)**

[303-3]

	2022	2021
Water captured from the environment	29.8	35.0
Water consumption	0.608	0.611
Discharge	29.2	34.4

As can be seen, in relation to the electrical energy generated, all the ratios have improved with year on year, so that although in absolute terms the collection, consumption and discharges have increased due to greater electricity generation, there has been a gain in eco-efficiency. In other words, less water is required to generate one unit of electricity.

The existence and magnitude of the associated impacts will depend not only on the amount of resource consumed but also on the source of water used. In this case, the main source of water used is seawater, which in 2022 accounts for more than 97% of the total. Wastewater from other industries or from urban sources accounts for 2.4% of the total, and is treated to be reused in the company's processes, thus avoiding the consumption of fresh water, especially in areas of scarcity.

▪ **Water collection by source (hm³)**

[303-3] and [IF-EU-140a.1]

	2022	2021
Surface water captured (sea ⁽¹⁾)	896.1	858.7
Surface water captured (rest ⁽²⁾)	2.1	1.5
Groundwater captured ⁽²⁾	0.4	0.5
Wastewater used from another organisation ⁽¹⁾	21.7	11.5
Water captured from the supply network ⁽²⁾	0.3	0.2
Total volume of water captured from the environment	920.6	872.4

⁽¹⁾ Total dissolved solids (TDS) > 1,000 mg/L.

⁽²⁾ Total dissolved solids (TDS) ≤ 1,000 mg/L.

▪ **Water collection by salinity (hm³)**

[303-3]

	2022	2021
Volume of water with TSD > 1,000 mg/l	917.8	870.2
Volume of water with TSD ≤ 1,000 mg/l	2.8	2.2
Total volume of water captured from the environment	920.6	872.4

▪ **Water consumption (hm³)**

[303-5] and [IF-EU-140a.1]

	2022	2021
Consumption of cooling water	16.3	11.8
Consumption of water in water/steam cycle	0.4	0.3
Consumption of water in other processes	1.8	2.7
Consumption of water in ancillary services and buildings	0.3	0.4
Total	18.8	15.2

As indicated, most of the water consumption occurs in thermal power stations, specifically in the cooling towers where it evaporates to enable cooling and is released into the atmosphere, reintegrating into the natural water cycle.

Once used, the different water flows are segregated according to their nature and those that require it are treated at the effluent treatment plants, eliminating the contaminants they contain (particles, oils, organic contamination, pH outside the range, etc.) until the appropriate conditions are reached for their discharge. Prior to discharge, effluents are analysed to ensure that the permissible limits are complied with and that there are no negative impacts on the aquatic ecosystem. This analysis and monitoring is not limited to the effluents alone; the plants also monitor the water in the environment receiving the discharges to ensure that there are no negative effects on the aquatic environment.

The treatment equipment and systems worked as planned in 2022, complying with environmental permits. In addition, studies of the receiving environment reveal that no significant impacts were generated in the aquatic ecosystems where the effluent discharges were made. Most discharges are into the sea (99.8% of the total), followed by waterways and the public sewerage system.

• **Water discharge (hm³)**

[303-4]

	2022	2021
Water discharged into the sea	900.4	855.9
Water discharged into waterways	1.3	1.4
Water discharged into the public sewerage system	0.3	0.3
Water discharged into septic tanks	0.0	0.0
Water discharged for use by an aquifer	0.0	0.0
Total volume discharged	902.0	857.6

NB: all discharges had a TDS concentration > 1,000 mg/L.

With regard to the pollutants released into the aquatic environment by discharges, the following table shows the weight of substances discharged into the water.

• **Weight of discharged substances (kg)**

Pollutant	Quantity discharged to water (kg)
Nitrogen and its compounds	21,853
Suspended solids	15,812
Sulphates	10,138
Nitrates	4,668
Phosphorus and its compounds	2,368
Oils and fats	1,427
Ammonium	1,070
Rest	176.6
Total	57,512

Impact reduction in high water stress areas

The impact of water use depends on three factors: the quantity of water used, the type of water used (seawater, freshwater, etc.) and the level of water stress in the area.

In terms of the amount of water consumed, combined-cycle power stations account for 98.8% of total consumption, with the remaining facilities accounting for insignificant values. To analyse the impact, these plants have been classified according to their level of water stress, using Aqueduct's global water risk mapping tool.

▪ Water use in combined-cycle power stations according to water stress levels

	Total	In areas of high water stress (>40%)	Fresh water collection in areas of high water stress
No. of facilities	15	10	2
Water collection (hm ³)	920	247.08	2.07

Note: plants are considered to be in water stress zones when water stress levels exceed 40%.

As can be seen, of the 15 combined-cycle power stations, 10 are located in areas of high water stress, of which only two have significant freshwater consumption (13% of all combined-cycle power stations). Most of the combined-cycle power stations were designed with a view to reducing the impact on areas with low water resources and operate with seawater or wastewater from other activities, and therefore do not consume fresh water. Accordingly, only 0.2% of the water captured by combined-cycle power stations corresponds to fresh water used in water-stressed areas.

▪ Water collection in high water stress areas

[303-3] and [IF-EU-140a.1]

Naturgy, aware of the situation of water stress or scarcity in the surroundings of some of its thermal plants, implements systems for the use of seawater or the reuse of waste water from cities or other industries in these facilities, which avoids fresh water being consumed and removes the pressure on this scarce resource. In fact, in 2022, fresh water captured (TDS ≤ 1,000 mg/l) in areas of high water stress amounted to only 2.26 hm³, which represents 24.55% of total water captured.

It should be noted that this year the mapping of facilities located in areas of high water stress has been improved using Aqueduct's global water risk tool. The change in methodology, as the new criterion is more restrictive, has been reflected in an increase in the number of facilities located in areas of high water stress compared to the previous year, which explains the increase in the percentage of freshwater collected in areas of high water stress shown in the following tables.

	Volume (hm ³)		Percentage of total water captured (%)	
	2022	2021	2022	2021
Total water captured in high water stress areas	247.08	236.25	26.84	27.08
Seawater ⁽¹⁾	223.47	224.80	24.27	25.77
Fresh surface water ⁽²⁾	2.08	0.03	0.23	0.00
Fresh groundwater ⁽²⁾	0.09	0.01	0.01	0.00
Water from another organisation (reuse) ⁽¹⁾	21.34	11.40	2.32	1.31
Water captured from the supply network ⁽²⁾	0.09	0.01	0.01	0.00
Water collection ⁽²⁾ in high water stress areas	2.27	0.05	0.25	0.01

⁽¹⁾ Total dissolved solids (TDS) > 1,000 mg/L.

⁽²⁾ Total dissolved solids (TDS) ≤ 1,000 mg/L.

▪ **Water collection in high water stress areas by salinity (hm³)**
[303-3]

	2022	2021	Percentage of total water captured (%)	
			2022	2021
Volume of water with TSD > 1,000 mg/l	244.8	236.2	26.59	27.07
Volume of water with TSD ≤ 1,000 mg/l	2.26	0.05	0.25	0.01
Total volume of water captured from the	247.1	236.2	26.84	27.08

The following tables show consumption and discharge in these areas.

▪ **Water consumption in areas of high water stress (hm³)**
[303-5]

	2022	2021	Percentage of total water consumption (%)	
			2022	2021
Consumption of cooling water	13.30	7.60	70.74	50.00
Consumption of water in water/steam cycle	0.30	0.20	1.60	1.32
Consumption of water in other processes	0.00	0.00	0.01	0.00
Consumption of water in ancillary services and buildings	0.10	0.30	0.53	1.97
Total	13.70	8.10	72.89	53.29

▪ **Water discharge in areas of high water stress (hm³)**
[303-4]

	2022	2021
Water discharged into the sea	232.51	227.90
Water discharged into waterways	0.94	0.60
Water discharged into the public sewerage system	0.03	0.01
Water discharged into septic tanks	0.00	0.00
Water discharged for use by an aquifer	0.00	0.00
Total volume discharged	233.48	228.51

Globally, in 2022 there has been an increase in water collection, consumption and discharge in high water stress areas, due both to the change in methodology by considering an updated and more restrictive criterion in the categorisation of water stress areas and to the increased activity of combined cycle power stations, which have operated more than in 2021.

Atmospheric emissions

[305-6], [305-7] and [IF-EU-120a.1]

▪ Total specific atmospheric emissions: Nitrogen oxides (NO_x), sulphur oxides (SO₂) and other significant air emissions (kt)

[305-7] and [IF-EU-120a.1]

	Total (kt)		Specific (g/kWh)	
	2022	2021	2022	2021
SO ₂	0.8	1.2	0.0	0.0
NO _x	8.1	7.9	0.2	0.2
Particles	0.1	0.2	0.0	0.0
Mercury	0.00001	0.00001	0.0000003	0.0000002
Lead*	n.a.	n.a.	n.a.	n.a.

NB:

- Lead does not apply since natural gas, which is mostly used as fuel, lacks this element and, since it is not formed in the combustion process, it is not emitted in the combustion gases.
- After analysis of populated areas, 100% of the pollutants meet the criterion "densely populated area" (area with a densely populated core and an adjoining territory that together have a population of at least 50,000 people).

The above data correspond to direct measurements made at the facilities. In absolute terms, there has been a decrease in emissions of SO₂ (-33%) and particulate matter (-50%), mainly due to the decrease in electricity generation from fuel-fired power stations. Absolute NO_x emissions have increased by 3% due to the increased operation of combined cycle power stations, although in relative terms, eco-efficiency has improved, as there has been a reduction in specific emissions of -11% for this pollutant.

▪ Emissions of ozone-depleting substances (ODS) (t)

[305-6]

	2022	2021
HCFC	0.01	0.09
Freon R22	0.20	0.22

The above data correspond to direct measurements of filling operations performed on equipment using these substances, showing an improvement in comparison with the previous year.

With regard to light and noise pollution, following the materiality analysis carried out, these issues have not been of relevance which is why no information is included in this regard. However, noise-producing facilities are equipped with silencers, insulation and other acoustic measures to ensure compliance with legal limits and reduce disturbance to the surrounding population and fauna, as well as monitoring and measurement programmes to ensure compliance with these requirements.

Waste

[306-1] and [306-2]

Naturgy has waste management procedures for its adequate minimisation, segregation, storage, recycling, control and final disposal. These procedures allow the company to report data on waste generated directly in its operations, including all businesses and countries where it operates. In relation to the waste produced by collaborating companies, they are required to manage it appropriately through the environmental specifications included in the contracting process; also, they must monitor the whole process throughout the duration of their services. This management, backed by ISO 14001 certification, minimises the impacts generated by waste, with the most significant residual impact being the possibility of environmental contamination as a result of accidental spills or dumping. The following table includes data with the main spillages that occurred in 2022. In all cases, the environmental incident procedure was activated and the spill was collected and the area cleaned. There have been no significant impacts on the environment, as most spillages were contained in Naturgy's facilities and there has been no deterioration of water courses or damage to biodiversity. While the area of land affected has increased by 442% compared to 2021, the number of events has been reduced (-29%) as well as the volume discharged accidentally (-61%).

• Spill table

[306-3]

2022					
Activity	No. of events	Nature of spill (no. of events)	Spill volume (m ³)	Surface area of natural soil affected (m ²)	Country (No. of events)
Renewable electricity generation	9	Oil (8) Oil and fuel (1)	0.4	115	Spain (9)
Gas and electricity distribution	11	Oil (10) Fuel (1)	1.4	91	Argentina (1) Spain (6) Panama (4)
Total	20	-	1.8	206	-

2021					
Activity	No. of events	Nature of spill (no. of events)	Spill volume (m ³)	Surface area of natural soil affected (m ²)	Country (No. of events)
Renewable electricity generation	7	Oil (6) Fuel (1)	0.2	20	Spain (6) Costa Rica (1)
Gas and electricity distribution	21	Oil (18) Oily waters (1) Fuel (1)	4.4	18	Spain (17) Panama (4)
Total	28	-	4.6	38	-

In accordance with the waste hierarchy, the company prioritises management aimed at prevention, reuse and recycling over other less sustainable alternatives such as incineration without energy recovery or landfill. This strategy is clearly defined in the Sustainability Plan, which includes two waste-related objectives for 2025: reducing waste by 87% from 2017 and achieving 75% of waste recovered or recycled.

• Waste managed (kt)

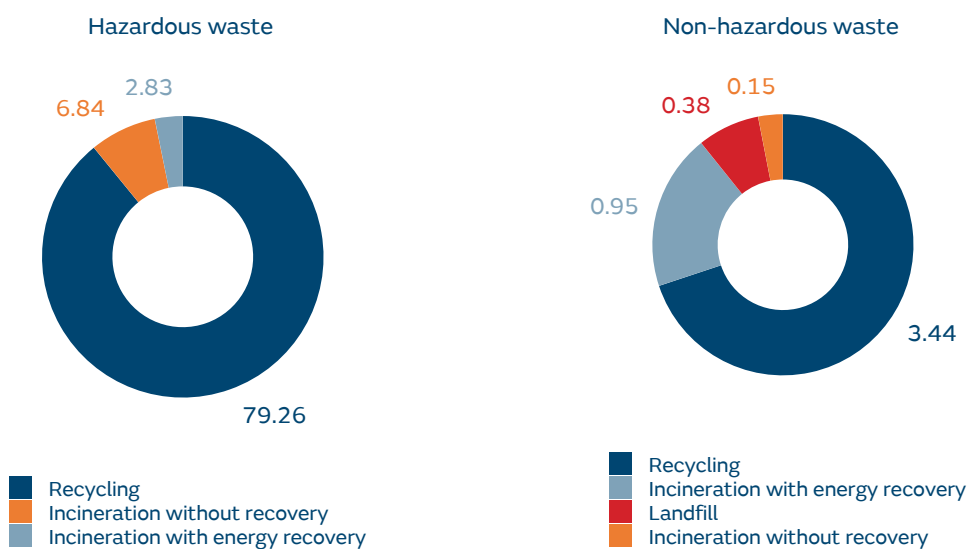
	2022	2021
Total waste (kt)	94	98
Non-hazardous waste (kt)	89	94
Hazardous waste (kt)	5	5
Recovery and recycling rate (%)	92	57

▪ **Waste by final disposal**

[306-4] and [306-5]

	2022	
	kt	%
Waste not for disposal		
Waste for recycling	82.70	88.1
Waste for incineration with energy recovery	3.77	4.0
Waste for disposal		
Waste for landfill	0.38	0.4
Waste for incineration without recovery	6.99	7.5

▪ **Waste by typology and final disposal in 2022 (kt)**



▪ **Non-hazardous waste managed (kt)**

	2022	2021
Soil and rubble	78.0	76.2
Sludge	5.7	12.0
Vegetable waste	1.8	1.1
Scrap	1.5	2.1
Assimilable to urban waste	0.6	0.6
Rest	1.3	1.5
Total	88.9	93.5

▪ **Hazardous waste managed (kt)**

	2022	2021
Hydrocarbons plus water	1.3	1.1
Sludge from oil and fuels	0.7	0.9
Solid waste contaminated with hydrocarbons	1.2	1.0
Used oil	0.4	0.5
Hydrocarbon-contaminated soils	0.3	0.4
Electronic waste	0.1	0.0
Rest	0.9	0.7
Total	4.9	4.6

▪ **Products sold for reuse (kt)**

	2022	2021
Sludge from oil and fuels	0.7	0.9
Total	0.7	0.9

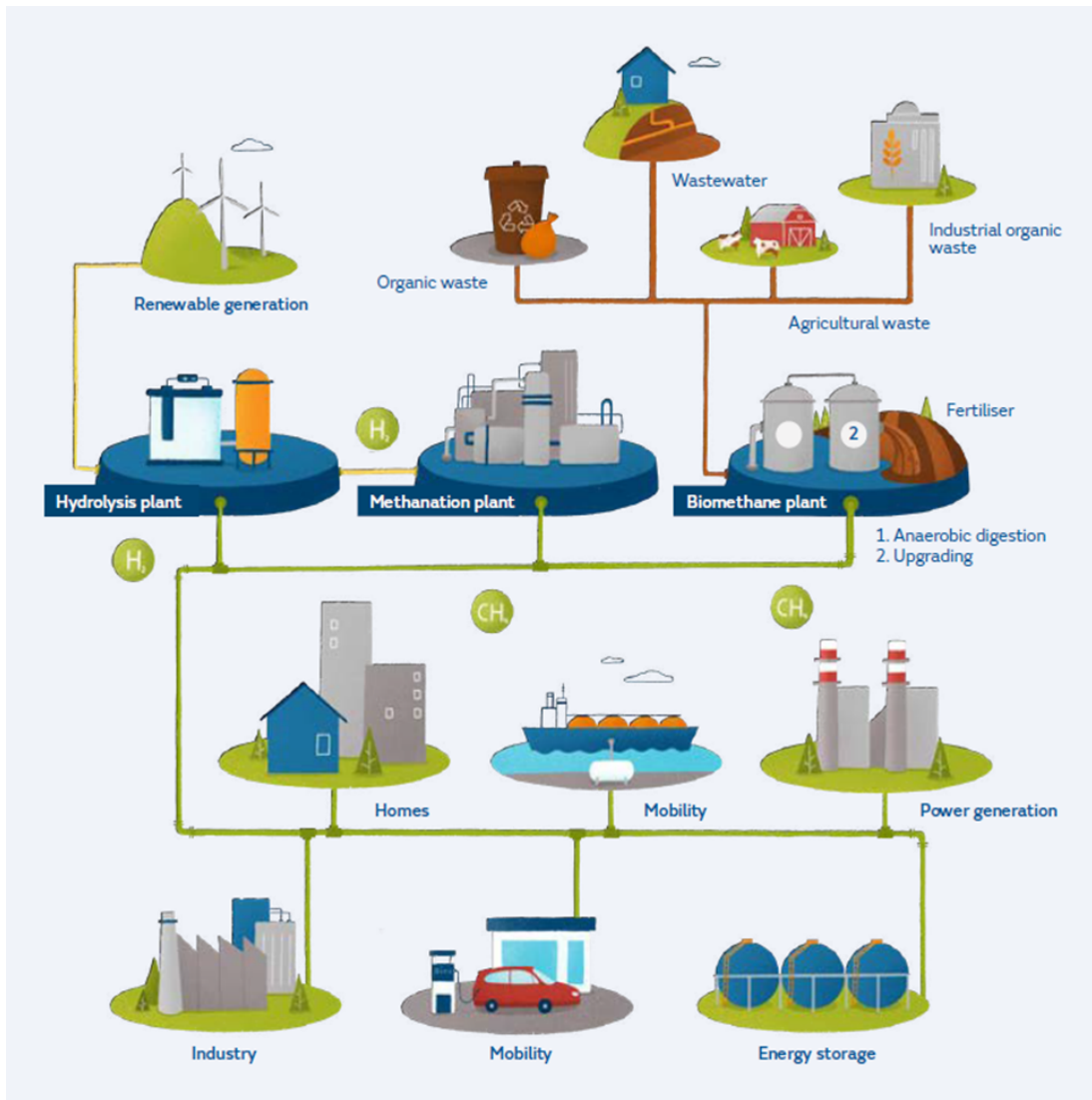
In 2022 the total amount of waste generated decreased -4% , mainly accounted for by non-hazardous waste-5%. In addition, the percentage of recycled or recovered waste has increased significantly, standing at 92%, 61% up on the previous year.

In 2022, Naturgy continued with the removal of polychlorinated biphenyls (PCB). Currently, 45 tonnes of dielectric oils with PCBs still have to be removed.

With regard to food waste, after the materiality analysis carried out, this aspect has not been among the relevant issues, which is why no information is included in this regard.

Renewable gas

Renewable gases are gaseous fuels that come from or are produced from renewable sources. Within the energy sector, biomethane, renewable hydrogen or synthetic gas obtained from renewable energy surpluses should be highlighted. One of Naturgy's strategic lines of action in circular economy is to promote this type of fuels, so that they gradually replace fossil gas, promoting a circular and decarbonised model, as they are neutral in greenhouse gas emissions. Naturgy has been developing new renewable gas projects for several years, as detailed in chapter 9.



This is a clear example of a circular economy, as it is produced from organic waste as problematic as livestock manure, slurry, manure, sewage sludge or household waste, thus avoiding undesirable effects on people and biodiversity through water pollution, bad smells, etc.

Biomethane is a solution to simultaneously achieve decarbonisation goals and reduce energy dependence on external sources. This is very relevant at the European level, as the REPowerEU plan sets ambitious targets for fossil gas reduction and the promotion of biomethane. This is a particularly interesting alternative in sectors where electrification is difficult due to the nature of the activities. The production of biomethane makes it possible to make use of a multitude of waste types, solving their management problems. Moreover, being closely linked to the rural world, it is a perfect ally for the achievement of the economic recovery agenda and the fight against the demographic challenge and the depopulation of rural areas.

Although there are differences between the figures for biomethane production potential in Spain depending on the source consulted, the country ranks third in Europe for its high potential. According to the Study of biomethane production capacity in Spain 2023, published by Sedigas, the total accessible biomethane potential in Spain would be 163 TWh/year, in line with other reports. The development of this potential would represent more than 40% of the annual demand.

Moreover, biomethane is a carbon-neutral fuel gas and can even have negative CO₂eq emissions. This is the case of biomethane from livestock waste, the current management of which causes GHG emissions. The transformation of this waste into renewable gas can avoid emitting 200%² of the CO₂eq emissions corresponding to the substituted fossil fuel into the atmosphere.

Considering a carbon footprint abatement ratio of 0.31 MtCO₂eq/TWh³, if the biomethane production potential of 163 TWh/year is exploited, this would lead to an abatement of more than 50 MtCO₂eq/year, which is equivalent to 23% of the national 2030 target of the Integrated National Energy and Climate Plan.

According to Sedigas estimates, from an economic point of view, the development of these plants would be equivalent to an investment of Euros 40.495 billion for the entire national territory, equivalent to 3.61% of national GDP. It would also have a significant positive impact on job creation, especially in rural areas, helping to meet the targets of the demographic challenge in Spain. In total, 21,736 direct jobs and 40,205 indirect jobs associated with the operation and maintenance of the biomethane plants would be generated, to which should be added 34,890 direct jobs and an estimated 465,200 indirect jobs associated with construction.

² Source: Renewable gases. An emerging energy vector (Alvaro Feliu Jofre and Xavier Flotats Ripoll). Naturgy Foundation.

³ Data calculated by the European Biogas Association and matching with figures used in the study "Biogas and biomethane as a key lever in the decarbonisation of the Spanish economy" (PwC, CIEMAT and Naturgy Foundation).

5. Biodiversity and natural capital

[3-3]

(Biodiversity and natural capital)

Commitment to biodiversity

Naturgy is committed to the preservation of biodiversity, natural capital and cultural heritage in the environment of its facilities, with special attention to protected areas and species, with the following actions (included in the Environmental Policy) as its operating principles:

- Respect natural capital, biodiversity and cultural heritage in the areas where the group operates, identifying, assessing and monitoring impacts and dependencies on biodiversity during the life cycle of the facilities.
- Integrate biodiversity in the design and operation of projects to progressively reduce negative environmental impacts, avoiding as far as reasonably possible carrying out activities near areas of high value for biodiversity and specially protected areas, implementing a preventive approach based on the hierarchy of impact mitigation (avoid, mitigate, restore and compensate) and promoting the development of nature-based solutions.
- Prevent vegetation disturbance as far as possible, avoiding deforestation in operating environments and encouraging mitigation of significant impacts on forests along the value chain.
- Achieve no net loss of biodiversity, promoting the net creation of natural capital whenever possible.

In this regard, Naturgy develops biodiversity initiatives in an integrated manner with the axes of the energy transition towards decarbonisation, climate, nature and people. As they are complementary and mutually influential realities, this approach takes a holistic view and focuses on building natural capital and restoring ecosystems to maximise CO₂ capture and neutralise emissions, ensuring the protection of native fauna and flora and maximising benefits for local communities.

Naturgy manages biodiversity with a clear preventive approach, considering the protection of nature in the design of new facilities, implementing operational controls throughout the useful life and making financial provisions for the future decommissioning of assets.

To conduct its activities, Naturgy needs a number of services provided by nature, also called ecosystem services. The identification of these dependencies at corporate level is highly relevant as it enables operations that are vulnerable to changes in the quantity and quality of these services to be identified with the implementation of actions aimed at their protection and conservation. The following table identifies the main dependencies identified.

• Biodiversity dependencies

	Generation		Production and injection		Distribution		
	Wind	Solar	Hydropower	Thermal	Biomethane	Electricity	Natural gas
Resources used in the process							
Non-mineral resources such as fuels (natural gas and others).				Very high			Very high
Renewable resources such as wind and solar radiation.	Very high	Very high					

Groundwater stored underground in aquifers, which comes from precipitation, snowmelt and freshwater streams.	Very low	Average	Low					
Surface water that comes from precipitation of water flows from natural sources.	Very low	Very high	Very high					
Services that make the process possible								
Maintenance of water flow through the hydrological cycle, that allows water to circulate through the atmosphere, land and oceans, responsible for recharging groundwater sources and maintaining surface water flows.		Very high	Average					
Water quality resulting from the maintenance of adequate chemical conditions of water, including rivers, lakes, groundwater sources and salt water, to ensure favourable living conditions for the biota.		Low	Low					
Pollination is a service provided by three main mechanisms: animals, water and wind. Most plants depend to some extent on animals acting as vectors, or pollinators, for pollen transfer.						Average		
Services that mitigate direct impacts								
Bioremediation, the natural process by which living organisms such as micro-organisms, plants, algae and some animals degrade, reduce and/or remove pollutants.		Low	Very low	High				
Filtration, which is the sequestration, storage and accumulation of pollutants by a variety of organisms including algae, animals, micro-organisms and plants.		Very low	Low					
Regulation of the chemical composition of the atmosphere, which through pollutant diffusion processes allows the maintenance of air quality.						Very high		
Protective services								
Nature's regulation of the global climate through the long-term storage of carbon dioxide in soils, plant biomass and oceans. At regional level, climate is regulated by ocean currents and winds, while at the local and micro level, vegetation can modify temperature, humidity and wind speed.	Very high	High	Very high	Very low	Average	High	Average	
Flood and storm protection provided by the buffering and attenuation effects of vegetation.	Average	Average	High	Average	Average	Average	Average	
Erosion protection and land stabilisation provided by vegetation cover, terrestrial, coastal and marine ecosystems, coastal wetlands and dunes. Vegetation on slopes also prevents avalanches and landslides, and mangroves, seagrasses and macroalgae provide protection against coastal erosion and sediment.	Average	Average	Very high	Low	Low	Average	Average	

KEY

Very high: the process is extremely vulnerable to interruptions. The degree of protection provided by the ecosystem service is critical and irreplaceable.

High: the process is vulnerable to interruptions. The degree of protection afforded by the ecosystem service is hardly substitutable.

Average: most of the time, the process can take place with limited disruption to the ecosystem service due to its resilience to disruption.

Low: most of the time, the process can take place even with the total interruption of the ecosystem service.

Very low: in general, the production process can take place even with a total disruption of the ecosystem service.

Source: ENCORE and own elaboration.

Impact on natural capital

Naturgy carries out an efficient management of natural capital based on reducing the impact on ecosystems by performing preliminary studies for new facilities, reducing emissions, resource consumption or waste production, and on developing direct actions on biodiversity.

With regard to new facilities, the precautionary principle is applied, carrying out preliminary environmental impact studies during the design phase. These studies analyse the environment of the sites, looking carefully at protected areas of high ecological value, adapting the location and components of the project to avoid or minimise negative impacts on biodiversity. In those cases in which it is not possible to completely avoid the impact, the required remedial or compensatory measures are introduced. The establishment of additional voluntary measures contributes to the knowledge and mitigation of the impacts caused by the facilities. The company also takes into consideration the opinion of the stakeholders present in the places where it operates.

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, there is a Geographic Information System, which integrates both the natural protected areas in each country and the facilities and biodiversity initiatives carried out. This tool allows the identification, quantification, management and monitoring of impacts on biodiversity.

The following table summarises the main impacts on biodiversity that may arise from the company's operation at the sites and adjacent areas. In the preparation of the table, the impacts that occur in the operation of the facilities have been considered. In the case of wind farms, photovoltaic plants, biomethane plants and power grids, the impacts produced in the construction phase have also been considered due to the new investments being made in these types of assets.

Potential impacts on biodiversity

[303-2] and [304-2]

	Wind power generation				Photovoltaic generation				Hydropower generation				Thermal generation				Biomethane production and injection				Electricity distribution				Gas distribution							
	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability				
Natural environment																																
Water use, including collection and consumption, especially of freshwater in water-stressed areas.	The greatest potential impact is from combined-cycle power stations, which require water on a permanent basis for their operation, especially for the cooling process. Although facilities located in water-stressed areas may induce a decrease in the resource, most of them have been designed to avoid freshwater consumption by using seawater or reusing discharges from other activities.				Negative				Very low				Temporary Localised Reversible Recoverable Negative				High				Permanent Extensive Reversible Recoverable Negative				Very high				Permanent Extensive Reversible Recoverable			
	Regulating or diversion hydropower plants can affect the amount of water available downstream. To minimise the impact, sufficient ecological flow is released to maintain both natural and socio-economic water uses.																															
	Photovoltaic power stations may occasionally consume water for washing the solar panels, although the volumes required are not high and dry cleaning alternatives can be implemented or with water from other areas in the event of water stress.																															

		Wind power generation		Photovoltaic generation		Hydropower generation		Thermal generation		Biomethane production and injection		Electricity distribution		Gas distribution			
		Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability
Land occupation and modification of terrestrial ecosystems, e.g. through vegetation clearance.	<p>The construction of new projects temporarily modifies the terrestrial habitat, except for the areas that are permanently occupied during the operation phase.</p> <p>The facilities that have the greatest impact on terrestrial ecosystems are photovoltaic plants and power lines. The construction of power lines involves the removal and permanent maintenance of a buffer strip devoid of tree vegetation. In any case, this is a reversible and recoverable impact, since, in addition to carrying out prior studies to select the alternative with the least impact, after completion of the works the affected areas are environmentally restored, except for those occupied by the installations, which are recovered after dismantling at the end of their useful life.</p> <p>Biomethane facilities are generally located inside other facilities (farms, water treatment plants, etc.), so their impact on land use is very limited.</p>	Negative	Low	Temporary Localised Reversible Recoverable	Negative	High	Permanent Localised Reversible Recoverable			Negative	Very low	Temporary Localised Reversible Recoverable	Average	Permanent Extensive Reversible Recoverable	Negative	Low	Temporary Localised Reversible Recoverable

		Wind power generation				Photovoltaic generation				Hydropower generation				Thermal generation				Biomethane production and injection				Electricity distribution				Gas distribution				
		Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	
Effects on marine ecosystems, e.g. due to the presence of infrastructure necessary for the process.	Water discharges from coastal combined-cycle power stations can have a permanent impact on the marine ecosystem in the dispersion area due to chemical contamination and, above all, due to the temperature increase of cooling discharges. However, in the design phase of the combined-cycle power stations, studies of the aquatic environment and discharge modelling have been carried out to include the necessary impact reduction measures.																													
									Negative																					
									Average																					
									Permanent Localised Reversible Recoverable																					

		Wind power generation		Photovoltaic generation		Hydropower generation		Thermal generation		Biomethane production and injection		Electricity distribution		Gas distribution				
		Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	
GHG emissions such as CO ₂ , methane, N ₂ O, SF ₆ , etc.	<p>Thermal power stations emit greenhouse gases, mainly CO₂, during operation. In recent years, there has been a very sharp decline in the energy intensity of these power stations due to the closure of coal-fired power stations, as combined-cycle power stations have emissions in the order of one third per unit of energy produced.</p> <p>Gas networks have an impact on the climate due to the leakage of methane, a greenhouse gas. To minimise this and reduce leakage, regular monitoring and maintenance is carried out.</p> <p>Some elements used in electricity grids can produce local and temporary leaks of SF₆, a greenhouse gas. However, technological solutions are being implemented to reduce leakage and the use of SF₆ in equipment.</p> <p>Biomethane has a positive impact on the climate, as it is a CO₂ neutral gas, which means a reduction of greenhouse gases. Depending on the origin of the organic waste from which it is generated, it can even be a sink.</p>																	

		Wind power generation				Photovoltaic generation				Hydropower generation				Thermal generation				Biomethane production and injection				Electricity distribution				Gas distribution					
		Impact +/-	Materiality	Duration	Scaled-up	Reversibility	Recoverability	Impact +/-	Materiality	Duration	Scaled-up	Reversibility	Recoverability	Impact +/-	Materiality	Duration	Scaled-up	Reversibility	Recoverability	Impact +/-	Materiality	Duration	Scaled-up	Reversibility	Recoverability	Impact +/-	Materiality	Duration	Scaled-up	Reversibility	Recoverability
Emission of air pollutants, such as NO _x , SO ₂ , particulate matter, etc.	When thermal power stations are in operation they emit air pollutants, mainly NO _x . During the design phase, atmospheric modelling was carried out to define a suitable location for the installations. This, together with the systems put in place to reduce these pollutants, ensures that pollution values in the environment remain within the acceptable levels set by legislation. This is evidenced by the air quality measurement networks installed around combined cycle power stations.													Negative																	
														High																	
															Permanent																
															Extensive																
															Reversible																
															Recoverable																

		Wind power generation		Photovoltaic generation		Hydropower generation		Thermal generation		Biomethane production and injection		Electricity distribution		Gas distribution				
		Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	
Water pollution from discharges with temperature increases, chemical compounds or nutrients into the receiving water body.	<p>Hydropower plants may under certain conditions temporarily cause deterioration of quality downstream of the reservoir, e.g. reduction of dissolved oxygen. The impact is recoverable, and measures to improve water oxygenation have been included in the plants where necessary.</p> <p>Discharges from combined-cycle thermal power stations can reduce the quality of the receiving environment due to thermal (cooling discharges) and chemical (process discharges) pollution. To reduce the impact, environmental criteria have been considered in the design of the cooling systems, installing cooling towers where necessary and including the corresponding measures to keep pollutant levels within the limits set by legislation. In addition, discharge control is carried out by monitoring the main pollutants.</p> <p>Biomethane plants have a net positive impact, as the transformation of organic waste such as slurry or manure into biomethane avoids its deposition on land and avoids negative impacts on water pollution and ecosystems.</p>																	
						Negative												
						Average												
						Temporary Extensive												
						Reversible												
						Recoverable												
						Negative												
						Average												
						Permanent												
						Extensive												
						Reversible												
						Recoverable												
						Positive												
						Average												
						Permanent												
						Extensive												
						Not applicable												

		Wind power generation		Photovoltaic generation		Hydropower generation		Thermal generation		Biomethane production and injection		Electricity distribution		Gas distribution											
		Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability								
Soil contamination from accidental spills or inadequate management of waste or materials likely to release pollutants.	<p>Localised incidents in the construction or operation of facilities, such as leaks or spills, may lead to soil contamination by oil or other residues. The quantity and hazardousness of these substances is very limited, and preventive management and monitoring measures avoid negative impacts.</p> <p>Biomethane plants have a net positive impact, as the transformation of organic waste such as slurry or manure into biomethane avoids land disposal and negative impacts due to soil contamination.</p>	Negative	Very low	Temporary Localised	Reversible Recoverable	Negative	Very low	Temporary Localised	Reversible Recoverable	Negative	Low	Temporary Localised	Reversible Recoverable	Positive	Average	Permanent Extensive	Not applicable	Negative	Low	Temporary Localised	Reversible Recoverable	Negative	Very low	Temporary Localised	Reversible Recoverable
Generation of hazardous, non-hazardous and inert solid waste.	<p>The construction or operation of facilities involves the production of waste. Its magnitude is not high given the quantity and characteristics of the waste produced and the environmental management system in place.</p> <p>Biomethane, on the other hand, involves the recovery of organic waste generated in other activities, and therefore has a clear positive impact.</p>	Negative	Very low	Permanent Localised	Reversible Recoverable	Negative	Very low	Permanent Localised	Reversible Recoverable	Negative	Very low	Permanent Localised	Reversible Recoverable	Positive	Average	Permanent Extensive	Not applicable	Negative	Low	Permanent Localised	Reversible Recoverable	Negative	Low	Permanent Localised	Reversible Recoverable

		Wind power generation	Photovoltaic generation	Hydropower generation	Thermal generation	Biomethane production and injection	Electricity distribution	Gas distribution
		Impact +/- Materiality Duration Scaled-up Reversibility Recoverability Impact +/-	Materiality Duration Scaled-up Reversibility Recoverability Impact +/-	Materiality Duration Scaled-up Reversibility Recoverability Impact +/-	Materiality Duration Scaled-up Reversibility Recoverability Impact +/-	Materiality Duration Scaled-up Reversibility Recoverability Impact +/-	Materiality Duration Scaled-up Reversibility Recoverability Impact +/-	Materiality Duration Scaled-up Reversibility Recoverability Impact +/-
Noise disturbance, light emissions, etc.	<p>Noise nuisance can occur during the operation of wind farms.</p> <p>In the vicinity of thermal power stations, noise and traffic nuisance may occur.</p> <p>In all cases, noise modelling is carried out in the design of the facilities to include the necessary measures to keep noise below the legal limits. In addition, measurements are regularly carried out to verify the effectiveness of the measures.</p>	Negative	Average	Temporary Localised Reversible Recoverable	Negative	Average	Permanent Localised Reversible Recoverable	

		Wind power generation		Photovoltaic generation		Hydropower generation		Thermal generation		Biomethane production and injection		Electricity distribution		Gas distribution		
		Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up
Affect on wildlife	<p>In hydropower plants, the existence of the reservoir and the presence of the dam produce permanent alterations on aquatic fauna, affecting spawning areas or cutting off migratory flows. The impact can be irreversible, although it is recoverable through the adoption of measures such as ecological flow or the installation of devices to allow aquatic fauna to overcome the dam (fish ladders, etc.).</p> <p>The operation of wind farms poses a risk of collisions of birds and bats with wind turbines.</p> <p>The construction of photovoltaic plants may affect steppe birds present in the area, and power lines may cause collisions and electrocution of birds and bats on the power lines. During the design phase of all these projects, the presence of sensitive species is analysed, adapting the location and implementation of the facilities, including avoiding measures. In addition, environmental monitoring is carried out to implement additional measures if necessary.</p>	Negative	High	Permanent Localised Reversible Recoverable	Negative	Low	Permanent Localised Reversible Recoverable	Negative	High	Permanent Extensive Irreversible Recoverable		Negative	Average	Permanent Localised Reversible Recoverable		

		Wind power generation		Photovoltaic generation		Hydropower generation		Thermal generation		Biomethane production and injection		Electricity distribution		Gas distribution			
		Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability
Creation of favourable conditions for the establishment of invasive	The activities do not lead to the introduction of invasive alien species, although the reservoirs of the hydropower plants may create favourable conditions for their settlement.					Negative		Low	Temporary Localised Reversible Recoverable								
Social setting																	
Impact on landscapes.	The presence of higher installations, such as wind turbines, stacks of thermal power stations or electricity pylons, can lead to a reduction in the quality of the landscape. In the case of thermal power stations or power lines, when they are located in industrial or anthropised areas, the impact is reduced by visual integration. In most cases, the impact is irreversible and can be recovered by carrying out specific visual screening measures.	Negative	High	Permanent Extensive Reversible Recoverable	Negative	Average	Permanent Extensive Reversible Recoverable	Negative Positive Average	Permanent Extensive Reversible Recoverable	Low	Permanent Extensive Reversible Recoverable	Negative	Low	Permanent Extensive Reversible Recoverable			
	In the case of hydropower plants, the impact can be positive in flowing type reservoirs, where there is no dry band due to the mirror effect of the water sheet.																

		Wind power generation		Photovoltaic generation		Hydropower generation		Thermal generation		Biomethane production and injection		Electricity distribution		Gas distribution							
		Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability	Impact +/-	Materiality	Duration Scaled-up	Reversibility Recoverability				
Affect on cultural heritage.	During the construction of new facilities there is a risk of permanent damage to archaeological remains located in the area. To avoid this, during the design phase, archaeological surveys and on-site monitoring performed during earthworks to detect and avoid affecting elements of cultural heritage. This risk is not significant for biomethane as it is located within other facilities (farms, water treatment plants).	Negative	Low	Temporary Localised	Irreversible Recoverable	Negative	Very low	Temporary Localised	Irreversible Recoverable			Negative	Low	Temporary Localised	Irreversible Recoverable	Negative	Very low	Temporary Localised	Irreversible Recoverable		
Job creation and induction of economic activities.	The construction and operation of the facilities involves job creation. In addition, income is generated in the municipalities from tax payments and indirect economic activities.	Positive	Average	Permanent Localised	Not applicable	Positive	Average	Permanent Localised	Not applicable	Positive	Average	Permanent Localised	Not applicable	Positive	Average	Permanent Localised	Not applicable	Positive	Low	Permanent Localised	Not applicable

Source: ENCORE and own elaboration.

Definitions:

- Impact: beneficial (+) or detrimental (-).
- Materiality: relevance of the impact.
- Duration: time that the impact would remain, being permanent when it is equal to or longer than the lifetime of the facility and temporary otherwise.
- Extent: area of influence of the impact. Localised if it is of a one-off nature, otherwise it is extensive.
- Reversibility: indicates the possibility of reconstruction of the factor affected by the project by natural means once the action has ceased to have an impact on the environment.
- Recoverability: indicates the possibility of recovery of the affected factor through corrective measures. Thus, an impact may be recoverable or irrecoverable.

NB: for positive impacts, reversibility and recoverability are not characterised, as they are not applicable concepts.

Affecting areas of high biodiversity or protected natural areas

[304-2]

In order to determine the area of the facilities adjacent to these types of spaces, consideration has been given not only to their physical limitations but also to a number of specific impact ratios according to type of facility. Consequently, the infrastructure is classified as interior (within areas of high biodiversity), adjacent (radius of impact within the protected space) or exterior when it is outside.

Operations centres owned, leased or managed located within or adjacent to protected areas or zones of great value for biodiversity outside protected areas

Business	Type of operation	Location with regard to the protected area	Area (ha)		Value of biodiversity 2021
			2022	2021	
	Exploration	Within the area	510	510	RAMSAR, MAB, LIC, IBA, ENP, ZEPA
	Biomethane production and injection	Within the area and next to the area	0	-	
Gas					
	Transmission and distribution	Within the area and next to the area	9,721	9,892.15	PN, APA, PNAM, MNA, ARIE, RVS, RE, PE, RAMSAR, ZEPVN, ZH, ZREEN, ZIC, ZECIC, RNP, RN, PEIN, PR, PPU, PNA, PJNM, PJN, PPG, HP, MAB, ZEPA, IBA, OSPAR, RAMPE, ZEPIM, M, ZEC, PJNIN, RNC, EN, SIBE, ANP, ZPHE, PU, ZPECP, ZSCE
	Generation	Within the area and next to the area	20,657	20,630	PNA, MAB, LIC, ZEPA, IBA, ZEPVN, MNA, RN, RF, PPG, ZREEN, PEIN, CE
Electricity	Transmission and distribution	Within the area and next to the area	24,418	21,522	RAMSAR, ZIC(LIC/ZEC), ZEPA, ZEPVN, RN, RF, PR, PNA, MNA, M, MAB, IBA, HP, PPG, LIC, OSPAR, RAMPE, PN, RVS, RH, RFS, ARM, BP, AR, AUM

ACR: Regional Aquifers, Chile; AICA: Areas of Importance for Bird Conservation, Mexico; ANP: Protected Natural Area, Mexico; APA: Environmental Protection Area, Brazil; RA: Recreation Area, Panama; ARM: Managed Resources Area, Panama; ASP: Protected wildlife area, Chile; ASPP: Private protected wildlife area, Chile; AUM: Multi-use Area, Panama; BNP: Protected National Assets, Chile; PF: Protected Forest, Panama; CB: Biological corridor, Chile; CC: Contrafuerte Cordillerano, Chile; CE: Ecological Corridor, Dominican Republic; EN: Natural Enclave, Spain; NPA: Batuco Wetland, Chile; HP: Protected Wetland, Spain; IBA: Important Bird Area (important areas for bird and biodiversity conservation) (International); SCI: Site of Community importance, Spain; M: Microreserve, Spain; MAB: Biosphere Reserve, Spain, Chile; MNA: Natural monument, Chile, Panama, Spain, Mexico; PE: State Park (Mexico/Brazil); PEIN: Special Protection Plan, Spain; PI: International Park, Panama; PJN: Natural Site, Spain; PJNIN: Natural Site of National Interest, Spain; PJNM: Natural Municipal Site, Spain; PN: National Park, Brazil, Mexico, Spain, Panama, Argentina; PNA: Natural Park, Panama, Spain; PNAM: Municipal Natural Park, Argentina, Brazil; PPG: Protected Landscape, Panama, Spain; PPU: Periurban Park, Spain; PR: Regional Park, Spain; RAMPE: Spanish Network of Marine Protected Areas, Spain; RAMSAR: Wetlands of international importance especially as waterbird habitat (International); RB: Biological reserve, Brazil; RE: Mining Reserve, Brazil; RF: River Reserve, Spain; RFS: Forest Reserve, Panama; RH: Water Reserve, Panama; RNA: Natural Reserve, Chile; RN: Nature Reserve, Morocco, Spain; RNC: Partial Nature Reserve, Spain; RNP: Partial Nature Reserve, Spain; RNPV: Private Nature Reserve, Chile; RVS: Wildlife refuge, Panama, Brazil; SE: Strategic site, Chile; SN: Nature Sanctuary, Chile; SP: Priority Site, Chile; WET: Panoramic route, Dominican Republic; ZECIC: Special Conservation Areas, Spain; ZECIC: Special Conservation Area of Community Importance, Spain; SPA: Special Protection Areas for birds, Spain; ZEPVN: Special Area for the Protection of Natural Values, Spain; WET: Wetlands, Spain; ZIC: Area of Community Importance, Spain; ZPECP: Zone of Ecological Preservation of Population Centres, Mexico; ZPHE: Hydrological and Ecological Protection Zone, Mexico; ZREEN: Natura 2000 European Ecological Network Area, Spain; ZSCE: Zone Subject to Ecological Conservation, Mexico; ARIE: Relevant Area of Ecological Interest (Brazil); PU: Urban Park (Mexico).

The variation in the areas affected is due both to the construction of new infrastructure and to changes in the boundaries and extension of areas of protected natural spaces. When analysing the table above, it is also important to consider that 19,373.5 ha, 94% of the surface area of the Power generation category, within or next to protected areas, refers to hydropower plants in Spain that were built after 1910 and before the protection regimes for these areas existed. In fact, many of these reservoirs, previous to the protection figure, constitute natural highly valuable aquatic spaces, which have created the natural wealth in biodiversity and caused the area to be subsequently granted environmental protection.

Another indicator used is the number of protected species that potentially have their habitat in the areas affected by the operations.

▪ **IUCN Red List species and national conservation list species with habitats in areas affected by operations**

[304-4]

	2022				
	Critically endangered species	Endangered species	Vulnerable species	Almost threatened species	Least concern
Mammals	2	15	32	21	362
Birds	6	27	53	50	1228
Reptiles	6	19	18	18	428
Amphibians	20	22	20	9	192
Fish	18	40	31	20	325

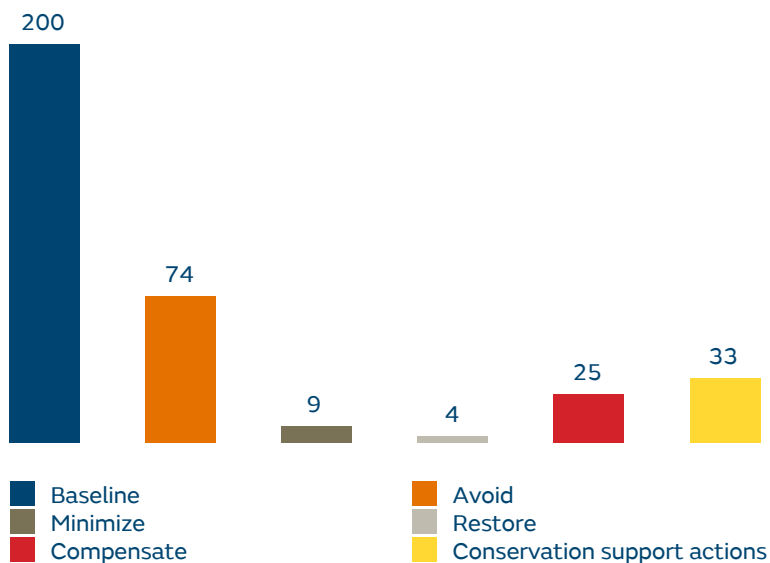
The International Union for Conservation of Nature (IUCN) conducts ongoing reviews of species listings. It should be noted that in 2022 there has been a significant increase in the number of species listed by IUCN compared to the previous year.

Biodiversity initiatives

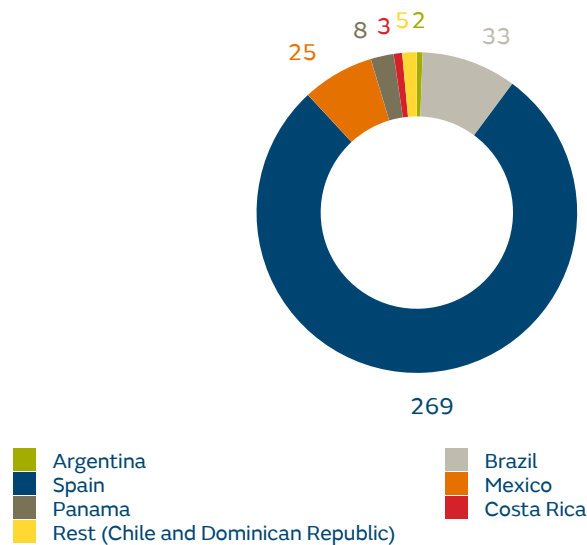
[304-3]

In order to reduce and compensate the negative impacts on biodiversity, Naturgy is developing various actions.

▪ **Biodiversity initiatives by type**



▪ **Biodiversity initiatives by country**



The following are lines of action and examples of initiatives that are being put into place to compensate or reduce the negative impacts on biodiversity:

▪ **Wildlife protection**

- Several wind farms have implemented measures to prevent bird collisions, such as blade painting or applications for real-time shutdown of wind turbines in the event of a collision risk.
- The systematic removal of carrion (dead livestock, etc.) is carried out in and around wind farms in order to prevent bird collisions, particularly of certain birds of prey such as vultures, which, precisely, are drawn to the carcasses to feed.
- Actions are being taken to reintroduce the bearded vulture (an endangered species) into the protected natural spaces of the Alto Tajo and Serranía de Cuenca. The project, which involves such activities as conducting prior studies and the installation of feeding points, is being carried out in coordination with the General Directorate on Biodiversity and Environmental Quality of the Ministry for the Ecological Transition and the Demographic Challenge, the provincial authorities of Guadalajara and Cuenca, and the representatives of the protected areas.
- Continued actions to improve the habitat of the capercaillie (an endangered species) in the Lago de Sanabria Natural Park, in partnership with Fundación Patrimonio Natural, among which is the creation of a breeding centre.
- Support to the wildlife recovery centre of Guadalajara of the Regional Government of Castilla La Mancha: housing of wildlife individuals, captive breeding programmes and temporary stays of individuals of species with reintroduction programmes.
- Together with GREFA and in collaboration with the environmental authorities, 47 Lesser Kestrels have been reintroduced, a migratory bird of prey catalogued as vulnerable due to the fact that their populations have been reduced by the transformations suffered in the countryside in recent decades.
- The regular capture of salmon, shad, eel and lamprey reaching the Frieira hydropower plant was continued in collaboration with the Xunta de Galicia. The captured specimens are used to restock the tributaries of the lower course of the River Miño that lie within a protected area, from where they will be able to return to the sea.
- Exit ramps and squirrel crossings have been installed, animal crossings have been adapted and game fencing has been improved in hydropower infrastructures to reduce negative impacts on wildlife.
- In more than 1,800 electricity pylons, actions have been taken to minimise the risk of electrocution of birds when they are used as perches. In addition, bird guards have been installed on several sections to reduce the risk of collision.

- To understand and reduce the risk of power lines on Bonelli's eagle (a vulnerable species), a strategic alliance with GREFA has been carried out, in the framework of which several specimens marked with GPS have been released in order to understand their movement patterns.
- Maintenance has been carried out on the biodiversity transformers which make use of disused electrical transformer buildings to provide breeding sites and shelter for different wild species (birds, bats, insects, etc.).

▪ **Ecosystem protection and restoration**

- A system for the early detection of fires in the vicinity of power lines has been developed in Spain. The alerts are generated through a system that uses real-time information from the EU's Copernicus and NASA satellites.
- Based on the inspections of power lines using drones, a system has been implemented to process the images using artificial intelligence to, among other things, detect nests or birds.
- We have participated in the WETLANDS4CLIMATE project, coordinated by Global Nature, to establish management guidelines for Mediterranean wetlands to function as carbon sinks, while maintaining their ecological integrity, functionality and providing the services of a healthy ecosystem.

▪ **Nature-based solutions**

- Within the framework of nature-based solutions, an innovative initiative is carried out using livestock for the maintenance of power line routes. The reduction of vegetation on power line routes is a necessary measure to ensure safety. Replacing machinery with indigenous livestock, with less impact on the environment, boosts traditional grazing and rural development. The project has been carried out together with the University of Santiago de Compostela, Redeia, Sociedad Galega de Pastos y Forrajes, Instituto Ourenano del Desarrollo and local councils.

▪ **Knowledge generation, dissemination and education**

- New environmental returns have been explored in the overhead power lines and gas pipelines: reuse through the ecosystem service of pollination. To this end, a review of existing scientific publications has been carried out, a report has been produced which is available on the website and several videos have been disseminated on social media.
- Presentation and public dissemination of the "Sectoral document on the energy and natural capital nexus", including the specific impacts and dependencies of the natural capital of the Spanish energy sector, including matrices by technology. This document is the result of three years' collaborative work by the most relevant companies in the Spanish energy sector (Cepsa, EDP España, Enagás, Endesa, Iberdrola, Naturgy, Redeia and Repsol), with the coordination of Azentúa and Ecoacsa, thanks to which a common methodology for the identification and valuation of natural capital, applicable to the global energy industry based on the Natural Capital Protocol, has been agreed upon.

Digitalisation of electrical grids to optimise management of vegetation on safety lanes (GALA project)

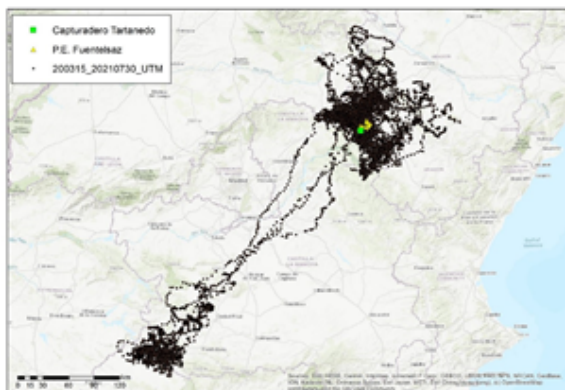
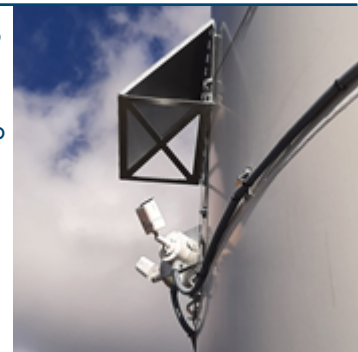
The GALA project implemented on power lines in Spain consists of using a digital terrain twin. It includes photo-interpretation of plant species to define the risk to the power line safety lane according to the growth speed of each species and its distance from the conductor, which enables felling and pruning plans to be fine-tuned. Specifically, it optimises the felled specimens, takes into account the location of the action with respect to protected areas and improves management of certain tree species, such as invasive species, helping to prevent their expansion.



Technological solutions for reducing bird collisions in wind farms

Innovative technological solutions have been implemented in wind farm projects to reduce their impact on birds:

- Marking of potentially affected birds (golden eagle, little bustard, stone curlew, black-winged kite, red kite, vultures) by means of GIS devices in order to know their distribution and flight patterns. The results are used to improve the design of the facilities and the measures to be implemented to reduce the impact in operation.
- Big Data analysis to find patterns and prevent collisions.
- Applications for real-time shutdown of wind turbines in the event of a collision hazard. For example, DT Bird devices, which automatically detect the presence of birds in real time using artificial vision, emit warning sounds to scare away birds at risk and, finally, automatically stop and reactivate the wind turbine to avoid a collision.



Promoting reforestation with protected and native species at Mexico’s combined-cycle power stations

Greenhouses have been built and commissioned within the Naco and Durango combined-cycle power stations. The aim is to reproduce protected species native to the area that will serve to promote reforestation programmes to improve the natural resources of the environment and improve the quality of life of the community. There are currently more than 4,500 seedlings ready for reforestation, which is planned as a subsequent phase of this initiative. It also contributes to local development, as it has facilitated professional internships in the project for five young biologists from the area. In addition, local training entities (Unisierra University and the Technological Institute of the Guadiana Valley) have collaborated with the project.



“Red List Rescue Mission” project in the Dominican Republic

The “Red List Rescue Mission” programme is a strategic alliance to rescue endangered species in the Dominican Republic, through their cultivation and preservation. It is promoted by the National Botanical Garden, the Ministry of the Environment, ECORED and the German cooperation agency GIZ. Naturgy has contributed by sponsoring the species *Pimenta ozua* (in danger of extinction), which grows in the Humadales del Ozama National Park. To this end, it has been involved in seed collection, nursery reproduction and planting, as well as awareness-raising activities on the value of the local flora.



Different environmental restoration actions have also been carried out. The following table is a summary of the most important actions taken in 2022.

▪ **Habitats protected or restored**
[304-3]

Country	Activity	Actions and objectives	Result: restored area (ha)	Benefits protected space or species	Validated by external independent professionals
Argentina	Gas distribution	Through the Sowing the Future (Sembrando Futuro) Programme, native trees were planted, and environmental awareness-raising activities conducted.	0.26	Yes	Yes
Spain	Renewable generation	Support to maintain and expand the practice of ecological lavandin (hybrid lavender) farming in order to protect the Dupont's lark (an endangered species) in partnership with Fundación Global Nature, the University of Guadalajara and the provincial authorities of Guadalajara. In addition to having a biodiversity objective, the project is oriented towards rural green development, with the production of high value-added essences.	1.00	Yes	Yes
Spain	Renewable generation	Reforestation, maintenance and environmental restoration in the surroundings of the new photovoltaic facilities, including the construction of ponds and troughs to promote biodiversity (amphibians and reptiles) and also as a water point for birds and livestock.	25.29	No	Yes
Spain	Conventional generation	As part of the project to dismantle the Anllares coal-fired power station and in the framework of the Just Transition commitments, the Anllarinos reservoir has been restored by planting native species adapted to the Upper Sil area.	11.00	Yes	Yes
Spain	Corporate	Through environmental volunteer actions organised by the Naturgy Foundation, employee volunteers have performed clearing up of lands and planting: in the Hito lagoon (a wetland declared a Nature Reserve in 2002, which serves as a refuge for the migration of cranes and flamingos) a perennial herbaceous plant typical of saline wetlands was planted, which helps stabilise the soil and provides shelter for numerous species of animals, helping to recover and improve the habitat. Yellow poppy seeds were also planted in the lagoons of El Porcal. It is a unique species in the region and provides a suitable habitat for butterflies. El Porcal is an area of high biological value at European level, with the largest lagoon in Madrid, home to more than 180 species of birds, mammals, amphibians and reptiles, many of which are in danger of extinction.	0.41	Yes	Yes
Brazil	Gas distribution	Regular maintenance to ensure the establishment of the specimens planted in the region of Sao Paolo for the recovery of the Atlantic Forest.	0.74	Yes	Yes
Chile	Renewable generation	Rescue of valuable plant specimens, relocation and environmental restoration in the surroundings of new wind farms.	2.44	Yes	Yes
Chile	Gas distribution	Native vegetation has been planted around the facilities, including the risks necessary to guarantee the survival of these new specimens.	2.90	Yes	Yes
Costa Rica	Renewable generation	Reforestation in the vicinity of hydropower plants, prioritising the area of the new containment dam. This dam was built as a climate adaptation measure to prevent damage to the facility caused by flooding of the river. Revegetation is a nature-based solution to prevent erosion in nature.	0.20	No	No

Panama	Electricity distribution	Various reforestation actions have been carried out in partnership with the Ministry of the Environment. These include the planting of <i>Pinus caribea</i> in the La Yeguada forest reserve, which is a protected area at the headwaters of the hydrological basin of the San Juan river. Mangroves have also been reforested within the Manglar Bahía de Chame protected area. The project has been supported by employee volunteers, and environmental awareness has also been promoted.	5.36	Yes	No
Dominican Republic	Conventional generation	“Red List Rescue Mission” project for the rescue of endangered species in the Dominican Republic, sponsoring the species <i>Ozua pepper</i> (in danger of extinction) in the Humedales del Ozama National Park.	0.14	Yes	Yes
Total restored area 2022 (ha)			49.74		
Target area restored 2022 (ha)			40.00		

07. Customer experience

Naturgy's contribution to the SDG



For Naturgy, customers are at the centre of all operations. In order to provide the quality service demanded by the company's standards, Naturgy takes the utmost care in the service it provides to its customers so that it is agile and efficient and a benchmark in the sector, as well as complying with legal and profitability requirements. To this end, it is essential to establish an active dialogue, as well as to get to know the needs, resolve doubts, claims and complaints in the most satisfactory way from the customer's point of view.

Providing a value offer adapted to customer needs is one of Naturgy's priorities. To this end, in recent years the company has, both in Spain and Latin America, been working to make the most of the opportunities that technology provides to digitalise product and service marketing processes, both to improve and streamline the processes that take place in the sales channel and to offer customers a simple and agile contracting experience that gives them autonomy.

In a year like 2022, where energy prices, especially in Spain, have been very high, Naturgy has set new prices on its portfolio of retail electricity customers and has lowered the price of its contracts during the term of these, proactively. The company has also introduced measures to make it easier for customers to transfer to the regulated gas tariff, which is cheaper. In addition, it has reinforced and extended the Commitment tariffs with which it anticipated the start of price rises in 2021.

Attention to vulnerable groups remains a priority. During 2022, the initiatives developed by the Naturgy Foundation and in Argentina, Brazil and Spain have been maintained.

Providing a customer service that meets the expectations of an increasingly demanding and better informed customer in a context of frequent regulatory changes is a challenge to which Naturgy continues to respond with a multi-channel service. Each year this service incorporates new channels adapted to technological changes and reinforces and improves the existing ones. As in the contracting of products and services, digitalisation, the automation of processes, the promotion of customer self-management and the standardisation of customer service across all channels so that the customer enjoys a unique omnichannel experience are the premises on which Naturgy's customer service model is based.

Finally, Naturgy carries out continuous inspection and assessment of all its working methods and facilities, ensuring continuous energy supply. Thanks to the automation and digitalisation of the network, the quality and service indicators that guarantee security of supply have been improved.

1. Customer experience in 2022 at Naturgy

Evolution and results

	2022	2021
Net Promoter Score (NPS) Spain commercialisation (global) (%)	20.8	18.5
Net Promoter Score (NPS) Spain electricity networks (telephone service) (%)	9.3	22.3
Net Promoter Score (NPS) Spain gas networks (telephone service) (%)	21.2	18.9
Net Promoter Score (NPS) Argentina (global) (%)	46.0	34.0
Net Promoter Score (NPS) Brazil (global) (%)	52.1	56.5
Net Promoter Score (NPS) Chile gas (global) (%)	56.2	64.3
Net Promoter Score (NPS) Mexico (global) (%)	39.4	11.8
Net Promoter Score (NPS) Panama (customer service) (%)	7.4	3.0

In 2022, in Spain, there have been significant variations in the NPS (Net Promoter Score) quality indicators due to the impact on commercial systems in the first quarter, regulatory changes (such as the gas cap or the change in VAT, modifications in the setting of the maximum increase in LRT to 15% by the government) and volatility in both gas and electricity prices. The latter factor has also occurred in Brazil and Chile. All these factors have transformed the customer care service by increasing both the volume of activity and the reasons for contact.

Highlights of the year

- In 2022, Naturgy's online business in Spain multiplied its digital sales by 3.5, amounting to 18.0% of sales with 365,027 new contracts for electricity, gas and value-added services. The figures for 2022 show a 20-point increase in conversion and a 25% improvement in contract activation.
- During 2022 the company has carried out several repricing actions on its portfolio of retail electricity customers, proactively lowering the price of their contracts. More than 500,000 customers have benefited from this action. It has also lowered the price in force for 6,000 Homeowners' Associations.
- Incorporation of improvements in the web-based customer service channel in the Latin American subsidiaries, taking advantage of digitalisation and automation.

2. An adapted value offer

2022 has been a year marked by a worsening of the increase in energy prices already started in 2021. In Spain, the average price of electricity in the daily wholesale market closed 2022 with an average price of more than Euros 165/MWh, which represents an increase of 50% compared to the average price in 2021; and with an average peak price of more than Euros 280/MWh in March 2022.

This rise in energy prices has been strongly influenced by the Russian invasion of Ukraine last February, which has caused an unprecedented hike in the price of natural gas on the market, as well as the weather conditions in Spain, which have reduced the entry into operation of renewable generation sources.

Faced with this scenario, the Spanish government, following an agreement with the European Commission, implemented the production cost adjustment mechanism to reduce electricity prices, colloquially known as the “Iberian exception”. A temporary mechanism, with a duration of 12 months, to limit the price of gas and lower the price of electricity in the Iberian Peninsula.

However, Naturgy, aware of this reality, has continued with the measures of attention to all its customers to mitigate its impact on domestic and commercial economies launched in 2021, when the price of energy began to rise, and has continued to support domestic customers while launching several initiatives to protect the commercial and industrial fabric.

Within this context, this year Naturgy has reaffirmed its commitment announced in November 2021 to allocate all available infra-marginal energy to supply electricity through all its tariffs at a competitive price (the residential price takes an energy cost signal much lower than those recorded in 2022). The infra-marginal allocated to its customers in 2022 was 10 TWh.

Furthermore, in view of the entry into force of the “Iberian exception” for Spain and Portugal, approved by the Spanish government and the European Union, Naturgy sent all its customers information notices on how this situation was going to affect them and when they would have to start paying the gas compensation fee.

Naturgy’s commercial strategy in Spain

In Spain, Naturgy sells energy through four marketers depending on the segment and market.

Free Market	Residential, Homeowners’ Associations and Businesses	Naturgy Iberia S.A Naturgy Clientes S.A.U
	Industrial	Gas Natural Comercializadora S.A.
Regulated market	Residential and Homeowners’ Associations	Comercializadora Regulada Gas & Power S.A

Naturgy’s commercial strategy is based on the following four value axes, which are described in detail throughout this section:

- Commit to the digitalisation of products and processes to simplify customer relations.
- Adapt the commercial supply to the context of high energy prices by making a committed proposal to customers to offer support measures.
- Develop innovative products and services tailored to customers’ needs.
- Adapt commercialisation and customer service processes to the reality of vulnerable groups.

Digitalisation of products and processes

The digitalisation of products and services is a key vector for customising the supply and customer service, two vital aspects to satisfy customers.

An aspect to be noted in 2022 is the creation of a new fully digital marketer that transforms all processes with a focus on simplicity and ease for the customer, offering a service that is more expeditious and closer at hand. A new fully digital customer service front end has been created where you can access all the information relating to your contracts, carry out procedures and follow up on them, receive notifications and communicate with Naturgy at all times, sharing the environment with the customer service agents who are available to assist you in anything you need.

Tools to strengthen the sales channel

Similarly, Naturgy has developed different applications and tools that help strengthen the sales channel, as well as tools that improve the customer experience throughout the contracting process, giving them autonomy.

BLUE, commercial knowledge manager

Implemented in October 2022 for all channels providing commercial services. The BLUE manager is a tool that:

- Hosts all procedures and sales support materials, product sheets, manuals, contracts, annexes of economic conditions, etc.
- Has an interactive search engine that allows an expeditious search of, for example, queries made by customers at the same time.
- Sends alerts on news and new content.
- Provides traceability on the opening of communications to ensure that you have the most updated version of your portfolio and campaigns.
- Concentrates access to the rest of the tools needed to carry out the commercial work.

Single Channel Customer Service (SCCS)

SAUC is a two-way communication platform available to all sales channels to deal with any type of incident in the channel, such as those related to sales, certification or after-sales processes.

In this way, Naturgy has a priority channel to solve incidents in the most representative processes of its activity within a limited time and with traceability.

Training and knowledge management for service and operational channels

During 2022, Naturgy has evolved towards a centralised and comprehensive knowledge management solution for its service and operation channels driven by technology via an Agora training platform (LMS), the evolution of the current CMS Sapiens and a monitored operation (MASVOZ + JIRA+ SD). Additionally, with the incorporation of a new supplier, we are working to promote the digital transformation of learning, with virtual platforms, new designs and development of e-learning content and the delivery of training programmes for all customer service channels and areas of operation.

Tools to improve the customer experience in contracting

In relation to the experience, perception and communication with its customers, Naturgy has promoted different projects aimed at improving their experience, achieving very positive results in the first months of implementation that augur an exponential leap in the personalised attention and service offered.

Darwin

This single, digital, omnichannel front end is a key part of the company's digital evolution in the coming years. The tool enables contracting of energy and services in all Naturgy's deregulated suppliers in Spain for the residential segment and SMEs; in any of the channels, either in person, by telephone or digitally.

This system has a two-fold objective: on the one hand, to put the user at the centre of the contracting process, offering an improved, simple and streamlined five-step contracting experience. And, on the other hand, to standardise, optimise and improve contracting data for all sales channels. In this way, the company has a simple, measurable and traceable procedure that is easier to maintain and evolve, and which improves activation times.

Solar simulator

A project to improve the solar simulator has been implemented, allowing customers to obtain a solar panel installation quote more quickly. In addition, communications with customers have been strengthened to improve the information they receive throughout the commercial process.

RoboCUR

RPA (Robotic Process Automation) that streamlines the contracting and transfer process for the group's last resort marketer. The ultimate aim is to facilitate and speed up as much as possible the activation of gas and electricity contracts under regulated tariffs, which is particularly relevant for vulnerable customers.

Improvements to other tools

As well as the aforementioned tools, during 2022 Naturgy has continued working to automate and digitalise other processes linked to commercial capture:

- Automation to incorporate to the sales channel the contacts from potential clients (leads), which will make it possible to establish much more personal relationships with potential customers and users.
- Reorganisation of the website content for customers in Spain (www.naturgy.es) by type of customer: businesses, homeowners' associations and large industrial customers. To this end, three new sections have been created, with product pages and content tailored to each segment. These changes simplify the customer journey and improve business indicators for business segments and homeowners' associations.

Finally, in the face of increasing digitalisation and automation of processes, it is important to have the capacity to analyse the large volume of information available to us. To this end, an agreement has been reached with Quantum Metric, a tool for behavioural analysis and continuous improvement of digital assets to improve the customer experience in digital environments.

In 2022, Naturgy's online business in Spain multiplied by 3.5 times its digital sales, amounting to 18.0% of sales with 365,027 new contracts for electricity, gas and value-added services. The figures for 2022 show a 20-point increase in conversion and a 25% improvement in contract activation.

Adapting the commercial supply

[IF-EU-420a.2] and [IF-EU-420a.3]

Naturgy remains committed to offering a commercial supply supporting the energy transition, based on eco-efficient, simple and customisable products, and maintains its traditional portfolio of services and equipment.

The commercial supply for 2022 includes the following:

- Green electricity commercialisation through the allocation of guarantees of origin equivalent to the previous year's consumption -managed by the CNMC-, and neutral gas with CO2 emissions offset with CERs (Certified Emission Reduction Certificates) -a process certified by AENOR-.
- Tariff contracting options: simple products for the home in which the customer can choose the option that best suits their needs (fixed price per kWh, with and without hourly discrimination or fixed monthly tariff, in electricity or fixed price or quota in gas).

- Improved power optimisation process to encourage customers to assess whether they can make any adjustments to save on their bill.
- Families of service and equipment products with the commitment to provide assistance within three hours anywhere in the territory 24 hours a day, 365 days a year. Naturgy offers the following four services: ServiGas (focused on gas supply and boiler), ServiElectric (focused on electrical supply and appliances), ServiHogar (focused on the home) and Servisolar (for self-consumption facilities).
- Promotion of self-consumption and the recharging of electric vehicles.
- Solutions for the renovation of equipment in the home to improve comfort and energy efficiency, including financing options, extended warranty and maintenance. In this regard, the measures aimed at improving the energy efficiency of Naturgy's customers have led to savings in gas and electricity consumption equivalent to 1.6 TWh.
- For companies, Naturgy reaffirms itself as an essential partner for planning, installation and maintenance during the entire contract. It offers financing possibilities for the entire project, a suitable maintenance plan to obtain maximum efficiency for the business, total guarantee of the installation, 24 hour 365 day service, digital platform for managing consumption and renovation of the installation.

Actions aimed at adapting energy prices

During 2022 the company has carried out several repricing actions on its portfolio of retail electricity customers, proactively lowering the price of their contracts. More than 500,000 customers have benefited from this action. It has also lowered the price in force for 6,000 Homeowners' Associations.

In addition, in line with the rest of the initiatives of the year, Naturgy goes a step further in its commitment to help its customers to pay the lowest possible price for their energy supplies and actively promotes the transfer to the Last Resort Tariff (LRT) of all those domestic customers of the company with an annual gas consumption of less than 50,000 KWh per year. Customers only had to access the form sent to them by the company and fill in the required data to confirm their identity, the ownership of the supply and the acceptance of the transfer of personal data to the regulated marketer that will be in charge of the supply following the changeover. In this way, customers cease to be customers of Naturgy Iberia, in the deregulated market, and begin to enjoy the cheaper Last Resort Tariff.

Products and services adapted to customers' requirements and priorities

[IF-EU-420a.3] and [IF-GU-420a.2]

Innovative products and services in the home

Commitment Initiative	After the launch of the Commitment Tariff, and with the worsening of the energy market situation, the Naturgy group maintains its commitment to society and in January launched the electricity tariff with a guaranteed price for three years from the contracting for the residential market. It only passes on the CPI variations (upwards or downwards) and the variation of regulated costs. This initiative has also been extended to other markets such as the industrial market by 2022. In all cases the prices offered take an energy cost signal well below the market price for 2022.
Naturgy Solar	Integral service that offers to all those people interested in the environment and savings a "turnkey" solution, taking advantage of the sun's resources, without worries and at an optimal cost. It is marketed in its version of individual and collective self-consumption to the internal network of homeowners' associations.
Naturgy Recharge	Comprehensive and personalised electric mobility solution that allows customers to enjoy their electric vehicle charging point.
Friends & Naturgy	Naturgy product and service recommendation programme in which rewards are offered for each friend who recommends our customers and contracts with Naturgy.
Value-added services family	In 2022, in addition to the maintenance + repair service, Naturgy offset the CO2 emissions of all home service callouts.

Solution for installation of equipment in homes	Comprehensive offer for the installation of boilers, air conditioning equipment, heaters and water heaters that includes advice, installation, annual preventive maintenance and emergencies, extension of the manufacturer's warranty to five years and the possibility of financing.
SVE Xpress Parts	In our commitment to improve the experience of our customers, we have developed a new Servielectric modality that extends its current coverage to the cost of the parts of the main household appliances (Washer/Dryer, Fridge/Freezer, Dishwasher and Oven) in the event that their replacement is necessary.
SVG Comfort	A new feature has been added that allows quick and easy diagnosis of whether an analogue boiler has a fault, avoiding the need for customers to call to report that their equipment has stopped working properly.
Innovative products and services for businesses	
GAS Commitment Plan for Homeowners' Associations	As part of the Naturgy group's Commitment Initiatives, and following the worsening of the situation of the gas energy market during the first half of 2022, in July Naturgy enabled a gas tariff for Homeowners' Associations for a given volume of energy at a very competitive price that will be held for two years (the price with energy cost signal of Euros 75/MWh). With this, the company seeks to help homeowners' associations to cope with a situation of record prices.
GAS Commitment Plan for SMEs	As part of the Naturgy group's Commitment Initiatives, and following the worsening of the situation of the gas energy market, Naturgy enabled a gas tariff for SMEs for a limited volume of energy at a very competitive annual price (the price with an energy cost signal of Euros 99/MWh).
Fixed price plans	Stable price for a year adapted to the consumption of each customer, regardless of fluctuations in the market price of electricity, ensuring control and forecasting of annual expenditure. 100% ECO energy, when requested by the customer.
Variable price plans	Monthly plan that adapts to the wholesale electricity/gas market, for those customers who want to save while assuming a certain risk. 100% ECO energy, when requested by the customer.
Value-added services family	Maintenance services + repair of business equipment. Customisable based on the customers' needs.
Innovative products and services for industry and large customers	
Industrial Gas Commitment	Long-term natural gas tariff that offers industrial customers a stable and competitive price of Euros 55/MWh in the unit of energy cost. In a context of escalating raw material prices on international markets, we support the industrial sector by helping them to contain their energy budget for 3 years and consolidate their competitiveness.
Industrial Gas Commitment II	Medium-term natural gas tariff that offers industrial customers a stable and competitive price of Euros 95/MWh in the unit energy cost. In a context of escalating raw material prices on international markets, we support the industrial sector by helping them to contain their energy budget for 2 years and consolidate their competitiveness.
Innovative energy solutions for business, industry and large customers	
Gascomfort	Gascomfort is a production plant optimisation service through the renewal of equipment, or the transformation of the room and comprehensive management throughout the life of the contract. Equipment financing service, maintenance and 24/7 customer service.
Distribution solutions	Gas & distribution (gas commercialisation and hot water cost sharing service of the homeowners' associations without room management). The delivery service includes supply of equipment, reading, reports and replacement insurance in case of malfunction.
LNG option	A service that enables natural gas to be taken to customers that are some distance from the distribution network. It includes LNG supply, transport and logistics.
Naturgy Solar	Integral service of photovoltaic self-consumption, from design and installation to maintenance and management of the surplus.
Recharge	Comprehensive service for electric vehicle charging points. Complete installation, legalisation and subsidy management. Operation, maintenance and power supply included.

Adapting the processes to the reality of vulnerable groups

Serving vulnerable customers in Spain

Energy poverty is one of Naturgy's priorities. In order to be part of the solution, Naturgy has had an Energy Vulnerability Plan since 2017. This plan is developed from different areas of the company with two key players, the customer area and the Naturgy Foundation.

A key task carried out by the customer area is the identification of this group. In order to do this it is essential to collaborate with the social services of the municipalities, as they are the closest to these situations. For over five years, Naturgy has had an exclusive service channel for social services, facilitating dialogue and speeding up the procedures that these services need to carry out for vulnerable customers. In 2022, 71,277 emails were received and handled.

This channel allows for rapid identification and communication of vulnerable households. The social services contact the marketer and measures are taken to protect these customers. Likewise, in addition to identification, they can carry out various procedures to optimise the contracts of these customers, such as transfers to the regulated marketer, power adjustments, processing of the discount rate or debt instalments with more advantageous conditions than for other customers. In addition, identification of a vulnerable customer means that debt follow-up actions are halted and these customers are monitored on a more continuous basis.

Likewise, in compliance with RD 897/2017, which regulates the figure of the vulnerable consumer, the discount rate and other protection measures for domestic electricity consumers, each week Naturgy sends the list of electricity supply points to which payment has been requested to the authorities in each autonomous community. This enables the Autonomous Administrations to be aware of situations of non-payment so that the appropriate measures can be adopted.

In addition, Naturgy has another specific service for third sector entities. Through this channel, NGOs and social entities can also streamline procedures and carry out formalities, as well as receive advice on their users' contracts.

The action carried out by the company's energy marketers in Spain is supplemented by the initiatives carried out by the Naturgy Foundation. In the section Energy Vulnerability, in chapter 10. Social responsibility, detailed information is provided on the Foundation's activity in this area.

Serving vulnerable customers in Latin America

Argentina

In Argentina, vulnerable customers are identified by the public administration, according to criteria based on family income, registrable assets, social assistance, disability, etc. The State creates a register of customers who should receive tariff subsidies, classified into different levels, with the most vulnerable segment being Social Tariff customers located in cold areas (also defined by the State).

In 2022, the billing system has been adapted to comply with the provisions of PEN Decree No. 332/2022, which promotes the creation of the Registry of Access to Energy Subsidies (RASE), under the orbit of the Undersecretariat of Energy Planning of the National Secretariat of Energy. As of June 2022, this regulation established a regime for the segmentation of subsidies to residential users of electricity and natural gas services through the network, with the aim of achieving reasonable energy prices that can be applied according to criteria of fairness and distributive equity.

Each month, the distributor receives the register of subsidy beneficiaries. The file is processed so that the company's systems can properly identify the supply points subject to this special pricing and issue the subsidised bill according to the level assigned by the administration.

Brazil

In Brazil, vulnerable clients are registered in one of the government programmes for low-income citizens in vulnerable situations, the "Minha Casa Minha Vida" programme or the "Morar Carioca" programme.

The customer submits to the distribution company a series of documents proving that they meet the requirements to be a beneficiary of the social tariff for piped gas. The social tariff offers a discount on the first two consumption brackets of the current tariff table.

Beyond the discount on the bill, the management of vulnerable customers is the same as that of other customers in terms of collections, supply cuts or supply point management.

Energy affordability

[IF-EU-240a.1], [IF-GU-240a.1], [IF-EU-240a.2], [IF-GU-240a.2], [IF-EU-240a.4] and [IF-GU-240a.4]

In addition to the exceptional energy prices situation described at the beginning of the chapter, Naturgy also considers that energy affordability for customers is influenced by other external factors such as network availability (accessibility of electricity and gas connections), customer energy needs (climate, quality of buildings, type of appliances, etc.), energy costs (international product market, group generation mix, weather, etc.), disposable income of the population (GDP per capita, employment rate, energy poverty indicators, etc.), and energy policy and the regulatory environment. More information on the latter can be found in Annex IV. Regulatory framework of the Consolidated Management Report.

			2022	2021
Argentina	Gas business	Average retail rate (retail residential customers)	5.79	4.70
		Average retail rate (retail commercial customers)	5.25	3.84
		Average retail rate (personalised industrial customers)	7.63	6.97
		Average retail rate (personalised transmission service customers)	7.09	6.59
		Typical bill for 50 MMBTU (retail)	24	20
		Typical bill for 100 MMBTU (retail)	50	40
Brazil	Gas business	Average retail rate (retail customers)	39.41	33.01
		Average retail rate (personalised customers)	14.35	10.45
		Typical bill for 50 MMBTU (retail)	149	130
		Typical bill for 100 MMBTU (retail)	14,480	13,350
Chile	Gas business	Average retail rate (retail residential customers)	27.91	24.84
		Average retail rate (retail commercial customers)	23.54	17.28
		Average retail rate (personalised industrial customers) (1)	14.36	9.78
		Typical bill for 50 MMBTU (retail)	133	103
		Typical bill for 100 MMBTU (retail)	266	205
Spain	Gas business	Average retail rate (retail customers)	21.20	17.37
		Average retail rate (personalised customers)	26.45	8.81
		Typical bill for 50 MMBTU (retail)	1,060	869
	Electricity business	Typical bill for 100 MMBTU (retail)	2,120	1,737
		Average retail rate (retail customers)	0.26	0.20
		Average retail rate (personalised customers)	0.20	0.12
		Typical bill for 500 kWh (retail)	128	100
Typical bill for 1000 kWh (retail)	257	199		
Mexico	Gas business	Average retail rate (retail customers)	13.54	10.08
		Average retail rate (personalised customers)	12.59	9.40
		Typical bill for 50 MMBTU (retail)	677	504
		Typical bill for 100 MMBTU (retail)	630	1,008
Panama	Electricity business	Average retail rate (retail customers)	0.14	0.14
		Average retail rate (personalised customers)	0.03	0.03
		Typical bill for 500 kWh (retail)	19	16
		Typical bill for 1000 kWh (retail)	336	336

Calculation of average gas and electricity business rates in Spain:

- 2021: actual billing data Nov. 20 - Oct. 21 (as of statement date no actual data are available for Nov. - Dec. 21).
- 2022: actual billing data Dec. 21 - Nov. 22 (as of statement date no actual data are available for Dec. 22).
- The power and energy term is included (excluding VAT and other items).

Average exchange rates have been used for these data.

⁽¹⁾ Does not include NGVs, or LNG for single-customer satellite regasification plants

In relation to supply cuts, Naturgy reports on the number of customers disconnected, both gas and electricity, for non-payment and how many of them are reconnected within 30 days, once payment is made. Details of this information are available in Chapter 12. Annexes, section Customer experience.

3. Customer relations

[2-25]

Naturgy customers can interact with different areas of the company according to their needs. In Spain, marketing and distribution activities are clearly separated. Energy trading is liberalised, but gas and electricity distribution is regulated. However, distribution companies also provide some services directly to the customer, e.g. periodic inspection, and also deal with customer requests and complaints. In Latin America, gas and electricity distributors provide full customer service from supply to billing and customer service.

Customer service in Spain

Customer service in the commercialisation business

Naturgy, aware of its customer-centric approach, offers its current and potential customers a convenient and easy-to-use customer service model, which offers the necessary solutions to adapt to each type of customer.

Naturgy's customer service model is based on proximity and is multichannel. That is to say, it provides customer care by telephone, email, letter and guarantee office and, digitally, from the website, through social media (Twitter, Facebook and Instagram), via Chatbot and WhatsApp, as well as through face-to-face service thanks to more than 150 stores distributed throughout the national territory. In addition, Naturgy aims to ensure that the customer experience is uniform in all its channels.

In a context of proliferation of digital channels, Naturgy has provided its digital space with greater usability and more functionalities. For this reason, it has given greater relevance to Pepe, the virtual assistant, which is accessible both on the public website and in its spaces for customers in the Customer Area and in the Naturgy Customers App.

In 2022, customer service activity has increased, especially due to the context of high energy prices, the ongoing regulatory changes that have taken place and an increase in customer demands, widespread across the entire sector.

In 2022, Naturgy has continued working on the transformation of the global customer service model after observing customers' requests and suggestions. The evolution toward a Yo me Ocupo ("I'll Take Care of It") model provides the Naturgy agent with more tools and capabilities to be able to solve queries in one call. When this is not possible, the same agent takes on the case as their own and will follow it through to resolution and final communication.

This model seeks to achieve the challenge of differentiating Naturgy from the competition by leveraging an excellent customer service that ensures the customer resolves their requests in a timely manner through agent empowerment.

• **Naturgy customer service model**



Operating and training model

Seeks to anticipate needs that customers raise through predictive models and data analysis.

Technological model

Committed to a technological revolution that boosts self-management of customers.

Procurement and financial model

Building a model of partnerships with suppliers and an alignment of win-win targets.

• **Provision of customer experience**



Telephone channel • Digital channel • Face-to-face channel • Personal management • Face-to-face channel • Stores • Guarantee office management

In addition, the company has continued its work in the following areas:

- Ease and simplicity of management, looking for improvements in its processes and solutions.
- Promoting customer self-management and digitalisation. To this end, the company continues to develop and improve digital tools, focusing on automation with advanced bots in voice, social media and WhatsApp. These tools facilitate immediate responses and resolve customer needs in an expeditious way.
- Promoting the use of digital communications that contribute positively to the environment.

Main actions developed in 2022

- Naturgy has continued to improve its customer service management system aimed at home maintenance and assistance services through Salesforce, which automates communication with customers to make it easier for them to request services from different service channels. They also have at their disposal the video-assistance, which allows a diagnosis of their malfunctions so that there is a more efficient solution.
- Implementation of a new help section on the websites of the Regulated Marketer and Naturgy Iberia business, so that customers have answers to their FAQs in a single place, as well as the extension in scope of the Chatbot to cover the business segment of Naturgy Iberia.
- Focus on the customer care of special groups or more complex processes to reinforce its willingness to assist the customer and the proximity of the service.
- Increase of operational efficiency by developing robots (RPAs), which automate the management of back office tasks such as sending documentation to customers.
- Agents who provide value-added services have been provided with support tools such as the Pepe Chatbot for agents.
- Analysis of agents' conversations and development of an assessment model based on speech analytics. The processes have also been audited and the information systems introduced during 2021 have been consolidated, identifying proposals for improvement that will be implemented in future developments.
- Implementation of the FLEX incident and request management tool for communication between the different channels providing the customer service and the knowledge management provider. Among other advantages, the tool facilitates the traceability of queries and focuses on the issues for which the channels have doubts, allows real-time accessibility to the status of queries, favours anticipation, optimises interaction with the channels and speeds up and improves response times.

- Naturgy has promoted the bill as a communication channel with the customer, where it has been sending information and the company's commercial targets. It also publicises the energy efficiency measures and the various promotions it has carried out throughout the year.
- During this year, the “interactive bill” has been promoted, allowing the customer to interact to obtain historical, comparative and detailed information on the items being invoiced, something that this year, more than ever, has become a basic feature in customer planning.
- During the year, the increase in online billing was once again noteworthy, with a sustained growth of half a point per month (from 41% to 51% at the end of 2022) thanks to the digitalisation measures promoted by the company.

In the area of face-to-face care centres, work was carried out in 2022 on a number of improvement actions:

- Develop a scorecard of all store activity to improve management (activity, footfall, recruitment).
- Project to measure waiting times in 27 centres to improve the customer experience in relation to queues.
- Measurement of service quality in centres through methodologies such as the mystery customer, to ensure the quality and uniformity of customer service throughout the network.

Interaction on Digital Channels

Given the growing importance of Naturgy's digital channels in the relationship with its customers, below is information on the volume of activity recorded in 2022 in these channels.

The Naturgy Iberia app and website continue to increase the range of services on offer, such as the optimal power recommender, payment by cryptocurrencies, selection of the payment day, WhatsApp as a communication channel, boosting the chatbot and a new, far more intuitive bill summary for customers.

In total, more than 843,000 online requests were handled by chatbot, more than 190 cryptocurrency payments, 386,000 gas readings facilitated and around 897,000 instances of the Naturgy Clients app installed. Regarding online services, customers have made a total of 7.5 million queries and transactions through the digital platforms provided by the company.

The number of contracts registered in the customer area has increased from 1,935,700 in 2021 to 2,432,700 customers in 2022, including Naturgy Iberia and Regulated Marketer. In addition, www.naturgy.es has recorded more than 30.9 million sessions during 2022, www.comercializadoraregulada.es more than 6.8 million and 15.0 million sessions on apps.

Regarding social media, more than 222,000 fans/followers have been reached on Facebook, Twitter, Instagram and LinkedIn, generating more than 50 million content impressions and 150,000 interactions.

Customer service in the distribution network business

The main initiatives relating to customer service developed in 2022 in the field of gas and electricity distributors of the Naturgy group in Spain were as follows:

Gas distribution networks

- Digitalisation project of the largest volume process - Periodic Inspection - focused on improving customer self-management and increasing service hours, by automating calls with a Virtual Assistant and implementing a Chat Bot operating 24/7.
- Review of the management model to improve first contact resolution and consequently the customer experience, modifying call centre operations.
- Launch of a transversal CeX project involving all areas of the business to create synergies in favour of customer service, with digitalisation and transformation of processes as the main pillar.
- Redefinition of the follow-up model for customer complaints to reduce resolution times and give them an end-to-end perspective in the management of requests.

- Plan to raise awareness of the telephone service, by adapting the vocabulary and the service model, which allows us to empathise with the situation of our customers.
- Increased autonomy of the complaints management team to avoid referrals to third parties and improve processing times.

Electricity distribution networks

- Addition of new services and improvements to existing ones in the new private area in the digital services platform within the user relationship digitalisation initiative.
- Implementation of ININ (new contact centre tool: Interactive Intelligence), which will help work on improving FCR (First Contact Resolution) and NPS (Net Promoter Score) and further develop quality audits.
- Service in English.
- Simultaneous telephone and e-mail service.
- Development of the claims management model:
- Review and optimisation of the standard response catalogue.
- Implementation of a new claims root cause tree.
- Robotics and automatic closing of service requests.
- Digitalisation of the complaints handling process.
- Usability improvements to the service request management tool.

Customer service in Latin America

Customer service in the electricity and gas network business in Latin America follows the same premises as the model in Spain, based on taking advantage of the technological benefits of digitalisation to automate, streamline and simplify processes and offer customers an increasingly autonomous and multi-channel service experience. The main developments in this area in 2022 are listed below.

Argentina

- Virtual Office Channel (VO): a new version of the Virtual Office has been made available to customers with improvements that integrate all the interaction needs of customers with the distributor, the most important new features of which include:
 - It is a “full responsive” site, which allows customers/users to use the digital tool regardless of the device they use, be it a computer, a tablet or a mobile phone, accessing all the functionalities.
 - It allows access to any person, whether or not a Naturgy customer, guaranteeing its use by including an identity validator at the beginning of registration for access to the digital space.
 - It also allows you to search for and download invoices, consult current and historical consumption and enables you to make consumption payments by credit and debit card, as well as to automatically formalise payment plans online.
- Incorporation of an AI-based agent for the automatic answering of questions in the telephone service channel (fonoGas). Since its introduction, it has a response rate of more than 40% of the calls it receives, offering a full response to customer queries, without the need to refer the call to a teleoperator.
- Implementation of Salesforce: replacement of the various tools that had been used for customer service and management of procedures, queries and complaints with Salesforce, which brings greater agility and traceability to the customer service process.
- QR payments: we have added the QR code on the invoice so that customers can scan it from their mobile phone and pay online.

Brazil

- Improvement of the customer experience, increasing the capacity for self-management, reinforcing the “Minha Naturgy” portal that allows users to interact with the main services (search for a duplicate bill, look at debits, change the holder of the bills, split the debt, order gas or eliminate their supply contract) according to their preferences, at any time and from anywhere.
Throughout the year, the company registered more than 3.1 million contacts, 63% of which were through self-service on the “Minha Naturgy” portal, which already has more than 600,000 registered customers.
- Implementation of the DialMyApp (DMA) service. When the customer calls the call centre via a mobile device, the system presents callers with an alternative, cognitive, channel- and technology-agnostic solution. The system offers a series of service options by self-management channel on the mobile phone. Thanks to this service, more than 182,000 customers requesting telephone support in 2022 were encouraged to use the digital channel. By 2023, the goal is to further increase this service through IVR (Interactive Voice Response) automation.
- Implementation of Chat Bot via WhatsApp: customers seeking service on this platform are initially served by a Bot that can obtain bills, negotiate debts, request reconnection of gas or simply report bills that are outstanding.
- Increase of online invoicing and new payment methods: so far around 57% of the customer base already receive their bill by email. Debt instalments have also been facilitated and new payment methods have been introduced. Through “Minha Naturgy” and Chat, customers have the opportunity to pay their debt in up to 24 interest-free monthly instalments. In addition, it is possible for customers to pay their bill via PIX, a new type of securities transfer through banks, which means lower collection costs and faster collection.
- Agent training: an online training platform was developed for agents in all service channels. The training routes were divided according to the learning level of each agent. The tool allows remote monitoring of individualised usage.
- Complaints management: we have strengthened the PAControl complaints handling ring, which is responsible for ensuring end-to-end service with a team specialised in time control and quality of responses, backed by a technological support structure to achieve a high-level response. This has resulted in a significant improvement in the experience and an increase in satisfaction.

Chile

- Review of the Net Promote Score (NPS) measurement process, incorporation of new potential processes in the measurement that allow us to determine new areas for improvement in the experience of our customers with regard to the different services.
- Working table to improve the NPS rates of complaints and contact channels, maintaining current customer service standards.
- Redesign of the website, which incorporates an interface better adapted to the needs of users and improves accessibility to account payment services, online help centre and others.
- Introduction of improvements to the online help centre, incorporation of new functions that allow us to handle a greater number of requirements in an expeditious and convenient way for customers.

Mexico

- The Naturgy contigo (Naturgy with you) app has positioned itself as a stable payment option for the bill thanks to the incorporation of PayPal as a payment processor.
- Salesforce: integration of the tool in the customer acquisition process, digitalising the way in which Naturgy locates customers in order to put them into service. This unifies the management and customer service process on a single platform.
- Front Único: the consolidation of the incorporation of the customer service ring into the Call Centre service, which began in November 2021, was carried out, meaning that a single provider handles the customer service process via the telephone channel. This service integrates the process of domestic/commercial customer service, SME and industrial customer service, customer acquisition, customer service in social media and resolution of customer needs at the first contact. The IVR (Interactive Voice Response) used to receive calls in the Call Centre has been digitalised, which facilitates the exploitation of data generated by this service channel.
- Purecloud Genesys: This technological tool supports all the management of the Front Único for the customer service process and allows staff to control, manage and monitor in real time the telephone service process, carrying out preventive and corrective actions in daily management. The data generated facilitate the analysis to determine the behaviour of customers during their management cycle. Between this tool and Salesforce, omnichannel is generated.

Panama

- Face-to-face customer service: over 80 hours of training for face-to-face customer service agents who provide customer service in sales offices.
- Call Centre: relocation of the call centre from Colombia to Panama to comply with Law 194 of 31 December 2020, which states that the company had to relocate the call centre to national territory. The 10+ month project involved the planning, preparation and logistics of the move, involving many areas of the company. It included about 2 months' in-house training for new agents in charge of providing customer service over the phone, to reinforce the knowledge of the new local agents.
- Digital channel: continuation of the improvement plan and new functionalities of the Naturgy Panamá Clientes app, including those focused on increasing the information for photovoltaic customers, notification of anomalies in readings, notification of supply suspension and FAQs.

Management of complaints

[2-25]

The company manages claims and complaints from three different areas: commercialisation (residential, commercial and industrial) and gas and electricity distribution in Spain, Chile, Brazil, Argentina, Panama and Mexico. In the rest of the countries where the company is present, no complaints are handled as there are no end customers.

During 2022, the company managed a total volume of 2,111,738 complaints and claims, representing 4.8% of total customer contacts. The average global response time was 12 days.

In Spain, to improve the service to organisations, the data protection agency and attention to ARCO rights, the project to incorporate a new provider with a more specialised profile and greater capacity to provide tools to improve the service has been successfully completed.

In the event of complaints involving processes carried out by distributors (readings, quality of supply, new registrations, etc.) both for gas and electricity, these will be channelled through the Third Party Access Unit (TPA). Most claims are related to billing, contracting and collection.

In any case, in the area of claims or complaints, the organisation serves not only end customers, but also those who may have a claim or complaint about the action or inaction caused by its distribution assets (works in progress, technical elements on public roads, etc.).

▪ **Satisfactory claims resolution**

	2022	2021
Total complaints received in the year	2,111,738	1,734,799
No. of claims in portfolio	107,523	105,735
No. of complaints received /No. of contacts (%)	4.8	4.8
Mean Time to Resolve MTTR (days)	11.7	12.5

NB: The breakdown by business and country is reported in Chapter 12. Annexes, section Customer experience.

The increase in complaints indicators compared to the previous year is due to the fact that data for Brazil, Argentina, Mexico and Panama were not available at the time of publication of the report in 2021.

Customer's satisfaction and experience

▪ **Global satisfaction with service quality (on a scale of 0-10)**

	2022	2021
Spain (retail)	7.2	7.3
Spain (customised)	7.2	7.7
Argentina	8.7	8.3
Brazil	8.2	8.4
Chile (gas) ⁽¹⁾	5.3	5.9
Mexico	ND	6.6
Panama	8.2	7.3
Global satisfaction with service quality (1-10)	7.6	7.5

⁽¹⁾ Chile has been calculated based on a 1-7 scale, unlike other countries which used a 0-10 scale.

NB: in Spain the year was marked by various aspects which influenced satisfaction:

1. The changes in charges, both electricity and gas, which have led to billing problems and corresponding complaints.
2. The impact of the market situation in energy prices, which has a significant impact on the perception of the image of energy companies and consequently on the satisfaction rating.

To mitigate the exogenous effects that affect customer satisfaction, the following projects have been implemented, which in the second half of the year have led to a constant improvement in quality indicators:

- Kaizen - action plans with customer service agents to identify points for improvement, training and coaching actions for agents with the worst indicators, review of operations and arguments for the reasons for contact with the worst satisfaction.
- Kondo - call assessment plan by listening to internal Naturgy staff so that process managers identify improvements by listening to customers.
- FACE - communication plan of the principles of service and attitude that the agents must have when attending the client by means of visual image (posters, vinyls, etc.) for the customer service centres.
- Yo me Ocupo ("I'll Take Care of It") model - implementation in the second half of the year of a new customer service model that empowers agents to be more decisive in their care.
- Action plan - advanced analytics derived from operations and Close the Loop project that has enabled customer journeys to be mapped and improvement points to be identified for optimisation.
- Incorporation of WhatsApp for management of rejected requests in order to provide a better customer experience, given the ease of the channel to support the customer during its resolution.

In 2022, the Chatbot has an average satisfaction rate of 42% in its automated part, which has absorbed all the ups and downs of this turbulent year, with an exponential growth in the number of sessions, and an average of 48% satisfaction with the resolution when escalating to an agent.

4. A quality and reliability service

[2-25] and [416-1]

Another of Naturgy's maxims is to achieve a satisfactory level of quality, security and reliability of service through the maintenance of electricity and gas facilities and networks, in order to comply with the most demanding industry standards and with the regulatory requirements of the countries in which it operates.

To this end, Naturgy carries out a series of inspection and assessment actions with the help of working methods included in its procedures and also through collaboration with contractor companies. Accordingly, for the maintenance plan for each type of facility it designs and includes the necessary prevention and mitigation measures that provide a secure and continuous supply.

In recent years, the company has achieved an appreciable improvement in the main quality and service indicators thanks to preventive maintenance processes, increased automation and the digitalisation of the network. These indicators measure, inter alia, response times to a notification of a malfunction or anomaly, the stoppage time per customer or installed capacity, the kilometres of the grid and facilities inspected, and the number of incidents per kilometre of grid. These measurements include the average response time for top priority emergencies in the gas network in Spain, which is less than half an hour.

Furthermore, Naturgy partakes in several R&D&I projects for storage of energy in batteries, the digitalisation of the grid, the application of drones in the maintenance of facilities using artificial intelligence and the implementation of advanced analytical models in order to define the actions that encompass the predictive maintenance tasks of the main grid equipment.

In both Spain and Panama, the percentage of energy supplied with smart grid technology exceeds 99%. The details of this indicator are available in Chapter 12. Annexes, section Customer experience.

Continuity of electricity supply

[IF-EU-550a.2]

	Spain		Panama	
	2022	2021	2022	2021
ICEIT: Installed capacity equivalent interrupt time (hours)		0.60		42.37
SAIFI: Frequency of electrical power cuts (no. of interruptions by customer)		1.10		22.07
SAIDI: Average duration of electrical power cuts (hours)		1.04		1.09
ASIFI: No. of equivalent interruptions per installed capacity		0.84		20.65
CAIDI: Average customer outage duration (minutes) ^[IF-EU-550a.2]		56.46		177.00

The main reasons that have led to a decrease in the continuity of supply in Spain compared to 2021 have been the fires that ravaged mainly Galicia and to a lesser extent other areas of northern Spain, as well as some storms that caused the indicators not to improve compared to 2021 in the areas where Naturgy distributes.

To improve these indicators, Naturgy will invest more than Euros 300 million in various actions in 2023, a significant part of which will be aimed at digitising the grid to enable more efficient operation with the consequent improvement in service quality.

Fraud and impact on quality of supply

Naturgy's commitment to offer affordable energy also includes actions to put an end to energy fraud, which, beyond the economic impact, entails a series of damages for end users. These include:

- Reduced tax collection.
- Higher energy costs for end users.
- Unfair competition between companies.
- Risk for public safety from illegal connections.
- Discontinuities in supply due to network overload caused by illegal connections.

Among the investigation and anti-fraud actions carried out by Naturgy in collaboration with law enforcement agencies during 2022 in Spain, the number of interventions carried out for electricity fraud in illegal cannabis plantations (indoor) continues to increase year after year. In addition, in cooperation with the law enforcement, 20 anti-fraud operations were carried out for illegal connections in occupied dwellings, resulting in the termination of 250 connections.

It is relevant to mention the situation in the area called Cañada Real (Madrid, Spain), where the company has been working since 2021 in coordination with the Commissioner of Cañada Real, law enforcement and in collaboration with all social actors and administrations, such as the High Commissioner for Child Poverty of the Government of Spain, to resolve service interruptions caused by network overload due to non-located consumptions registered during last year.

08. Commitment and talent

Naturgy's contribution to the SDG



Naturgy maintains a firm commitment to its professionals and their development, through the promotion of inclusive leadership, a dynamic and recognised professional experience, a flexible organisational framework and its transforming culture as the cornerstones of its 360° people management strategy and professional value proposition.

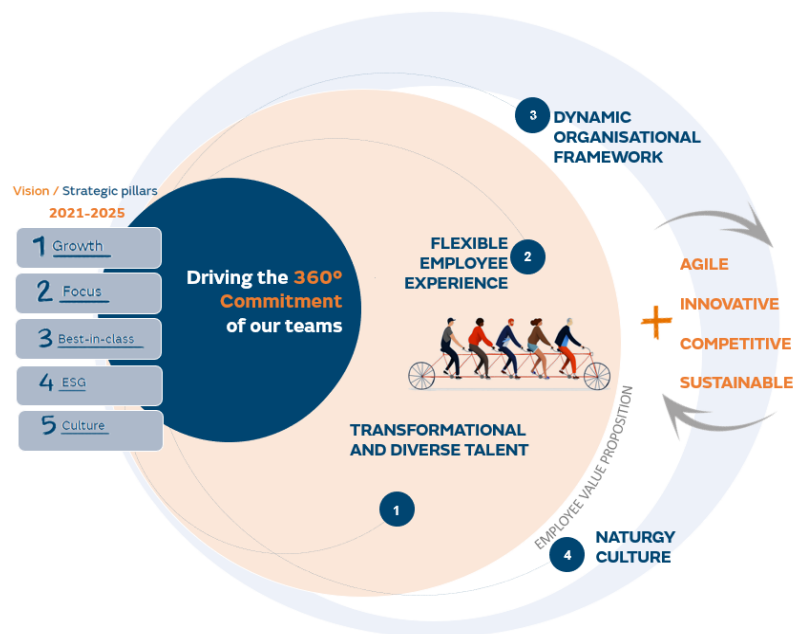
To promote a good working environment, Naturgy offers stable employment in a strategic sector with future prospects, deploying training and development processes in line with the goals of the company's current strategic plan and the challenges of the energy transition. Through the Corporate University, Naturgy employees and collaborators are able to expand and update their professional profile through an extensive range of content, tools and platforms, in multiple formats.

In this context of commitment, the company is prioritising the incorporation of new talent through programmes such as Flex & Lead, which allow young people with different profiles to have their first work experience in Naturgy, joining specialist teams in strategic business projects.

A further key aspect of Naturgy's human team management is diversity and equality, which promotes respect, dialogue, valuing differences and responsible behaviour as the basis for a safe and quality working environment. To this end, Naturgy's Code of Ethics establishes the mandatory guidelines that employees must follow in their daily work, and specifically in their interactions with stakeholders. Accordingly, the company establishes a series of mandatory protocols. In this context, we have established guidelines and protocols, such as those for the launching of job offers, which define how the offer, the interviews and all the processes involved in recruitment and hiring should be, ensuring equal opportunities.

With a comprehensive vision, Naturgy also maintains a strong commitment to the safety, well-being and health of people, focusing all its actions and policies to preserve, prevent and promote this responsibility, highlighting the leadership and prominence that all members of the company have, as an individual and collective commitment, which also extends to collaborating companies.

Likewise, the Health and Safety Action Plan for 2023 envisages the promotion of well-being and prevention in the physical and emotional health of employees and their families, through training, awareness-raising and the fostering of healthy habits.



1. Commitment and talent in 2022 at Naturgy

Evolution and results

• Interest in people

	2022	2021
Number of employees at 31/12/2021	6,982	7,231
Men/Women (%)	67/33	68/32
Women in senior management positions ⁽¹⁾ (%)	26.2	21.2
Staff under 30 years of age (%)	4.9	4.0
Personnel costs (million euro)	547	940
Annual investment in training (million euro)	3.8	5.0
NPS promoter employees (%)	31	24
Employees in collective bargaining agreement (%)	69.00	70.00

⁽¹⁾ The percentage of women in executive and management positions is 33.7% (32.4% in 2021), in line with Naturgy's Sustainability Plan target of 40% by 2025.

• Health and safety

	2022			2021		
	Total	Men	Women	Total	Men	Women
No. of lost time accidents (No. of employees)	8	7	1	8	7	1
Days lost due to lost time accidents	392	391	1	201	188	13
Deaths	0	0	0	0	0	0
Lost time accidents frequency rate	0.12	0.15	0.04	0.10	0.13	0.04
Lost time accidents severity rate	5.66	8.00	0.00	2.61	3.61	0.52

Highlights of the year

- Signing of the Collective Bargaining Agreement 2021-2024, where the promotion of work-life balance and co-responsibility between men and women is one of its fundamental pillars.
- The global model for measuring the satisfaction and commitment of Naturgy employees has been consolidated. Through regular organisational listening, actions are taken to continuously improve the employee experience.
- A new cycle of 360° Assessment has been initiated as a key process in the company's management and executive talent management. This multi-source, multi-dimensional assessment allows the organisation to profile the leadership skills of its professionals and is the start of a two-year development process.
- The Employee Care Service celebrated its tenth anniversary in 2022, consolidating its position as the single, centralised point of contact for employees with the organisation through a multi-channel approach.
- The People Analytics unit has started the gradual implementation of a new methodological strategy for the treatment of staff information, which has been specified in the transformation of the Staff Information Model, prescient analysis tools, and the development of a strategy of Minimum Viable Products (MVP).
- A total of 58,976 hours of training were given in the area of Occupational Risk Prevention in 996 classroom and online training actions with the participation of 20,671 people.
- The application of Business Analytics to documented safety inspections has been initiated, which represents a further step in the intelligent exploitation of information and safety data, improving the quality and safety guarantees of the work.
- The implementation of the Psychosocial Plan 2021-2022 has had a very positive impact on the control of psychosocial factors and the improvement of employee health and well-being.

2. Interest in people

Summary of awards obtained in 2022

Seals and certifications

Global FRC Certification

Since 2013 Naturgy has been the first company worldwide to obtain the global FRC Certificate, which recognises the achievements made in balancing the personal and professional life of its employees, enabling their human and social development.



Top Employer Spain 2022 Certification

Naturgy continues to be part of the group of leading companies in Spain because of the excellent conditions and environment offered to its employees and because of its special commitment and interest in people and their development.



Empowering Women's Talent Seal

This seal, awarded by Equipos & Talento, recognises the company's commitment to the empowerment of female talent, based on its adherence to its development and leadership programme, which promotes learning, networking, visibility and inspiration of diverse and female talent in companies.



CLIP certification

In 2018, the CLIP (Corporate Learning Improvement Process) accreditation, awarded by the European Foundation for Management Development (EFMD), which recognises the quality of learning and people development processes in business education organisations, was renewed for a period of 5 years.



Code of Generational Diversity Principle Certificate

In recognition of Naturgy's strategic focus on people management, based on equal opportunities, non-discrimination and respect for generational diversity.



Bequal Certification

In recognition of the management of excellence in diversity in different capabilities.



HDH Seal 2022

Human Digital Health Certificate that recognises success stories of TOP Companies with best practices in Digital Transformation focused on people, Corporate Well-being and Emotional Health, on four pillars: Corporate strategy; Global best practices; Staff training; Internal and external communication.



Healthy Company

Certificate that substantiates the implementation of a management system that promotes and protects the health, welfare and safety of employees.



Rankings y monitors

Top Diversity Company

Naturgy is part of the Top 40 companies in Spain, recognised by INTRAMA, for its commitment to diversity and equality, highlighting its 2022 programmes among the best practices for promoting the value of "the difference" in the management of talent and diverse teams.



MERCO TALENTO Ranking

In 2022, the 16th edition of Merco Talento Spain was published, a monitor of the 100 companies with the best capacity to attract and retain talent in the country. In this edition, Naturgy is once again positioned among the top three companies in the energy, gas and water sector. It also ranked fifth in terms of number of employees (between 3,001 and 6,000) and 34th in the overall assessment.



Actualidad Económica Ranking

Annual ranking of the 100 best companies to work for in Spain, in which Naturgy is ranked 63rd, highlighting the initiatives for talent management, training and improving the employee experience, mainly focused on well-being and both physical and emotional health.



Universum Ranking

Naturgy is positioned within the top 100 most attractive companies in Spain for Business students in 2022. It also ranked 38th among engineering students and 25th in Natural Sciences.



Awards

Health and Enterprise Awards

Naturgy's OHS team won second place, out of more than 40 projects and companies that applied for good practices in the field of wellness. This award, presented by the specialised media RRHHDigital, highlights the company's commitment to integrating training, technology, culture and regular listening, as levers to promote well-being in Naturgy, with a 360° commitment and vision.



Top 3 best health and wellness managers of the year

The general director of People and Organisation at Naturgy, Enrique Tapia, was distinguished in the Top 3 of the best health and wellness managers of 2022, by RRHHDigital, in recognition of his leadership and innovative drive for programmes to improve the employee experience and wellness at Naturgy, from a global vision



HDH Awards 2022

The HDH (Human Digital Health) Awards, organised by INTRAMA, identify, measure and recognise the most relevant initiatives of companies in digital transformation and business impact, focused on people and their well-being and health with a 360° vision, physically, psychologically and emotionally. Naturgy has obtained first place in the category: 'Digital transformation with a focus on human resources'.



Naturgy culture

The Naturgy culture frames the processes of the people model from consistency, global approach and leadership, giving meaning and projection to its organisational transformation.

With the strategic vision of a sustainable company, Naturgy continues to focus on the evolution of its spaces and work models, promoting a transformational culture, through three key concepts:



01

Team
Cohesion.
Leadership.
Enthusiasm.



02

Innovation
Evolution.
Digitalisation.
Agility.



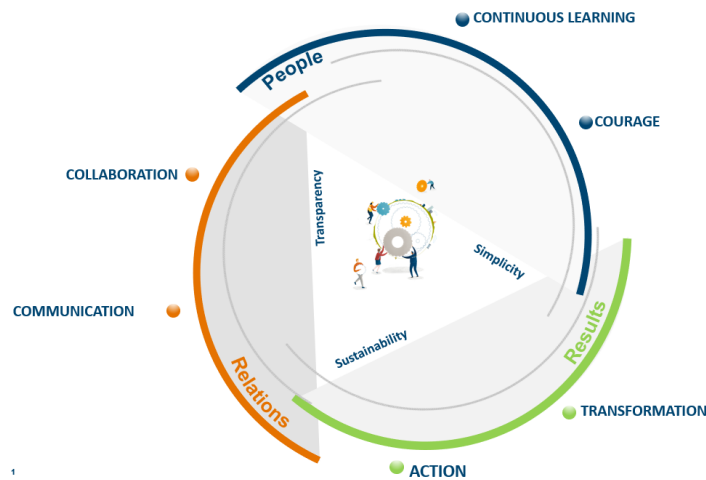
03

Working methods
Flexibility.
Collaboration.
Simplicity.

Naturgy, in its commitment to people's well-being, offers stable and quality employment, with an attractive and solid professional career. The profile of the company's professionals, in all countries and businesses, is that of a person with an interest in continuous learning, with rigour and professionalism, an innovative spirit and a commitment to the company's goals.

Competence model

In line with the people strategy, culture and leadership at Naturgy play a strategic role in driving the company's transformation project, through the global and transversal adoption of six competencies: (1) continuous learning, (2) courage, (3) communication, (4) collaboration, (5) action and (6) transformation; which make up Naturgy's Leadership Model, making it possible to gain in agility and competitiveness, acting with transparency, excellence and sustainability, in tune with its business challenges, values and cultural keys.



Diversity and equality

[3-3]

(Diversity and equality)

It is essential for Naturgy to promote diversity and equal opportunities among all employees who are part of the company. An environment of respect, listening and permanent dialogue is promoted in order to achieve the goals set in terms of gender and inclusion of people with disabilities. The promotion of this environment extends to suppliers and collaborating companies.

The company's commitment is reflected in its global vision, in the sustainability and people strategy, as well as in the Corporate Responsibility Policy, the Code of Ethics and the Protocol for the Prevention of Workplace, Sexual and Gender-based Harassment.

Naturgy's corporate Equality Plan for Spain, approved together with the Trade Union Representation and published in the Official State Gazette (BOE) under Registration No. 90100073112013, identifies the strengths to be maintained and shows the weaknesses to be corrected.

Aware of the need to continue working on equality and adaptation to the new environment and regulatory development, Naturgy is currently negotiating a renewal of the Equality Plan to continue advancing in equal opportunities between men and women, detecting new needs and developing proposals for action. Similarly, a new Prevention Protocol against sexual and gender-based harassment is also in the process of being negotiated.

Protocols

To ensure compliance with the Equality Plan and its commitment to diversity, Naturgy has introduced, among other measures, specific action protocols against harassment, good practices in communication for managers and professionals of the Business People team involved in a selection process and team management.

Naturgy's anti-harassment protocol establishes preventive actions to avoid these situations. These include:

- Communication to all employees of the existence of this protocol and its content.
- Training for the entire staff and, in particular, for managers with people in their charge.
- Obligation of employees to report any case of harassment to their manager.

The protocol provides a series of guarantees for those who need them:

- Anonymity of the whistleblower and protection of the identity of informants.
- Resolution of the process in the shortest possible time.
- Intervention by workers' representatives, if so requested.
- Impartiality of the process.
- Prohibition of reprisals.

The action procedure in the event of detecting any situation of harassment sets out two channels:

- Informal, non-binding procedure: the person concerned informs the alleged aggressor that their behaviour is inappropriate, offensive and interferes with their work. If it is not resolved in this way, the formal procedure will be followed.
- Formal procedure: the harassment situation is reported following these steps:
 - Notification to the Code of Ethics Committee or reporting to their superior or to the People Department.
 - Investigation: gathering information and conducting interviews with the affected parties and witnesses, if there are any.
 - Adoption of interim measures if necessary.

The procedure ends with a report of conclusions which must contain the resolution of the procedure, as well as the measures and the solution adopted in each case.

On the other hand, Naturgy, in the Protocol of good practices in selection processes, aims to avoid discrimination through the following measures:

- Recruitment: in the publication of vacancies, use of non-discriminatory and inclusive language, with requirements that guarantee equal conditions for candidates (gender, physique, race, disability, religion or personal beliefs).
- In the selection process: ensure that disabled candidates have the necessary accessibility to get to the interview. Avoid prejudices and stereotypes associated to gender, appearance, ethnic origin, disability, age, religion, religious beliefs of any kind. Avoid personal questions and, if necessary, justify them.
- On joining the company: Inform about equality and social benefit policies without discrimination. Offer career opportunities based on merits and capabilities.

Commitment to equality and diversity

Diversity management is part of Naturgy's commitment to a sustainable business project, and one committed to investing in and promoting the diverse talent of the organisation and the people who make it up. The company's commitment is based on three main lines of action:

- Culture focused on diversity: through environments and teams where listening and dialogue enrich the work and the way of achieving the goals set.
- Alignment with talent strategy: in its talent strategy, Naturgy incorporates annual goals for the different professional profiles. In doing so, it reinforces its commitment to equal opportunities and development for all the company's professionals.
- Priority SDG 5 - Gender equality: Naturgy understands diversity as a guarantee of the future, sustainability and growth of the business project. The more diverse the people who make up the teams are, the better the performance and the more agile, flexible and innovative the business are in meeting business challenges and offering value solutions for customers and society.

In addition to progress in these areas, Naturgy's efforts in the field of diversity are materialised through specific initiatives in four areas:

- Gender. Naturgy promotes the professional role of women to advance gender parity at all levels of the company. It does so through specific training actions, career development and leadership development programmes, and by prioritising this group in organisational developments.

- Generational. The company is also committed to generational balance through recruitment and development programmes for young professionals and intergenerational talent development programmes such as the Flex & Lead programme (see Attracting and developing diverse talent).
- Disability. This section promotes actions such as “Plan Familia”, “Plan Capacitas”, or “Plan Aflora”, as well as creating inclusive and awareness-raising practices. This commitment has been recognised by the Bequal Certification, awarded by the Bequal Foundation for excellence in diversity management in terms of different abilities.
- Functional. In this area, the aim is to achieve diversity among the company’s professionals through training, internal mobility and the performance of new professional functions.

Naturgy’s commitment to equality and diversity is reflected in the Sustainability Plan with a 2025 horizon, and is regularly monitored by the Sustainability Committee. Here we report progress in global female presence and promotion to managerial levels; geographic diversity, professional profiles and different skills. In addition to the Committee, these indicators and their evolution are reported in different monitors and certifications, such as the Dow Jones Sustainability Index and the Global Certification efr.

Boosting inclusive communication

Naturgy promotes diversity as a talent differentiator through a 360° strategy, culture and professional development programmes. This means it encourages and recognises inclusive leadership and the management of the different teams in an environment of open dialogue, valuing differences, promoting professional and personal relationships based on respect and equal treatment.

With this goal in mind, the Corporate University launched the Guide to Inclusive Communication in 2022, within the framework of the celebration of Diversity Week in March. This shares good practices and advice with the entire company, together with a special edition focused on communication for managers and people in charge of people, in the different teams and businesses. This guide has been recognised as a best practice in promoting diversity in Intrama’s Top Diversity Company report.

• **Women in senior management positions (%) ⁽¹⁾**
 [405-1]

	2022	2021
Argentina	0.0	0.0
Australia	28.6	0.0
Brazil	100.0	100.0
Chile	0.0	0.0
Colombia		0.0
Costa Rica		0.0
Spain	26.1	21.5
USA		0.0
France		0.0
Ireland		
Israel		0.0
Italy		
Luxembourg		0.0
Morocco		0.0
Mexico	0.0	0.0
Netherlands		0.0
Panama	0.0	0.0
Portugal		0.0
Puerto Rico		0.0
Dominican Republic		0.0
Singapore		0.0
Uganda		0.0
Total⁽¹⁾	26.2	21.2

Blank data means that there is no staff in Management Team.

⁽¹⁾ The percentage of women in executive and management positions is 33.7% (32.4% in 2021), in line with Naturgy's Sustainability Plan target of 40% by 2025.

• **Women by job (%)**

	2022	2021
Women in all management positions	30.9	30.0
Women in senior management positions ⁽¹⁾	26.2	21.2
Women in junior management positions	31.5	31.2
Women in all management positions in business units	32.0	31.4
Women in STEM positions in business units	36.1	30.4

The 2021 indicators have been recalculated using the same criteria as in 2022.

⁽¹⁾ The percentage of women in executive and management positions is 33.7% (32.4% in 2021), in line with Naturgy's Sustainability Plan target of 40% by 2025.

▪ **Employees with disabilities**

[405-1]

	2022		2021	
	Number	(%)	Number	(%)
Argentina	5	0.5	0	0.0
Australia	0	0.0	0	0.0
Brazil	11	3.0	11	2.9
Chile	2	0.3	3	0.5
Colombia	0	0.0	0	0.0
Costa Rica	0	0.0	0	0.0
Spain	64	1.6	61	1.6
USA	0	0.0	0	0.0
France	0	0.0	0	0.0
Ireland	0	0.0	0	0.0
Israel	0	0.0	0	0.0
Italy	0	0.0	0	0.0
Luxembourg	0	0.0	0	0.0
Morocco	0	0.0	2	2.4
Mexico	0	0.0	0	0.0
Netherlands	0	0.0	0	0.0
Panama	7	2.4	6	1.9
Portugal	0	0.0	0	0.0
Puerto Rico	0	0.0	0	0.0
Dominican Republic	0	0.0	0	0.0
Singapore	0	0.0	0	0.0
Uganda	0	0.0	0	0.0

NB: Employees have the option of not disclosing their disability in all countries. The number of employees with disabilities is only reported in those countries where employees chose to exercise their right to share this information.

Experience of Naturgy people

Flexibility and work-life balance

[401-2]

Naturgy is committed to the work-life balance of its employees. The Naturgy Collective Bargaining Agreement 2021-2024 includes this commitment, through the implementation of measures that significantly promote the aforementioned work-life balance, as well as co-responsibility between men and women.

These measures are also aimed at achieving real and effective equality between men and women.

Measures to promote work-life balance and co-responsibility include, among many others:

- Flexibility in start and finish times, as well as in the meal break period.
- Continuous working day from June to September (four months) and every Friday of the year.
- More extensive paid leave due to marriage, illness and death of family members.
- Paid leave not covered by legislation such as separation or divorce, marriage of children or leave for expectant mothers from the 38th week of pregnancy.
- Possibility of taking paid leave not necessarily on consecutive days.
- Reductions in working hours for personal reasons in cases other than those provided for by law.
- Possibility of accumulating breast-feeding periods.
- Adaptation of the weekly working day by one hour, as a measure to promote conciliation.
- Teleworking for one or two days a week, for those workers who carry out functions which by their nature can be performed remotely.

Comparison of employees entitled to childbirth and childcare leave and those who took this entitlement

	2022		2021	
	Men	Women	Men	Women
With right	130	76	111	45
That took it	100	72	110	44

NB: In Chapter 12. Annexes, section Commitment and talent, tables relating to childbirth and childcare leave are reported.

Global FRC Certification

Naturgy is the first company in the world to obtain the Global FRC Certification (Family Responsible Company) awarded in 2013 by the Másfamilia Foundation, after undergoing an exhaustive audit by AENOR. This certification substantiates the existence of a culture based on flexibility, respect and mutual commitment of Naturgy with its professionals, generating options that allow them to develop both personally and professionally, always within the framework of the business objectives.

In 2022, the management of the model continued to be deployed through 429 local measures, distributed in the different countries where the company operates, and also 22 measures of global application, all of them integrated into five groups of action, defined by the global efr Standard 1000/23: quality in employment, temporary and spatial flexibility, support for employees’ families, support for the personal and professional environment and equal opportunities.

Time Bank (Spain only)

Naturgy continues to provide its employees with the Time Bank, which is a space, both physical and virtual, where they can perform daily tasks. This increases the free time that can be devoted to aspects of personal life.

The range of services offered is structured in four blocks:

- Administrative tasks: advisory and assistance services for frequent administrative tasks.
- Advantage Club: exclusive virtual space with offers.
- Easylife space: outreach services and acquisition of products.
- Services available on a quotation basis.

The Naturgy Time Bank also has an easybox that allows you to manage different services through an interactive window office and a website. Access to these services is built into the My Benefits platform, on the corporate Intranet of Naturgy.

Employee Care Service (SAE)

The service, introduced in Spain and Latin America, has celebrated its tenth anniversary in 2022, consolidating itself as a single and centralised point of contact between the employees and the organisation. The SAE has a multi-channel approach, thanks to its online platform, which provides personalised attention and is accessible from any device in order to promote and facilitate its use. From the point of view of its functional scope, it covers both the core processes of the People and Organisation function (personnel and payroll administration, HR, prevention, health, training, talent, culture, organisation, media, medical services, security, etc.) and other transversal processes (customer service, Naturgy Foundation, internal communication, etc.) with the aim of accompanying the People Oriented strategy defined by the People and Organisation Management (P&O).

In 2022, it has continued to increase and develop the integrated service offering in the channel portfolio. It is worth highlighting the sweeping transformation carried out in the “My Employee Channel” service (employees as customers) and, in particular, the strengthening of the “Family & Friends” service, which has enabled us to add value to Naturgy’s customer service function in the environment of employees’ families and friends in a context of maximum difficulty and energy uncertainty.

Likewise, the service itself has implemented a new indicator analytical monitoring scheme that contributes to the development of the digitalisation strategy in the People and Organisation function, promoting the monitoring of all processes and the detection of areas for improvement.

Finally, the SAE continues to play an important role in informing and guiding the launch and implementation of new initiatives in the People field. The service highlights the adaptation of all measures and developments resulting from the recent signing of the 3rd Collective Bargaining Agreement of the Naturgy group, such as the implementation of teleworking.

Currently, the Net Promoter Score (NPS) of the service is 54.38%, 66,962 requests from employees have been answered and 89.50% of them have been resolved within the deadline.

Internal communication

In line with Naturgy's commitment to information, consultation and participation, any change that affects or which could affect labour relations is passed on to the social agents in full compliance with the deadlines established in prevailing legislation. Likewise, Naturgy has permanent open channels for the resolution of doubts and the transfer of information, beyond the established formal channels.

In the complex energy context that has characterised 2022, Naturgy's internal communication model has become a fundamental lever for transparency and cohesion among all teams, while at the same time it has promoted organisational alignment, continuing the evolution of online actions and support as well as the progressive recovery of face-to-face meetings, especially reinforced this year. In this regard, the more than 30 face-to-face meetings held in 2022 with a participation of more than 3,700 attendees stand out.

During the year, 51 meetings have been held between employees and the company's management, where those attending have received first-hand key messages from the company, having the opportunity to express their concerns and opinions at each level. These meetings have addressed current issues such as energy prices, electricity fraud, company results or cybersecurity, as well as labour issues such as occupational health and safety, employee experience or organisational changes.

Regarding the virtual media used, Naturgy has different channels for communication with its employees, such as Naturgynews (Naturgy's digital newspaper), Naturgynet (corporate intranet), or Teams and its specific tool NaturgyTeams, deployed at the end of 2021 and which communicates in pop-up format information of special relevance at a simple click.

In addition, in the 2022 financial year and in the field of internal communication, Naturgy has developed a specific action programme for the dissemination of the 3rd Collective Bargaining Agreement of the Naturgy group as well as the conditions for professionals outside the Agreement. This plan has been implemented with both virtual actions (with spaces in the main channels: Naturgynews and Naturgynet) as well as meetings that reached a face-to-face participation of more than 1,000 employees and visits to the different digital contents that exceeded 5,000 visits.

In a complementary manner, some businesses have their own internal communication channels, where corporate messages and focus points are reinforced from a local perspective.

All this has enabled the implementation of new programmes that promote progress in the company's strategic lines and cultural transformation, through the communication of organisational, business, sector and project milestones.

* More details on the "Naturgy Culture" indicators can be found in the Commitment and Talent section of Chapter 12. Annexes.

Our team

At the end of the 2022 financial year, Naturgy's human team was located in: Europe, Asia, America and Oceania.

▪ Number of employees by country

	2022	2021
Argentina	954	1,028
Australia	26	18
Brazil	372	375
Chile	601	638
Colombia	0	4
Costa Rica	19	15
Spain ⁽¹⁾	3,901	3,870
USA	4	0
France	3	12
Ireland	3	0
Israel	16	18
Italy	2	0
Luxembourg	1	1
Morocco	0	84
Mexico	694	697
Netherlands	1	1
Panama	297	315
Portugal	13	14
Puerto Rico	3	3
Dominican Republic	72	72
Singapore	0	6
Uganda	0	60
Total ⁽²⁾	6,982	7,231

(1) Managed staff: 3,901 people + 151 people in Spain from joint operating companies - 21 people from the coal-fired power stations = 4,031 consolidated staff.

(2) Managed staff: 6,982 people + 151 people in Spain from joint operating companies - 21 people from coal-fired plants = 7,112 consolidated staff (reported in the Annual Accounts).

The differences from the reported headcount in 2021 are due to business divestments in Morocco, Singapore and Uganda. The staff in Argentina and Chile have been reduced due to a number of voluntary redundancies.

▪ **Distribution of employees by age and country (%)**

[405-1]

	2022			2021		
	<30	30-50	>50	<30	30-50	>50
Argentina	3.7	49.2	47.2	4.5	50.0	45.5
Australia	7.7	80.8	11.5	0.0	94.4	5.6
Brazil	2.2	78.2	19.6	2.9	81.3	15.7
Chile	2.2	62.6	35.3	1.9	63.3	34.8
Colombia	0.0	0.0	0.0	0.0	75.0	25.0
Costa Rica	15.8	52.6	31.6	6.7	53.3	40.0
Spain	5.2	70.7	24.1	2.8	77.3	19.8
USA	0.0	75.0	25.0	0.0	0.0	0.0
France	66.7	33.3	0.0	0.0	100.0	0.0
Ireland	0.0	33.3	66.7	0.0	0.0	0.0
Israel	25.0	62.5	12.5	33.3	55.6	11.1
Italy	0.0	100.0	0.0	0.0	0.0	0.0
Luxembourg	0.0	0.0	100.0	0.0	0.0	100.0
Morocco	0.0	0.0	0.0	1.2	34.5	64.3
Mexico	6.1	80.5	13.4	5.3	82.4	12.3
Netherlands	100.0	0.0	0.0	100.0	0.0	0.0
Panama	10.4	67.7	21.9	7.6	67.3	25.1
Portugal	0.0	92.3	7.7	0.0	92.9	7.1
Puerto Rico	0.0	66.7	33.3	0.0	66.7	33.3
Dominican Republic	1.4	66.7	31.9	2.8	68.1	29.2
Singapore	0.0	0.0	0.0	0.0	100.0	0.0
Uganda	0.0	0.0	0.0	38.3	56.7	5.0
Total	4.9	68.2	26.8	3.8	71.7	24.5

▪ **Distribution of employees by country, gender and professional category (%)**
 [405-1]

	2022							
	Management team		Middle managers		Technicians		Operators	
	Men	Women	Men	Women	Men	Women	Men	Women
Argentina	0.2	0.0	4.4	1.2	25.2	11.6	44.0	13.4
Australia	0.0	0.0	19.2	7.7	61.5	11.5	0.0	0.0
Brazil	0.0	0.8	5.4	3.5	36.8	26.9	17.7	8.9
Chile	0.3	0.0	4.5	0.8	36.4	16.3	27.8	13.8
Colombia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Costa Rica	0.0	0.0	0.0	0.0	73.7	5.3	21.1	0.0
Spain	1.7	0.6	8.8	4.5	36.2	26.0	17.2	4.9
USA	0.0	0.0	75.0	25.0	0.0	0.0	0.0	0.0
France	0.0	0.0	33.3	0.0	33.3	33.3	0.0	0.0
Ireland	0.0	0.0	33.3	0.0	33.3	33.3	0.0	0.0
Israel	0.0	0.0	0.0	0.0	93.8	6.3	0.0	0.0
Italy	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0
Luxembourg	0.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0
Morocco	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	0.4	0.0	7.3	3.0	47.3	20.9	19.2	1.9
Netherlands	0.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0
Panama	0.3	0.0	8.1	4.0	38.7	27.3	16.8	4.7
Portugal	0.0	0.0	0.0	7.7	30.8	61.5	0.0	0.0
Puerto Rico	0.0	0.0	0.0	0.0	66.7	33.3	0.0	0.0
Dominican Republic	0.0	0.0	0.0	0.0	23.6	19.4	54.2	2.8
Singapore	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Uganda	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	1.1	0.4	7.5	3.4	36.1	22.7	22.2	6.6

	2021							
	Management team		Middle managers		Technicians		Operators	
	Men	Women	Men	Women	Men	Women	Men	Women
Argentina	0.2	0.0	13.9	3.7	15.9	7.8	43.3	15.3
Australia	0.0	0.0	11.1	16.7	38.9	5.6	27.8	0.0
Brazil	0.0	0.5	5.3	4.3	29.9	22.7	25.6	11.7
Chile	0.5	0.0	15.0	5.3	25.5	12.4	26.5	14.7
Colombia	0.0	0.0	0.0	25.0	0.0	75.0	0.0	0.0
Costa Rica	0.0	0.0	0.0	0.0	20.0	0.0	73.3	6.7
Spain	1.9	0.5	19.4	6.0	29.1	22.9	14.8	5.5
USA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	25.0	0.0	25.0	33.3	0.0	16.7
Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Israel	0.0	0.0	11.1	0.0	61.1	0.0	27.8	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Luxembourg	0.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0
Morocco	0.0	0.0	38.1	1.2	22.6	7.1	21.4	9.5
Mexico	0.4	0.0	12.2	4.2	44.0	18.4	16.8	4.0
Netherlands	0.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0
Panama	0.3	0.0	16.2	5.7	31.7	20.6	18.1	7.3
Portugal	0.0	0.0	0.0	7.1	28.6	64.3	0.0	0.0
Puerto Rico	0.0	0.0	0.0	0.0	66.7	0.0	0.0	33.3
Dominican Republic	0.0	0.0	20.8	1.4	9.7	18.1	47.2	2.8
Singapore	0.0	0.0	0.0	0.0	66.7	33.3	0.0	0.0
Uganda	0.0	0.0	0.0	1.7	41.7	6.7	43.3	6.7
Total	1.1	0.3	16.6	5.2	28.4	18.9	21.5	8.0

Working methods

[2-7]

• Breakdown of staff by contract type (%)

	2022					
	Permanent contracts		Temporary contracts		Employees by non-guaranteed hours	
	Men	Women	Men	Women	Men	Women
Argentina	73.8	26.2	0.0	0.0	0.0	0.0
Australia	80.8	19.2	0.0	0.0	0.0	0.0
Brazil	59.9	40.1	0.0	0.0	0.0	0.0
Chile	69.1	30.9	0.0	0.0	0.0	0.0
Colombia	0.0	0.0	0.0	0.0	0.0	0.0
Costa Rica	94.7	5.3	0.0	0.0	0.0	0.0
Spain	63.5	35.0	0.5	0.9	0.0	0.0
USA	75.0	25.0	0.0	0.0	0.0	0.0
France	66.7	33.3	0.0	0.0	0.0	0.0
Ireland	66.7	33.3	0.0	0.0	0.0	0.0
Israel	93.8	6.3	0.0	0.0	0.0	0.0
Italy	100.0	0.0	0.0	0.0	0.0	0.0
Luxembourg	0.0	100.0	0.0	0.0	0.0	0.0
Morocco	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	56.9	18.0	17.3	7.8	0.0	0.0
Netherlands	0.0	100.0	0.0	0.0	0.0	0.0
Panama	64.0	36.0	0.0	0.0	0.0	0.0
Portugal	30.8	69.2	0.0	0.0	0.0	0.0
Puerto Rico	66.7	33.3	0.0	0.0	0.0	0.0
Dominican Rep.	77.8	22.2	0.0	0.0	0.0	0.0
Singapore	0.0	0.0	0.0	0.0	0.0	0.0
Uganda	0.0	0.0	0.0	0.0	0.0	0.0
Total	64.9	31.8	2.0	1.3	0.0	0.0

NB: The number and average number of contracts and their breakdowns (age, gender and professional category) are reported in Chapter 12. Annexes, section Commitment and talent.

2021

	Permanent contracts		Temporary contracts		Employees by non-guaranteed hours	
	Men	Women	Men	Women	Men	Women
Argentina	73.2	26.8	0.0	0.0	0.0	0.0
Australia	77.8	22.2	0.0	0.0	0.0	0.0
Brazil	60.8	39.2	0.0	0.0	0.0	0.0
Chile	67.6	32.4	0.0	0.0	0.0	0.0
Colombia	0.0	100.0	0.0	0.0	0.0	0.0
Costa Rica	93.3	6.7	0.0	0.0	0.0	0.0
Spain	64.8	34.4	0.3	0.5	0.0	0.0
USA	0.0	0.0	0.0	0.0	0.0	0.0
France	50.0	50.0	0.0	0.0	0.0	0.0
Ireland	0.0	0.0	0.0	0.0	0.0	0.0
Israel	100.0	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
Luxembourg	0.0	100.0	0.0	0.0	0.0	0.0
Morocco	81.0	17.9	1.2	0.0	0.0	0.0
Mexico	60.4	18.8	13.1	7.7	0.0	0.0
Netherlands	0.0	100.0	0.0	0.0	0.0	0.0
Panama	66.3	33.7	0.0	0.0	0.0	0.0
Portugal	28.6	71.4	0.0	0.0	0.0	0.0
Puerto Rico	66.7	33.3	0.0	0.0	0.0	0.0
Dominican Rep.	77.8	22.2	0.0	0.0	0.0	0.0
Singapore	66.7	33.3	0.0	0.0	0.0	0.0
Uganda	85.0	13.3	0.0	1.7	0.0	0.0
Total	66.2	31.3	1.4	1.0	0.0	0.0

Naturgy is committed to promoting a safe and quality work environment. Consistent with this vision, 96.7% of the company's contracts are permanent, and only occasionally are temporary contracts used for "accumulation of tasks and work/service". Similarly, 100% of Naturgy's employees have full-time contracts.

New employee hires and employee rotation

[401-1]

Consideration is given to:

- Rotation index: layoffs/average staff.
- Voluntary rotation index: voluntary layoffs/average staff.

• Rotation indices

	2022	2021
Rotation (%)	8.0	40.9
Voluntary rotation (%)	2.0	1.9

NB:

- The Voluntary Leaving Plan implemented in Spain in 2021 mainly explains the variation in this index with respect to the previous and subsequent years.
- Rotation indices by gender, age, professional category and country (and their various combinations) are reported in Chapter 12. Annexes, section Commitment and talent.

▪ **New employees hires**

	2022	2021
Argentina	8	2
Australia	9	7
Brazil	16	20
Chile	25	26
Colombia	0	0
Costa Rica	5	1
Spain	158	147
USA	1	0
France	3	0
Ireland	1	1
Israel	2	4
Italy	0	0
Luxembourg	0	0
Morocco	0	0
Mexico	50	51
Netherlands	0	0
Panama	27	8
Portugal	0	0
Puerto Rico	0	0
Dominican Republic	0	0
Singapore	0	0
Uganda	10	3
Total	315	270

NB: The breakdown of new employee hires and vacant positions filled by internal applications are reported in chapter 12. Annexes, section Commitment and talent.

▪ **Number of dismissals by age and gender**

	2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	2	50	51	103	6	97	23	126
Women	2	22	10	34	4	66	7	77
Total	4	72	61	137	10	163	30	203

NB: The breakdown by gender and professional category is reported in Chapter 12. Annexes, section Commitment and talent.

Labour relations

[2-30], [402-1], [403-7]

In labour relations, Naturgy's action principles are based on respect for trade union freedom, fundamental rights, respect for workers' representatives and collective bargaining.

Naturgy establishes multiple communication channels with the social part as a substantial part of the corporate action principles. The Naturgy group's 3rd Collective Bargaining Agreement, signed on 14 October 2022, reinforces these channels, establishing and articulating different committees to deal with the different aspects with an impact on labour relations. The signing of this 3rd Agreement also means a substantial improvement in the measures for reconciliation and flexible working hours, including teleworking.

On the other hand, the working conditions of personnel excluded from the collective bargaining agreement are included in their individual contracts. There is also a specific document on the company's intranet entitled "Compilation of conditions for excluded personnel" which includes the conditions common to the entire group.

To achieve health and safety goals, collaborative work across the organisation is essential for the improvement of activities and processes and, of course, for the achievement of optimal results. This is the reason why it is essential that workers are consulted and take part in the regular health and safety meetings held at all levels of the company, in order to establish, implement and maintain the specific processes and bodies at all levels of the organisation, facilitating the appointment of representatives and their participation in these.

The main issues formally discussed with the workers' representatives during 2022 are summarised as follows:

- Health and safety commitment.
- Analysis of accidents.
- Launch of new safety regulations.
- New Health and Safety Regulations.
- Meetings on labour measures and integrated health.
- Quarterly monitoring of preventive measures adopted.
- Negotiation meetings for the new collective bargaining agreement.
- Equality Plan negotiation meetings.
- Network Operations Centre service modification meetings.
- Distribution Control Centre service modification meetings.

In line with Naturgy's commitment to information, consultation and participation, any change that affects or which could affect labour relations is passed on to the social agents in full compliance with the deadlines established in prevailing legislation. In communications to employees, when there are no longer legally established deadlines, a minimum of two weeks' notice is observed. Likewise, Naturgy has permanent open channels for the resolution of doubts and the transfer of information, beyond the established formal channels.

• **Employees included and not included in the bargaining agreement**

	2022		2021	
	% Excluded	% Included	% Excluded	% Included
Argentina	27.4	72.6	26.9	73.1
Australia	38.5	61.5	11.1	88.9
Brazil	29.3	70.7	29.3	70.7
Chile	1.7	98.3	2.0	98.0
Colombia	0.0	0.0	100.0	0.0
Costa Rica	5.3	94.7	0.0	100.0
Spain	37.2	62.8	36.0	64.0
USA	100.0	0.0	0.0	0.0
France	100.0	0.0	75.0	25.0
Ireland	100.0	0.0	0.0	0.0
Israel	0.0	100.0	0.0	100.0
Italy	100.0	0.0	0.0	0.0
Luxembourg	0.0	100.0	0.0	100.0
Morocco	0.0	0.0	39.3	60.7
Mexico	19.7	80.3	21.1	78.9
Netherlands	0.0	100.0	0.0	100.0
Panama	55.6	44.4	55.6	44.4
Portugal	0.0	100.0	0.0	100.0
Puerto Rico	100.0	0.0	100.0	0.0
Dominican Republic	2.8	97.2	2.8	97.2
Singapore	0.0	0.0	0.0	100.0
Uganda	0.0	0.0	0.0	100.0
Total	31.0	69.0	30.0	70.0

Talent management and retention

[3-3]

(Talent development)

Naturgy's Strategic Plan 2021-2025 establishes continuous improvement, operational excellence, digital transformation and improved customer relations as the cornerstones, prioritising employee experience as the key to achieving these goals. In this context, the people who work at Naturgy and its "360° Commitment" are at the focus of the company's management, decisions and actions.

With this vision, and following the launch and global awareness of Naturgy's competencies model, in 2022 the 360° Evaluation process was launched which, through a self-assessment and the evaluation of the professional environment (manager, peers and collaborators), provides a personalised assessment of employees' competencies, as well as identifying strengths and areas for improvement. This process has involved a total of 1,765 professionals, distributed in Spain and other countries. This element of talent management in Naturgy represents a very valuable professional opportunity for the identification and setting of an Annual Development Goal (ODA) in tune with the transformation of the company.

Likewise, during 2022, the expert interview processes (internal and external) have continued, allowing the group's executive and management development profile to be updated, reviewed and oriented, encouraging feedback conversations and direct contrast with each professional, regarding leadership competencies, motivation drivers and career development interests. Over the year, 509 internal interviews and 261 external interviews were conducted.

Attracting and developing diverse talent

[404-2]

Naturgy has the Flex & Lead programme, aimed at hiring young people with or without work experience. This initiative aims to advance the intergenerational and gender balance in the company.

The recruitment target by 2025 is 297¹ young people with a skills profile marked by agility, flexibility and collaboration, with digital skills and a data-oriented mindset. The target for hiring women through the Flex programme (which targets young professionals with no previous experience) is 60%, and in the case of Lead (which connects young people with some professional experience) it is 70%. Likewise, both programmes aim to hire STEM profiles.

During the term of the programme, 167 young people have already joined Naturgy. Of this total, 100 new recruits will be recruited in 2022, with an average age of 24,4 years and 77% women.

Flex & Lead recruitment professional profiles:

	2022	2021
Business Administration/Law	15	14
Data Science	9	9
Industrial/Energy	59	40
Marketing	2	5
Other	15	12

The experience of new talent includes participation in major projects, internal mobility between business areas and participation in career acceleration processes.

Through the set of initiatives integrated into Flex & Lead, Naturgy develops the commitment to diversity acquired in the Strategic Plan 2021-2025. The company has set the following objectives for the same period:

- 40% female presence at the executive and middle management levels of the company's structure (starting from 23% in 2020 in Spain).
- 10% staff < 30 years of age (starting from 2.3% in 2020).

The management and results of both recruitment programmes are under the focus of Naturgy's Management Committee, to which it reports through a scorecard comprising all businesses and corporate areas. These indicators are also reported to the Board's Sustainability Committee, which assesses whether the goals set in the Sustainability Plan are being met.

Development of internal talent

One of Naturgy's main axes is the development of its professionals, and for this reason there is "Internal Lead Talent", which is the company's internal development programme. The programme is aligned with Flex & Lead's actions to secure the company's management pipeline, while ensuring gender, functional and generational diversity.

Since its first edition, around 200 professionals from the company's different businesses have been selected, with a gender balance close to 60%. Participants under 40 years old and with transformative vision and high potential were invited to participate in a process of self-assessment of skills, specific training and networking with senior managers and professionals from Naturgy and other companies, accelerating the development of their profiles and motivating them towards a professional management career.

Internal Lead Talent Collective 2022:

- No. of participants: 190
- Women participants: 57%.

¹ Updating the target for new positions approved in 2022.

Customised training journey

To ensure a professional experience connected to the business project, Naturgy has designed a customised training offer for the Flex & Lead and Internal Lead groups, as detailed in the “Training catalogue” section.

Training model

The training of professionals is one of Naturgy’s strategic levers for transformation and development in the company. Specifically, the Corporate University (CU) has positioned itself as the representative and backbone element of the training experience in Naturgy through the development of key knowledge, the connection with the latest trends and technologies as well as the development of skills and competencies linked to the leadership and cultural models of the company.

In recent years, the CU has strengthened its role of transversal governance and management, while simultaneously giving greater autonomy to the different businesses, giving them increasing responsibility in the definition and execution of their training plans and budgets, according to the particular requirements of each one.

The synchronicity between the Corporate University and the Global Training Policy is guaranteed through periodic monitoring committees, where visions, proposals and practices are exchanged, facilitating the influence and integration of training into key processes.

Corporate University [404-1]

• Corporate University’s figures

	2022	2021
Annual investment in training (million euro)	3.8	5.0
Annual investment in training per person (euro)	588	741
Training hours	232,445	193,416
Staff trained (%)	97.3	97.5

The lower annual investment in training is due to the closure of the Puente Princesa (Madrid) and Sant Cugat (Barcelona) training centers. However, training hours have been increased by 20% compared to 2021 due to the use of training without associated costs.

• Satisfaction

	2022	2021
Satisfaction surveys answered	46,413	55,864
Participants’ average satisfaction (0-10)	8.7	8.8
Average degree of application of knowledge and on-the-job skills (%)	74.4	78.1
No. of programmes with assessment of application (courses)	172	115
Average perception index (0-10)	8.2	7.8

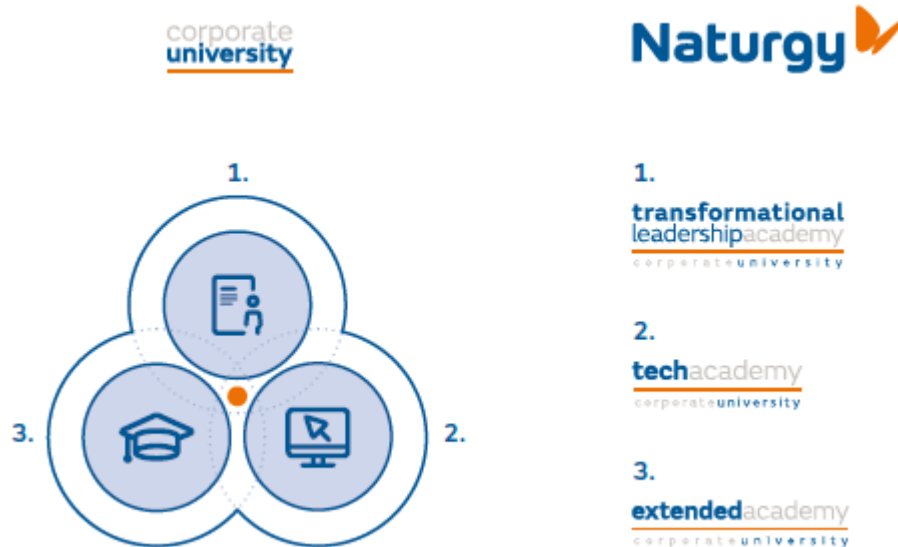
NB: the measurement model is not implemented in Chile.

• Staff trained (%)

	2022				2021			
	Managem ent team	Middle managers	Technicia ns	Operators	Managem ent team	Middle managers	Technicia ns	Operators
Men	96.4	99.6	97.7	95.6	87.2	84.2	80.3	73.0
Women	98.1	98.9	97.8	95.3	90.0	85.7	81.5	70.4
Total	96.9	99.5	97.8	95.6	88.1	84.5	80.8	72.3

NB: The breakdown of training hours per age and professional category is reported in Chapter 12. Annexes, section Commitment and talent.

The CU training model is deployed through its three academies in a supplementary and synergistic way, allowing the company to face the knowledge and skills challenges of the present and future: Transformational Leadership Academy (TLA); Tech Academy (TA); Extended Academy (EA).



– Transformational Leadership Academy (TLA)

Based on a vision of the future and linked to Naturgy’s Strategic Plan, in 2022 the TLA has continued its training deployment to ensure the leading role of company leaders in the transformation and achievement of business objectives, through its three axes:

- Digital Academy: its objective is to transform the professional profile in Naturgy towards more digital employees.
- New Energy: its vision is to develop managers and high potentials to face future challenges and be aware of market trends.
- Naturgy Leadership: with the aim of promoting the role of leadership as drivers and connectors of organisational and cultural change in the company.

– Tech Academy (TA)

The Tech Academy, in turn, transfers technical knowledge to the staff of each unit to ensure the development, quality and standardisation of the expert knowledge needed to deal with the current and future challenges in each of the company’s businesses.

– Extended Academy (EA)

Through this academy, the CU offers a wide range of training to external collaborating companies, customers and suppliers, both technical as well as management, enabling companies to improve their operating efficiency, incorporate innovative methodologies and develop skills focused on excellence in operations and service.

The EA thus contributes to the establishment of a common planning and management model, favouring the professionalisation of companies that participate in the Naturgy value chain, with a recurrent activity of 12,698 annual participants and 27,938 hours of training.

Likewise, the relationship with strategic suppliers is managed in order to strengthen partnerships, in an environment of collaboration and efficiency, sharing information, aligning strategies, seeking continuous improvement and promoting innovation.

Training catalogue

During 2022, new hybrid methodologies were adopted as part of the training model to better respond to business needs and provide professionals with interesting content that contributes to their commitment. Accordingly, the concept of multi-format, lifelong and collaborative learning has become a central key to the learning approach for professional and business success.

The training catalogue has promoted the agile and digital connection of knowledge, simultaneously reinforcing the identity and commitment of the company's professionals.

This year's programmes have been organised in the following areas:

1. Transversal programmes, with high impact on the commitment to the culture and values of the company:

- Transformation and value: “The Third Energy” is a synchronous training experience that puts employees on a first-person journey towards the rediscovery of personal energy, transforming it into a valuable resource to improve the organisation and the environment. The “Innovation Week” also took place.
- Well-being: El Gefe (happiness management), emotional fitness, healthy leadership, psychosocial risk workshops.
- Sustainability: “Environmental, Social and Digital Commitment Week”, “Diversity Week”, “Sustainability: SDG commitments”.
- Cybersecurity: “Day-to-day security” and “Cybersecurity”.

This knowledge is reinforced through monthly newsletters that systematically include online tools such as webinars. The topics covered include: health, compliance, digital transformation and culture, sustainability, work tools, among others.

2. Programmes to boost the company's digital profile:

- Digital culture: open programmes through The Valley business school that reinforce the company's digital vision and training projects with the hands-on model.
- Digital skills: programming languages such as Python, SQL, Visual Basic and others, Computational Thinking programme, which deals comprehensively with global data management processes. Full Data Analytics programme, and use of the Coursera platform, providing knowledge in digital skills, governance programmes and Data Quality.
- Digital Mindset: a five-week programme that uses webinars and online supplementary material to address the processes of digital transformation and impact on business models in the energy sector and its direct application in Naturgy. The goal is to get an overview of the digital landscape and a clearer idea of the basic elements of digitalisation and its application to the business model.

3. Programmes to connect with future challenges and market trends:

- Innovation strategy, new forms and tools for data visualisation, Power BI, new forms of work organisation with SCRUM training. Also included are broader programmes through The Power MBA platform, oriented towards best practices with a focus on process efficiency and effectiveness such as Productivity and Seijaku.

4. Leadership promotion programmes, as a lever for the group's transformation and vision:

- FutuHRe Management Insights, a transversal programme that promotes reflection and sharing to build a common reality.
- RefresH, Club de Mentores, and development programmes of CEDE (ICDL), Otto Walter, IMD, London Business School, IESE, ESADE, Naturgy Leadership Toolbox, Digital Mindset, Growing Up, Innovation Management.
- Visible Leaders Programme, aimed at female and inclusive leadership, with training focused on the challenges of communication, such as Impact Communication, Personal Development and Communication Skills Circuits.

5. Programmes for the development and projection of the company's young talent:

- Flex & Lead and Internal Lead, based on ad hoc training for each group, with significant actions such as My personal Brand and Learnability Experience.

2022

	Participants	Men (%)	Women (%)	No. of actions	Total hours
Flex	116	27	73	6	579
Internal Lead	191	43	57	5	3,002
Lead	36	19	81	5	178

Likewise, the Corporate University has reinforced the learning experience through the integration of lifelong learning platforms, such as Pharos and Coursera, which widely disseminate content and which adapt the training offer to the demand of the employees and the specific needs of the different businesses.

Quality certifications

The excellence in management of the Corporate University is supported by a Quality Management System based on ISO 9001:2015, renewed in 2020 for another three years. Likewise, since 2003, Naturgy has also had the CLIP (Corporate Learning Improvement Process) accreditation, awarded by the European Foundation for Management Development (EFMD), which recognises the quality of learning and people development processes in business education organisations. The last CLIP renewal was in 2018 for a five-year period.

People Analytics

During 2022, the People Analytics unit has begun the gradual implementation of a new methodological strategy for the treatment of staff information, which has been specified in the following lines of action:

- **Transformation of the Staff Information Model** with the aim of guaranteeing in the short term Naturgy's formal reporting needs in the area of People and Organisation and, in the medium term, the integration of information from all the processes in the area so that, through smart analysis, objective, valid and reliable conclusions can be drawn and the contribution of value to the company can be improved. The following transformation levers have already been activated:
 - Re-engineering and simplification of the processes and equipment involved in data processing at source, aligning Naturgy's service providers and business units with this strategy.
 - Design of a new automated, integrated and interactive reporting scheme in Power BI that provides a cross-sectional view as the main source of information.
 - Scheme for detecting shortcomings and specific data quality problems that is allowing areas for improvement in the management of People and Organisation processes to emerge.
- **Development of a Minimum Viable Products (MVPs) strategy** including specific initiatives with short-term results:
 - Weekly analytical monitoring scheme of the Employee Care Service (SAE) with the aim of accompanying the current People and Organisation strategy (People Oriented). Power BI product that allows the monitoring of those indicators that have the greatest impact on the management of all processes and their interaction with the employee. These are: recruitment, internal mobility, training, personnel and payroll administration, social benefits, labour relations, media, prevention, medical services, etc. The product is designed to offer three analytical views: service (supplier control), governance (process owners) and business (business units).
 - Power BI tool to monitor the centralised management of digital identities carried out by the Telematic Management Support Office (OSGT). The lifecycle of all digital certificates (issuance, delegation, renewal and revocation) is controlled for the company's internal units and their suppliers. In addition, a pilot project to quantify and monitor the traffic generated by these certificates on the network (public electronic offices) to dovetail with the company's digitalisation strategy.

- Tool to analyse, support and back up the vacancy streamlining process that the group is undertaking. The goal is to have a quantitative and qualitative inventory (typology of positions) of the incorporation needs in coherence with the targets and organisational sizing commitments of the different business units. A tool that connects with vital processes such as the Recruitment Committee (authorisation of new hires), formal internal mobility processes (publication of vacancies) or processes for attracting external talent.
 - Generation in Power BI of monthly, descriptive and comprehensive lists of the group's staff, as well as any variations with respect to previous periods, including new hires and people leaving and their causal classification. In addition, the current Monthly Staffing Report is also being redefined on the basis of a pilot project, with the goal of obtaining an interactive version that is more valuable in terms of analysis and scalability.
 - Development of specific analytics to monitor and control the valuation of jobs (VPTs) ensuring the coherence and consistency of the data in the information systems following the implementation of the new model in July 2022.
- **Prescriptive analytics.** For certain processes, the company identifies and proposes to the process owners lines of transformation that contribute to better management that affects people. The action with the greatest impact in this regard was the weekly analysis developed in “My Customer Channel” (SAE), together with the Customer Service team (premium service team), on the needs/suggestions that both employees and their families and friends (Family&Friends project) make as customers of Naturgy services (gas, electricity and other services). This is one of the transformation vectors of this channel and has taken the form of the implementation of a new service concept in the SAE based on simplification through the reduction of the number of teams involved, the integration of information and the redefinition of service processes.

Compensation and remuneration

▪ Breakdown of personnel costs (€M)

	2022	2021
Wages and salaries	451	457
Social Security costs	87	87
Definitive contribution plans	24	28
Definitive benefit plans	4	6
Work carried out for the company's fixed assets	(74)	(77)
Share-based compensation	7	4
Other	48	435
Total	547	940

The main difference that can be seen in the table of breakdown of personnel expenses compared to the previous year is explained by the Incentive Retirement Plan carried out by Naturgy in 2021 for an amount of 410 million euro registered under Other.

“My Benefits” Platform

This is where Naturgy manages and communicates the company’s compensation and benefits programmes to its employees. It has the following modules:

- **Flexible Compensation:** Flexible Compensation Plans (PCF) are voluntary and customised compensation systems that allow each employee to decide how to receive part of their annual compensation. Here, employees have access to their compensation data and can consult, simulate and contract a PCF.
- **Social Benefits System:** Naturgy offers services, within its remuneration strategies and through the My Benefits platform, that help people understand their retirement and find out about existing internal plans. This service provides personalised information on Naturgy’s social benefits initiatives.
- **Savings in personal insurance:** employees can take out personal insurance (home, life, car, death, etc.) with an excellent price-cover-service ratio and guaranteed by leading insurance companies. Furthermore, the tool makes it easy to compare prices and choose the insurance that best suits each individual.
- **Health Insurance:** the company has health insurance, which is one of the benefits most valued by employees.

Pension plans

[201-3]

In the case of Spain, the joint pension plan for Naturgy employees is a defined contribution plan for retirement and defined benefits in the event of death or incapacity whilst actively working. Employees are automatically added to the Plan as soon as they are registered.

The nature of the plan does not require a separate fund to pay the obligations of the plan. For retirement, each participant’s vested rights are used and for risk contingencies, although it is a defined benefit plan, it is not necessary to have an additional fund since the coverage is covered by an insurance policy tied to the pension plan.

The Plan currently has a net worth of more than Euros 504 million, which is distributed among approximately 3,859 active employees, and more than 4,850 beneficiaries and suspended participants.

Internationally, the guideline is to have retirement savings products and active death and disability cover. This area takes into account the particularities and social welfare needs of each country.

Reward

The Naturgy’s reward axis aims to provide a framework for classification, compensation, benefits and work environment, which drives and aligns professional performance with the strategy of Naturgy. In 2022, the evaluation of jobs within the scope of the collective bargaining agreement has been completed and the list of jobs is included in this document.

The company’s remuneration policy is governed by equality on an internal scale and competitiveness from the market point of view. Besides, there are two remuneration models, one for employees included in the collective bargaining agreement and another for those not included.

The annual variable remuneration, for its part, is based on uniform objectives for the whole group, with metrics differentiated according to the business unit, corporation or project to which it belongs.

Metrics include:

- Economic and financial targets.
- ESG objectives:
 - Safety and quality.
 - Diversity and gender.
- In addition, a qualitative objective that measures the “how” in achieving the targets is valued.

The management by objectives for management teams and employees not included in the collective bargaining agreement, and variable remuneration for sales agents, are methods in place at Naturgy as incentives for involvement in achieving the company's targets and a direct share in the profits.

The goals of the management team are aligned and linked to those of the company through, among others, the implementation of a long-term incentive programme (LTI). Through this programme, they can benefit from a variable bonus, provided that the return on the value of Naturgy in a specific period of five years is optimal for any shareholder of the company in the same period.

The remuneration package is supplemented with a social benefits system, which includes a pension plan and other social benefits.

Specifically, for staff located in Spain a flexible remuneration system is available that allows them to design their composition with respect to the existing offer in the country of products with tax improvements. Along these lines, the Total Compensation Plan, which allows employees to customise the composition and perception of the remuneration package offered by the company, continued to be in force. The entire staff in Spain is eligible for membership, which means that approximately 4,000 workers can join.

The plan is compatible with the flexible remuneration system, facilitating decisions on the composition of their remuneration package, and they may choose to monetise the benefits, maintain the corresponding benefit or allocate the amount to other benefits.

Average remuneration by age group, gender, and professional category

The tables of average and median fixed and variable remuneration, and average and median variable remuneration by professional category and gender can be found in the annexes. These pages show the fixed remuneration by professional category and the existing pay gap. All remuneration indicators are expressed in euros. The data reflect the situation at 31/12/2022 in annual terms.

▪ **Fixed remuneration**

	2022			
	Management team	Middle managers	Technicians	Operators
Argentina	159,005	81,837	30,260	20,440
Australia		100,218	70,951	
Brazil	117,611	47,448	22,084	14,582
Chile	180,883	113,563	37,466	21,063
Colombia				
Costa Rica			18,469	12,138
Spain	213,146	83,999	49,360	36,665
USA				
France				
Ireland				
Israel			42,074	
Italy				
Luxembourg				
Morocco				
Mexico	133,058	51,847	19,945	7,954
Netherlands				
Panama		60,451	23,252	16,801
Portugal			35,490	
Puerto Rico				
Dominican Republic			27,688	14,008
Singapore				
Uganda				

NB:

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.
- Data are not comparable with 2021 due to a change in the classification of these categories: Middle Management (MM), Technicians (TE) and Operational Positions (OP). As a result of this amendment made in 2022, in which the positions of Team Managers, Unit Managers and Service Managers no longer form part of the group of Middle Managers, there has been a significant increase in the category of MM in comparison with 2021. If the 2021 criterion had been maintained, for example in Spain the 2022 figure would be 66,199€ for MI.
- The exchange rate used is as at the end of December 2022.

2021

	Management team	Middle managers	Technicians	Operators
Argentina	131,606	45,001	25,336	20,269
Australia				
Brazil	115,458	39,295	21,024	13,262
Chile	225,621	56,069	27,329	16,515
Colombia				
Costa Rica				
Spain	212,729	63,653	49,616	35,943
USA				
France		117,538	50,226	
Ireland				
Israel				
Italy				
Luxembourg				
Morocco		33,535	45,437	14,893
Mexico	104,150	39,171	16,616	8,706
Netherlands				
Panama	198,521	41,459	24,038	21,279
Portugal		80,882	33,988	
Puerto Rico				
Dominican Republic		17,698	27,200	11,281
Singapore				
Uganda				

NB:

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.

Salary gap

[405-2]

The calculation of the salary gap has been done as follows:

$$\text{Salary gap} = \frac{\text{Men's average remuneration} - \text{Women's average remuneration}}{\text{Men's average remuneration}} \times 100$$

A percentage above zero represents the percentage that women are paid less than men. The tables below show the most relevant data for Naturgy.

The historical masculinisation of the sector and of the company itself, which was founded in 1843, brings with it a series of assumptions that impact the overall pay gap:

- Vertical and horizontal segregation of women in the staff, given its majority male composition.
- Lower representation of women in positions of higher responsibility and therefore higher pay. Women are mainly concentrated in management and support positions, while men occupy proportionally more business positions.
- Predominance of men in the most senior positions, which has an impact on pay.
- Men occupy the majority of technical and operational positions where all variable pay (shifts, standby, overtime, etc.) takes place, which explains many of the pay differentials.
- Need for diverse profiles, as well as STEM careers and technical training for the development of the company's business activities.

New for 2022, the information is presented with a greater level of detail and transparency by calculating a salary gap segmented by professional category and aggregated for the entire group. In order to provide the overall data by professional category, the mean and median salaries by country and professional category have been weighted according to the number of employees in that classification.

Due to the application of this new calculation methodology, and the changes introduced in the professional categories, it is not possible to calculate the data for 2021 in an analogous manner, so this comparison is not provided.

This exercise has been carried out for both total compensation (fixed and variable average) and variable compensation.

	2022			
	Management team	Middle managers	Technicians	Operators
Average fixed + variable salary gap (%)	29.7	4.8	5.9	5.3
Median fixed + variable salary gap (%)	17.9	-0.1	3.7	5.1
Average variable salary gap (%)	36.3	10.1	13.1	4.2
Median variable salary gap (%)	21.0	0.5	7.2	1.0

NB: details of the gaps by country in Chapter 12. Annexes, section Commitment and talent.

Satisfaction and commitment of the Naturgy team

The value proposition and professional experience in Naturgy is built and evolves on the basis of continuous listening to employees' satisfaction and the value they attach to the actions, services and programmes that the company makes available to them.

To measure the professional experience, climate and mood of its employees, Naturgy uses Happyforce as a tool and technological support to obtain the opinion and perception of those who work in the company. By 2022, this application has been consolidated as a global and cross-sectional measurement tool in all geographies and areas.

The results are captured in a digital and aggregated format, ensuring transparency and anonymity of responses. This cross-platform application also allows suggestions or ideas for improvement, as well as social recognition among peers, related to the competencies of the company's leadership model.

The metrics are analysed monthly by an agile and transversal work group - made up of the business and corporate people teams - who take on a proactive role in the design and implementation of concrete actions to improve the employee experience based on their feedback.

In this context, the indicator for monitoring employee satisfaction and engagement in Naturgy corresponds to the percentage of promoters (ratings of 9 and 10) on the question: "On a scale of 1 to 10, how likely is it that you would recommend Naturgy as a good place to work?" Its target rate - by 2025 - is 40% and currently stands at 31%.

Boosting recognition

As already mentioned, Happyforce has become a lever for the visibility and enhancement of the Leadership Model itself and its 6 competencies: Courage, Transformation, Communication, Continuous Learning, Action and Collaboration.

To encourage social recognition, specific campaigns have been conducted throughout the year, as well as spontaneous acknowledgements, and "seals" have been given out, which go beyond the virtual and generate greater closeness between employees, while generating dialogue between teams.

Listening that promotes improvement

As a result of listening through Happyforce, focus groups have been conducted with more than 400 employees to deepen the perceptions collected on the platform. From this initiative, 5 cross-cutting working groups have been deployed for the continuous improvement of the Naturgy employee experience, in cross-cutting areas such as well-being, leadership, communication, professional development and commitment.

This work has led to various actions throughout 2022, such as the relaunch of the Sports Club in Spain, the “Commitment” meetings for alignment with the businesses, employee visits to technical/operational facilities, the launch of an application for recording feedback, the relaunch of wellness platforms, among others.

3. Health and safety

[3-3]

(Occupational safety and well-being)

Naturgy maintains a strong commitment to the health and safety of people, so all its actions and policies are aimed at preserving, preventing and promoting this responsibility. But this commitment is also passed on to the other members of the company, as it is encouraged to be an individual commitment of both Naturgy employees and collaborating companies (CCs), spearheaded by senior management and assumed by the entire supply chain.

In terms of safety, Naturgy works continuously to prevent and mitigate impacts on the health and safety of workers directly linked through business relations, trying to maintain a risk-free working environment, or at least minimise such risks as much as possible. To this end, there are risk management mechanisms in place that involve everyone working in the company, including CCs.

The health and safety management system implemented in Naturgy includes several lines of action aimed at minimising the negative impact of accidents associated with the six most critical risk factors in terms of frequency and severity: confined spaces, work at height, electrical risk, felling and pruning of trees, handling loads and road safety. For this control there are tools developed to ensure integration at all levels of the organisation, from decision making to any activity that is carried out or instructed. This makes it possible to define a series of “red lines” for each of the six risk factors, non-compliance with which is subject to the application of the disciplinary regime.

Health, its promotion and care is another of Naturgy’s main axes, where attention to people is above all else. Measures are implemented, targeted at reducing the impact of activities by improving the quality of life, well-being and health of people within the communities where the company operates. With this target, investments are made in new strategies of health education and health promotion, which allow the workplace to become the area of transmission of healthy conduct for workers and their environment.

Strategy and policy

Global Health and Safety Policy and strategy foundations

Naturgy’s safety strategy is aligned with the Sustainable Development Goals (SDG 3. Good health and well-being and SDG 8. Decent work and economic growth) and is integrated into the 2021-2025 Sustainability Plan, contributing both directly and indirectly to the fulfilment of its goals.

It is based on the principle that nothing is more important than the health, safety and well-being of people and has been developed in collaboration with the business units to foster a culture of safety and health throughout the organisation.

The aim is to avoid and prevent accidents and damage to health, while providing a safe and healthy environment. To this end, the following commitments are made:

- 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 collaborating companies.
- Establish health and safety as an individual responsibility and as a condition of employment at Naturgy and of the activity of its collaborating companies.
- Promote well-being by maintaining a working environment with safe and healthy working conditions by integrating occupational risk prevention, and the protection and promotion of health and well-being into business management.
- Prevent potential injury and damage to health by ensuring that any potential hazardous situations that could affect workers, suppliers, customers, the public and the safety of the premises are assessed and managed in an appropriate way to eliminate hazards and reduce risks.
- Establish a management model as a driver of the safety, health and well-being culture based on continuous learning, consultation and participation of workers and their representatives, analysis of accidents and incidents, dissemination of lessons learnt and health education and promotion.

- Incorporate health and safety targets and criteria into business processes, new projects, activities, facilities, products and services, and in the selection and assessment of suppliers and collaborating companies, non-compliance with which will condition the commencement or continuity of their activity.
- Be a benchmark in new strategies for health education, disease prevention and health promotion, enabling the workplace to become a vector for the transmission of healthy habits and behaviour, as well as a generator of positive influence on the health and well-being of workers, their families and their environment. Implement measures targeted at the continuous improvement of the quality of life, well-being and health of people within the organisation and the communities where the company operates.
- Provide the necessary resources and means to enable compliance with applicable legal requirements, as well as with the safety, health and well-being standards assumed by the organisation.

Naturgy's Global Health and Safety Policy was approved by the Board of Directors in 2019.

Five principles of health and safety

This vision is complemented by the assumption of five principles of safety and health management that govern all the activities and which are shared and extended to all CCs.



Health and safety management system

[403-1] and [403-8]

Naturgy has a group-wide Occupational Health and Safety Management System (OHSMS) developed in collaboration with all business units and focused on the areas of greatest risk criticality. This system covers 100% of employees and workers who are not employees and who carry out their activities in work centres owned by Naturgy. This system is integrated with the quality and environmental management systems that already exist at Naturgy and is audited and certified by third parties pursuant to the ISO 45001 specification.

Its scope is global, including all businesses and countries, and pivots on five main lines of action, as follows:

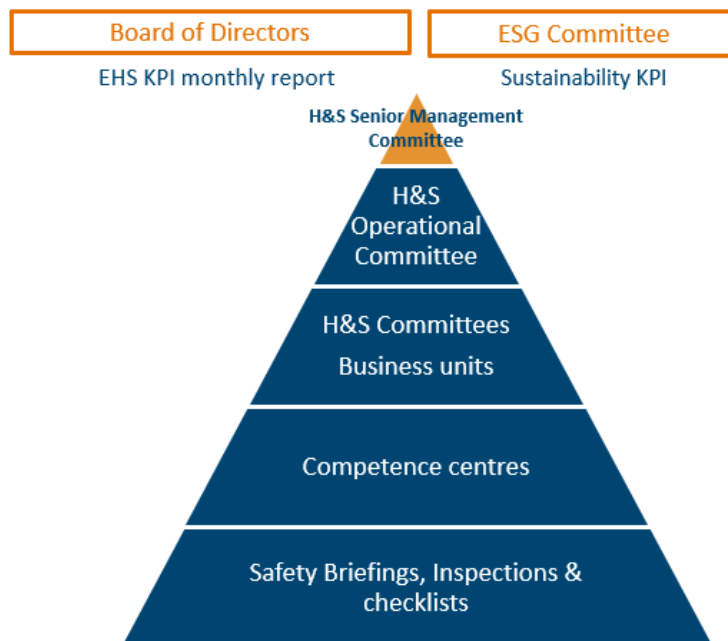


Health and safety governance at Naturgy

Naturgy's commitment to health and safety is directly linked to senior management and emanates from its Board of Directors. By strengthening this leadership in safety, the aim is to guarantee the application of the model in all businesses and activities, both in-house and outsourced.

Regarding the governance model, the Sustainability Committee of the Board of Directors is the supreme body responsible for the governance of sustainability and ESG aspects in Naturgy. It regularly monitors the management of health and safety risks and opportunities as well as their potential negative and positive impacts. It also approves the Sustainability Plan, assesses environmental, social and good governance performance and analyses the results of ESG indices, standards and trends in order to promote improvement actions and promote and approve projects that contribute to meeting the established objectives.

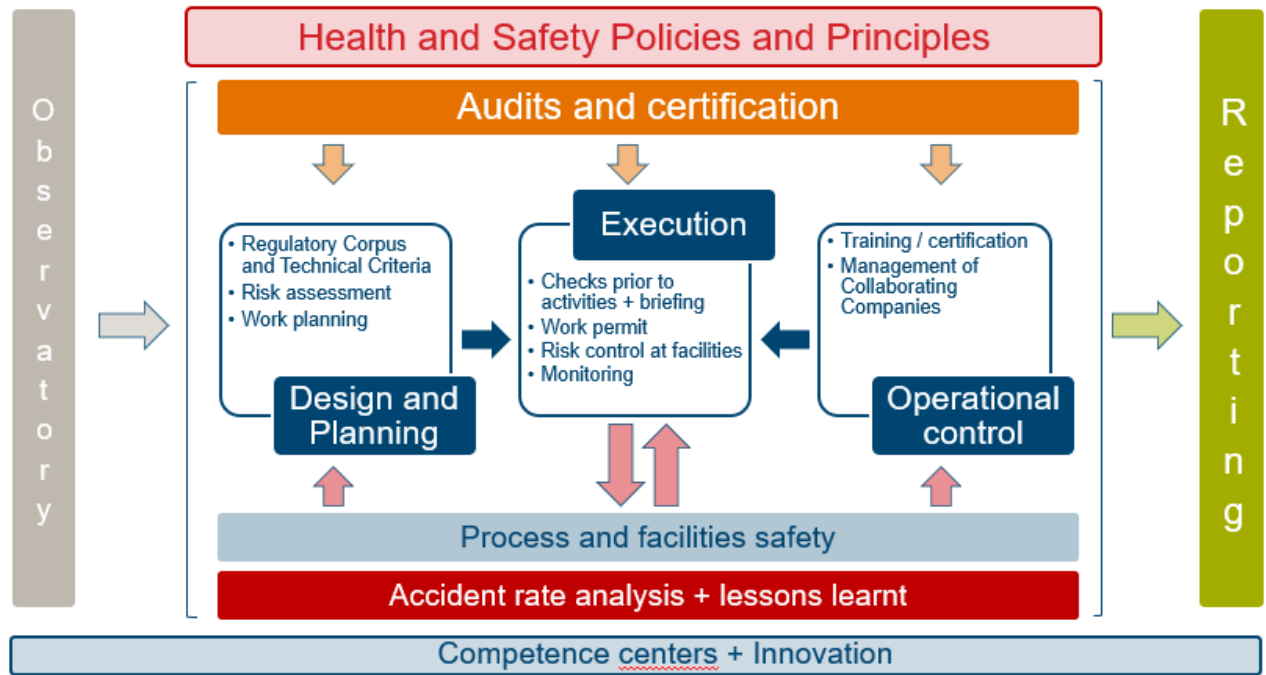
With this vision, the health and safety governance model is consolidated, with a top-down committee structure, which is adapted to the new business structures and guarantees that criteria are implemented uniformly throughout the organisation.



Development of the Occupational Health and Safety Management System

The normal development of the Occupational Health and Safety management system is structured on the basis of the following elements:

- An integrated occupational health and safety management system audited and certified by a third party, with scope for all businesses.
- The integration of health and safety in the value chain, including procurement, design and planning of activities and facilities.
- Action plans to address the most critical aspects, ensuring the implementation of preventive and/or corrective measures and strategic lines of work.
- Itineraries and training requirements tailored to the job.
- Uniform supervisory tools for the assessment and monitoring of risks, legal requirements, accidents and lessons learnt and their dissemination.
- Periodic reporting of health and safety performance, adjusted to the needs of the different stakeholders, with transparent and clear communication.
- Compliance with relevant international occupational health and safety standards and regulations, such as ISO 45001.
- Consultation and participation of workers or their representatives.
- A commitment to continually improve the occupational health and safety management system.
- The establishment of quantitative targets for the improvement of occupational health and safety performance, linked to the monitoring of the evolution of indicators and action plans arising from incidents and accidents.



Annual system audit plan

Annual internal and external audits and safety diagnostics are carried out to verify compliance with these systems, both in terms of their effectiveness and compliance with legislation. All the external audits carried out by AENOR concluded with a positive assessment of the level of implementation and integration of the management system in all the processes audited, which is effectively maintained and which complies with the obligations established by the legislation in force with a focus on improving performance in the area of occupational health and safety.

Consultation and participation

[403-2] and [403-4]

The main backbone of Naturgy's commitment to health and safety is the involvement and collaboration of the company's employees. To identify, correct and eliminate potential risk situations, it is essential that workers are involved through consultation and participation in safety, health and well-being issues. Furthermore, internal and external communication and participation in the development of the integrated quality, environment, safety and health management system allows for successful results.

Specifically, this system includes all groups identified by the definition of "worker" in the new 45001 standard.

Naturgy has established the following specific processes and bodies for consultation, participation and two-way communication with employees:

- Health and Safety Committees, a joint and collegiate body representing workers.
- Channels for participation and consultation—notice board, personalised letters, intranet, suggestion boxes, Employee Care Service (SAE)—through which anyone can propose ideas, make comments, complaints or improvements, without barriers or obstacles.
- Regular health and safety communication between unit managers and their teams in accordance with the Health and Safety Standard. These promote awareness and participation of all employees, also responding to their information needs through their lines of command.
- Enhancement of individual commitment through tools such as "Zero Tolerance", preventive safety observations and documented safety inspections.
- Code of Ethics channel, available to all employees, where they can make complaints about relevant safety breaches that require confidential and impartial treatment.

As required by ISO 45001, Naturgy guarantees disclosure of the results of the management system review by Management to the workers' representatives, encouraging their collaboration in the review and continuous improvement of the management system.

The Health and Safety Committee has the following competences:

- To take part in the elaboration, implementation and assessment of risk prevention plans and programmes.
- To discuss projects in the field of planning, organisation and development of work and protection and prevention activities, including training in preventive matters.
- To promote initiatives on methods and procedures for the effective prevention of risks, proposing to the company the improvement of conditions or the correction of existing deficiencies.
- To be directly aware of the situation regarding occupational risk prevention, making the visits it deems appropriate for this purpose.
- To be aware of the documents and reports relating to working conditions that are necessary for the performance of its duties.
- To be aware of and analyse the damage caused to the health or physical integrity of workers, in order to assess its causes and propose appropriate preventive measures.
- Provide suggestions and concerns in order to contribute to the proposal of secondary prevention and health promotion campaigns, as well as to promote the dissemination of information about what has been planned and agreed in this regard.
- To be aware of and disclose the annual report and programming of prevention services.

Health and Safety Committees meet on an ordinary basis at least once every quarter, and on an extraordinary basis when very relevant events occur or at the request of any of the parties.

Health and safety risks management

[403-2] and [403-7]

Health and Safety Action Plan 2021-2023

The Health and Safety Action Plan 2021-2023 was approved in 2021 with the main goal of drastically reducing the number of fatal accidents in the collaborating companies. It was prompted by a significant spike in fatalities associated with the operational activities of collaborating companies in 2020.

This Plan, which covers all geographies and businesses where the group operates, affects the entire safety management model, and identifies six transversal axes that are considered essential to consolidate Naturgy's safety culture.



The 5 cross-cutting lines of action

1. Visible leadership and safety culture: strengthening leadership and awareness actions, fundamental pillars of Naturgy's safety culture.
2. Collaborating companies: improving control over CCs and reducing the associated fatal accident rate.
3. Digitalisation and reporting: improving safety through innovation and technology.
4. Operational discipline and effort metrics: ensure compliance with legal requirements and the goals defined in the safety management model.
5. Safety in large works and projects: guarantee the integration of safety in all phases of the decommissioning works of thermal power stations, and in new renewable energy generation projects from the design phase.

These five transversal axes are materialised in more than 30 specific lines of action, and are aimed at reinforcing the safety model in all businesses and improving the level of safety performance of CCs.

Common health and safety regulatory framework

At Naturgy, health and safety standards, procedures and technical rules of a transversal nature and applicable to the entire group are in place to ensure that activities are carried out under the same safety conditions in all areas and countries. It is the business units that ensure their dissemination and implementation, as well as proper application.

To achieve this goal, competence centres have been set up to collaboratively develop these corporate standards. This work promotes the commitment of the entire organisation and has a positive impact in improving safety, reducing accidents and achieving optimal results, while ensuring ongoing adaptation and review.

This common regulatory health and safety framework is complemented by technical and safety procedures and instructions by type of activity and through a system for managing work permits for risk activities.

Risk assessment and management mechanisms

[403-2]

The main strategies followed by Naturgy are based on avoiding risks and minimising those that cannot be eliminated. It has instruments for operational control that guarantee that the activity of its workers and collaborators is carried out in the most adequate conditions and in compliance with the contractual, voluntary or legal requirements.

Within Naturgy’s OHSMS, and as one of its key processes, the system used for identification of occupational hazards and risk assessment for the organisation’s employees has been defined through the corporate standard of identification, assessment and control of occupational risks. It sets out, among other issues:

- Guidelines for identifying hazards to which workers may be exposed.
- Methodology for risk assessment.
- Responsibilities associated with the execution of these processes and competencies of the staff involved.
- Participation of workers’ representatives.
- Frequency.
- Criteria for reporting results to employees.
- Criteria for review processes that ensure their effectiveness.

To ensure that all the information identified in this respect is also passed on in an appropriate way to the rest of the group of “workers” (contractors, suppliers, visitors, etc.), a process is coordinated with the contractors to ensure that these workers receive the relevant information on the hazards and risks, as well as on the health and safety measures to be applied in performance of the activity. This minimises the risks associated with the contracted activities and ensures that their level of safety is the same as that of in-house staff.

This process requires different actions that are applied depending on the type of contract, the activity contracted and the work centre where it is carried out, such as:

- Definition of health and safety contracting prerequisites.
- Setting up the corresponding means of coordination according to the type of activity contracted (documentary exchanges, coordination meetings, etc.).
- Control and supervision of the safety conditions in the performance of the works where necessary.

In the case of workers who are hired through a temporary employment agency, the worker is informed prior to their effective incorporation about the risks associated with the work to be carried out and the centre where they will perform it, as well as the protection and prevention measures against these risks.

Naturgy has developed and implemented operational controls that ensure effective management of occupational risks, in accordance with the standards. The performance in 2022 of these inspection, monitoring and control mechanisms implemented in all business units was as follows:

<p>7,859 Preventive safety observations</p>	<p>22,533 Documented occupational safety inspections</p>	<p>3,554 Zero Tolerance records and preventive stoppages of work</p>
<p>100% Investigation of accidents and incidents that occurred</p>	<p>N/A Lessons learnt</p>	<p>N/A Safety contacts</p>

Innovation in safety management

As part of its commitment to innovation and adaptation to a more digital environment, Naturgy has initiated the application of **Business Analytics to the documented safety inspections**. This tool is a further step in the intelligent exploitation of the information and safety data obtained in the performance of documented safety inspections. It has been developed in Power BI, is integrated in the Prosafety application and accessible to all Group businesses and countries.

Digital pre-check is an agile, simple and dynamic tool that integrates mobility and geolocation solutions applied to carrying out safety checks prior to carrying out dispersed work. Digital pre-check has made it possible to maximise the effectiveness of one of the most relevant impacts on work safety: "the time of planning immediately prior to the commencement of the work". This tool is characterised by:

- Digital approach to the preliminary safety check prior to work being carried out.
- Linking pre-check with the works to be performed.
- Minimum Health and Safety checks in accordance with internal regulations.
- Guidance to own staff and CCs (contractors and subcontractors).
- Provide information to supervisors, security coordinators and CCs managers for better control of operations and brigades in the field.

This new tool has made it possible to:

- Guarantee the quality and safety of our work.
- Monitor operational activity and allocated resources. (Geo-positioning)
- Continuous awareness of Health and Safety aspects (Risks, Preventive Measures)
- Develop action plans based on the analysis of work planning.
- Create interfaces with other applications and processes.
- Learn from experience through data analysis.

Its overall aim is to demonstrate that unsafe behaviours are not tolerated at Naturgy and that, if they are detected, the company gets involved in resolving them.

All these safety tools have a positive impact on the reduction and immediate correction of risk situations. Accordingly, all Naturgy personnel are responsible for detecting, resolving and reporting deviations as part of their commitment to safety.

Ultimately, all workers have the Code of Ethics channel where they can make complaints about important safety breaches that have to be treated confidentially, impartially and without fear of reprisal.

The findings emerging from Naturgy's monitoring mechanisms and periodic review of hazards and risks are incorporated into the management system to ensure the effectiveness of its function. In this way, the various conclusions and proposals, together with other relevant information, are brought together in a global Naturgy-level system review report. All this is done as set out by management in the review procedure, which defines the methodology and responsibilities.

Risk map and process safety management

[403-2]

Process safety is a necessary complement to occupational and industrial safety in order to manage all risks associated with the facilities and their operation. To this end, maintenance and verification programmes for regulatory compliance of facilities are carried out, in which special attention is paid to the compliance with process safety management standards aimed at ensuring the mechanical integrity of assets, management of changes - both in personnel and in technology and facilities - and adequate management of possible emergencies.

This process is carried out by each business unit because they have the most accurate and up-to-date view of the risks in their facilities, which allows them to focus on the highest risk situations and thus prioritise actions aimed at:

- Maintaining:
 - Facilities in good condition.
 - A reliable service.
 - Operating license.
 - Good relations with authorities and community.
 - Reputation.
 - Creating value and employment.
 - An image of lower risk for investors.

- Improving competitiveness, efficiency and costs.
- Avoiding:
 - Serious accidents and their consequences.
 - Material and equipment losses.
 - Environmental damage.
 - Interruptions in business operations.
 - Fines, penalties and compensation.
 - Costs of accident investigation and remedial action.

Main risks and opportunities

Within the framework of the OHSMS, Naturgy has duly identified and assessed the main risks and opportunities in order to take actions to prevent the materialisation of risks and take advantage of opportunities that can help improve its performance and reduce negative impacts on the health and safety of workers.

This global analysis is complemented by the analysis of specific business risks, mainly aimed at guaranteeing the safety of people, the integrity of assets and the continuity of operations.

RISK	CAUSES	ASSESSMENT*	ACTIONS TO ADDRESS
Loss of homogeneity of the criteria supported in the Occupational Health and Safety Management System (OHSMS).	Organisational model with greater business autonomy.	Moderate	Enhance the activity and content of the H&S operational committee and safety competence centres.
Inadequate maintenance of the OHSMS	Lack of coordination resources.	Tolerable	Matrix, hierarchical and functional organisation, with definition of business and corporate roles.
Loss of preventive culture, ineffectiveness in achieving goals.	Change with the inclusion of groups not trained in the Health and Safety Commitment. Rotation and inclusion of new	Tolerable	Promote health and safety leadership courses for new hires. Strengthen communication and leadership actions on safety in the framework of the Action Plan 2021-2023. Meetings with contractors, with special focus on those newly awarded in order to pass on Naturgy's values.
Heterogeneity in the implementation and monitoring of OHS within the group.	Greater business autonomy in OHS	Tolerable	Strengthen the activity and contents of the H&S operational committee and the safety competence centres, and the transversality of the actions associated with the OHS function. Define model of cross-cutting activities that are governed by functional hierarchy and require specific business resources for their development.
Inadequate reporting of OHS indicators and performance (i.e. reliability of data, roles and responsibilities)	Organisational changes.	Tolerable	Strengthen the governance model, awareness of H&S reporting requirements and the development of tools to facilitate reporting and data integrity.
Non-compliance with any legal requirement on OHS.	High volume of applicable legal requirements.	Tolerable	Migration of the Themis tool to Salem (new evolved version). Greater weighting in internal and external audits of the aspects of verification of compliance with legal requirements. Compliance controls and Crime Prevention Model.
Accident rate increase.	Lower level of demand and safety monitoring at collaborating companies.	Tolerable	Action Plan 2021-2023. Regular monitoring of indicators. Red safety lines and disciplinary regime applicable to CCs
Suppliers with high ESG risk	Subcontracting of high-risk operational activities	Moderate	Increasing the level of monitoring and control of subcontracted companies carrying out high-risk activities. Assessment of performance of CCs in health and safety issues Documentary control and carrying out random OSH audits.

* Risk assessment criteria as laid down in NT.00071.

OPPORTUNITIES	ASSESSMENT*	ACTIONS TO ADDRESS IT
Consolidation of the safety model based on ISO 45001, certified in 2020 and in force since the same year, promoting greater coordination and synergy between businesses.	Optimal	IMS Audit Plan 2023. Tender for the external audit process. Reinforcement of the multisite model incorporating the improvements identified in the previous stage. Development and maintenance of an effective and efficient management system.
Collaborative work model based on competence centres comprising personnel from the different business areas.	Optimal	Enhance the activity and contents of the H&S operating committee. Consolidate the organisational model of prevention based on competence centres.
Reinforcement of the preventive culture based on new ways of working (digitalisation, risk perception, organisation-based safety etc.).	Optimal	Enhance the use of digital tools such as BI, Serious and Fatal Injury Precursor (PLGF), and applied innovation to reduce risk exposure.
Enhance the model of self-diagnosis of the level of implementation of the IMS based on objective criteria (accountability of the business units).	Normal	Development of a tool that facilitates self-diagnosis of the level of compliance by business units.
Consolidation of centralised tools for the management of core safety processes.	Optimal	Centralised corporate tools (Prosafety, Control A, Themis). Design, evolution and efficient use of a single system.
Maintaining a certified, third-party audited management system supports compliance and the Crime Prevention Model.	Optimal	Keep OHS and Healthy Organisation certifications up to date. Develop a Power BI module to exploit audit findings.
Simplification of the Prosafety event module. Agility in communication, focus on relevant information and access to CCs.	Optimal	Implementation of the update of the Prosafety events module according to the revision of NT.00035. Mobility app for the initial reporting of events by the CCs.
Safety Action Plan 2023-2025.	Optimal	Conduct a security perception survey of the entire collective. Identify areas for improvement and actions to be developed in the Action Plan 2023-2025.

* OPTIMAL: the opportunity can clearly help improve the performance of the OHMS. NORMAL: the opportunity and its impact on the performance of the OHMS must be analysed and actions implemented considering the costs, level of effectiveness and the scope of the measures of the organisation.

Management and investigation of accidents and incidents

[403-2]

Investigating and analysing events is an essential action to carry out actions aimed at minimising risk situations and thus improving safety and reducing accident rates. In 2022, 3,231 incidents and accidents have been analysed and investigated and proactively reported throughout the organisation.

The basic criteria for the identification, treatment and investigation of the causes of accidents and incidents are defined in the standard “Process for reporting, investigation and follow-up of accidents and incidents”. They are also included in the procedure “Management of findings of the integrated management system”, when deviations are identified in the processes or non-conforming products and/or services are detected.

The investigation process starts as soon as the event becomes known. The persons in charge of the investigation, in order to know the circumstances in which it occurred, collect physical evidence and gather information, which is complemented by interviews, review of procedures, tests or analyses deemed necessary.

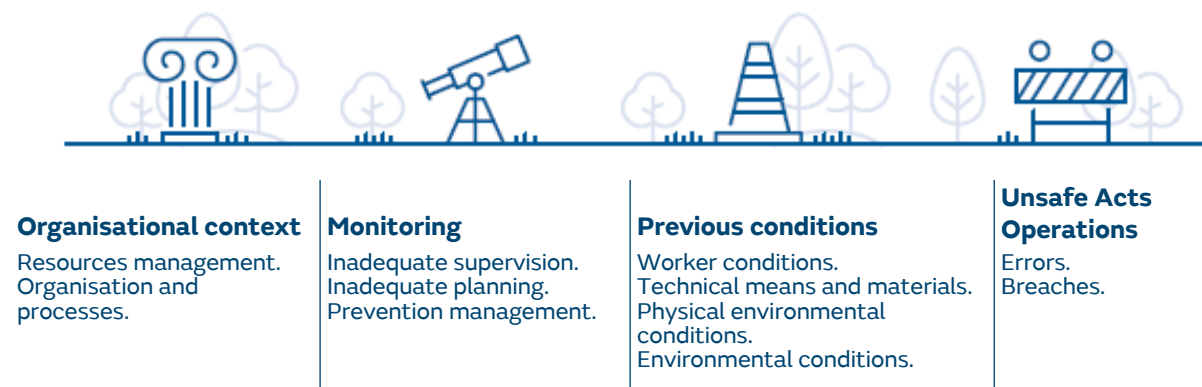
The purpose of the investigation throughout the process is:

- Identify the causes and contributing factors of the accident/incident: why.
- Identify, if appropriate, actions to be taken to reduce the risk of the event happening again: learning.

The processes of investigation involve participation by the workers’ line managers, those responsible for the activity, process or facility affected, workers involved, workers’ representatives and any other person who can provide relevant information to determine the causes that produced the event.

To facilitate the first purpose, Naturgy has a unified incident investigation system whose model is based on root cause analysis and optimised according to existing best practises and the HFACS (Human Factor Analysis Classification Scheme) methodology.

The model pivots on the following action areas:



This change helps in reporting and investigating accidents in the following ways:

- Optimising analysis and comparing between business units.
- Helping in the process of capturing information and disseminating lessons learnt.
- Enable root-causes to be reached through gradual reflection.
- Discriminating between responsibilities and analysing the hierarchical levels at which to act.
- Helping in adopting short and medium-term measures including the review of processes, activities and applicable standards.

In relation to the second purpose any finding arising from the research feeds into the risk assessment, so if the need is detected, a review of the risk assessment is carried out, recording the reason. It also opens the corresponding non-conformity, corrective and preventive actions of the integrated management system of quality, environment, health and safety, to restore compliance as soon as possible in order to minimise consequences and avoid a repetition.

The idea of Serious and Fatal Injury Precursors (PLGF), which contributes to both accident investigation and improvement implementation, is new to the Health and Safety Action Plan 2021-2023. This concept identifies a behaviour or condition that can lead to serious or fatal injury if not corrected. It also identifies high-risk situations where safety measures are absent, ineffective or not complied with and which, if maintained, could result in serious or fatal injury.

This new concept entails a change in the analysis and monitoring of accidents and incidents, the main negative impact of our activity on people. Its investigation process is even more exhaustive and control measures that act on these “precursors”, eliminating them or reducing their impact, are implemented rapidly.

▪ **Accident indicators**

[403-9], [403-10] and [IF-EU-320a.1]

	2022			2021		
	Total	Men	Women	Total	Men	Women
No. of recordable accidents (No. of employees)	12	11	1	9	8	1
No. of lost time accidents (No. of employees)	8	7	1	8	7	1
No. of accidents with serious consequences (No. of employees)	2	2	0	0	0	0
Deaths	0	0	0	0	0	0
Recordable accident frequency rate (TRIR)	0.17	0.24	0.04	0.12	0.15	0.04
Lost time accidents frequency rate	0.12	0.15	0.04	0.10	0.13	0.04
Frequency rate of accidents with serious consequences	0.03	0.04	0.00	0.00	0.00	0.00
Lost time accidents severity rate	5.66	8.00	0.00	2.61	3.61	0.52
Near miss frequency rate (NMFR)	5.76	-	-	4.74	-	-
Death frequency rate	0	0	0	0	0	0
No. of hours worked ⁽¹⁾	13,848,217	9,311,143	4,537,073	15,411,970	10,412,663	4,999,307
Occupational illnesses	1	1	0	2	2	0

⁽¹⁾ The international criteria of the American Gas Association has been used to calculate hours worked, which establishes 1960 hours per employee per year.

During 2022, the ratio of injuries per work-related accident was 0.26 and one occupational disease has been identified in Panama, corresponding to a lumbar hernia aggravated by the performance of the activity.

There have been no deaths associated with an occupational illness or disease of employees of the company. There is no record of any occupational illness or disease of staff of collaborating companies.

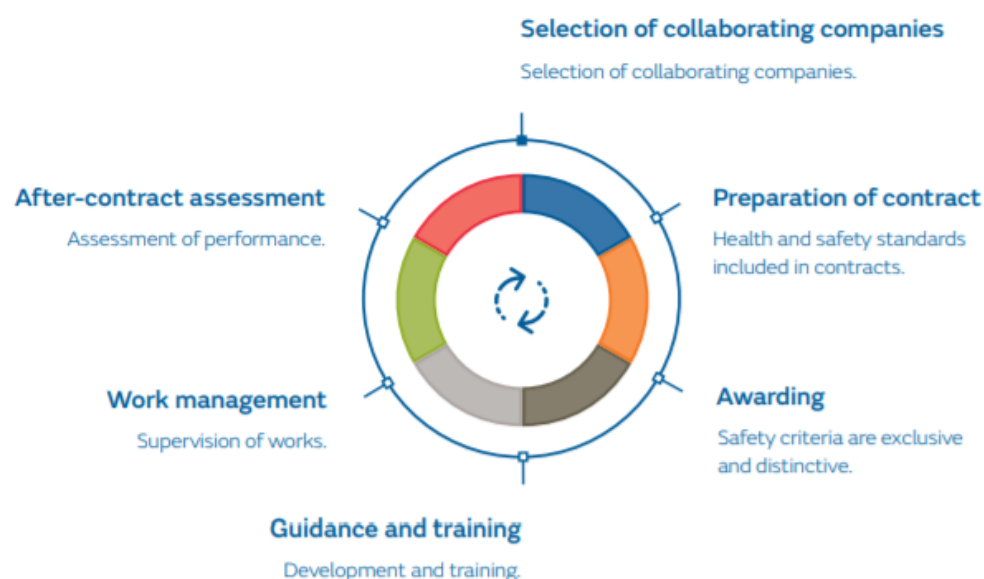
With regard to the evolution of the results, it should be noted that the data for 2022 are not fully comparable to those for 2021, as last year's figures do not include the accidents of the subsidiary Gasnor, S.A. (Argentina). Taking these accidents into account, the frequency rate in 2021 is 0.13, with a slight improvement in 2022.

As for the severity index for lost-time accidents, the increase in the indicator is explained by the occurrence of several accidents that have led to long-term sick leave, due to the consequences or injuries resulting from them.

Prevention of risks at collaborating companies: suppliers, contractors and subcontractors

Naturgy requires strict control by the CCs of the critical factors related to the most serious accidents. The following guidelines are applied to ensure this level of stringency and thus significantly reduce the accident rate in the CCs:

- They are not invited to the selection process if they do not meet the health and safety requirements.
- They can be disqualified if they do not meet the contractual safety and health requirements.
- Priority for employee training: demand of individual training certificate, verification of legal accreditations when required.
- Application of a sanctions regime if non-compliance is detected.



Naturgy has reinforced two tools that improve the safety proactivity of companies as part of the Health and Safety Action Plan 2021-2023 with the aim of eliminating accidents at the CCs:

- **Proposals for improvement of health and safety (HSP):** initiatives or improvement actions proposed by any person of Naturgy or its CCs to improve the safety of any process or activity. During 2022, 473 HSP have been presented with an impact on different business areas and which, after undergoing a process of analysis, assessment and implementation, generate a significant positive impact on the improvement of the safety of processes and activities.
- **Safety work stoppages tool:** any worker, whether they work at the company or at one of our CCs, may stop or not complete any activity in which they have detected situations of risk not foreseen in the established risk identification procedures. Its communication is included in the positive metric that recognises the safety proactivity of the CCs and generates a positive impact on the reduction of risk situations whose continuity or persistence over time could end up generating an accident affecting people. A total of 1,328 safety shutdowns were carried out in 2022.

▪ **Accident indicators of contractors**

	2022	2021
No. of lost time accidents	71	75
Days lost due to lost time accidents	3,235	1,941
Deaths	1	1
Lost time accidents frequency rate	0.31	0.37
Lost time accidents severity rate	13.95	9.5

In 2022, there has been an increase in the severity rate due to the occurrence of several accidents with long-term sick leave due to injuries resulting from the accidents.

As a result of the implementation of the Health and Safety Action Plan 2021-2023, there has been a significant decrease in the fatal accident rate in CCs, from four fatal accidents in 2020 (it does not include data from the Chilean company CGE, as it was deconsolidated at the end of the year), to one in 2021 and one in 2022. The objective for the coming years is to consolidate this trend and reach the goal of zero fatal accidents in Naturgy's activities.

The fatal accident in 2022 occurred during the company's electricity distribution activities in Panama. While carrying out preventive maintenance work on a line position in an electrical substation, an operator received an electric shock and subsequent passage of current with fatal results.

The accident investigation process has defined different actions to be implemented both locally and transversally in all businesses involved in electricity distribution to try to avoid similar accidents (safety protocols for work in substation cubicles, work order communication protocol).

Safety among customers and society

One of Naturgy's fundamental commitments is the safety of people, involving not only employees but also suppliers, CCs, customers and other stakeholders, minimising the negative impact that its activities may have on the communities and geographical areas in which it operates.

With regard to customer safety, Naturgy establishes and maintains effective communication channels with its customers concerning:

- Information concerning the product/service, and its safety.
- Service Level Agreements.
- The consultations, contracts, handling registrations, cancellations and modifications.
- Customer feedback, including complaints.
- Incident management.
- Protocols for action in emergency situations/contingency actions.

These communication channels, especially the complaints and claims channel, provide very useful information to improve and increase satisfaction levels of customers in their relationship with Naturgy.

As for the dangers and risks of the products or services commercialised or provided, all applicable requirements are clearly determined. This is to develop products and services that respond to demand and improve the level of safety and satisfaction.

Requirements can be defined by the customer (needs and expectations), regulations, standards (internal and external) or be intrinsic to the service. For this purpose, a complete verification is carried out to ensure that what is purchased by the customer meets the standards of quality, safety, health and well-being of people, in addition to complying with the safety of the facilities.

		2022				2021			
Injuries and fatalities to the public involving company assets		Accidents (No.)	Injuries (No.)	Deaths (No.)	Legal actions (No.)	Accidents (No.)	Injuries (No.)	Deaths (No.)	Legal actions (No.)
Argentina	Gas business	5	1	3	2	16	5	2	5
	Electricity business	0	0	0	0	0	0	0	0
	Total	5	1	3	2	16	5	2	5
Brazil	Gas business	1	1	0	0	2	2	0	0
	Total	1	1	0	0	2	2	0	0
Chile	Gas business	0	0	0	0	0	0	0	0
	Electricity business	0	0	0	0	N/A	N/A	N/A	N/A
	Total	0	0	0	0	0	0	0	0
Spain	Gas business	20	87	2	3	28	90	7	25
	Electricity business	6	2	1	0	7	4	0	0
	Total	26	89	3	3	35	94	7	25
Panama	Electricity business	0	0	0	0	1	1	0	6
	Total	0	0	0	0	1	1	0	6
Mexico	Gas business	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0
Total	Gas business	26	89	5	5	46	97	9	30
	Electricity business	6	2	1	0	8	5	0	6
	Total	32	91	6	5	54	102	9	36

Training and communication

[403-5]

Naturgy has designed training itineraries aimed at training workers on occupational hazards and the application of the necessary safety measures for the performance of their work. These itineraries highlight training associated with the most critical risk factors such as electrical risk, working at height, working in confined spaces, cargo handling, road safety, etc., as well as other activities aimed at improving the level of risk perception and health and safety leadership.

Employee health training has been geared towards empowering staff to deal with day-to-day stress. In addition, mental health care is promoted, as a result of the psychological effects of the pandemic, through courses on the management of emotions and mindfulness.

In 2022, a total of 58,976 hours of training were carried out in the area of Occupational Risk Prevention in 996 training actions (both on-site and virtual or with online training supports) and with the participation of 20,671 people. This intense training activity has a very positive impact on improving the safety performance of the group's workers.

In 2022, more than 50,000 hours of training were carried out in the area of Occupational Risk Prevention, half of them in classroom mode and the rest in virtual mode or with online training support. This intense training activity has a very positive impact on improving the safety performance of the group's workers.

Training of collaborating companies

Naturgy provides CCs with all the necessary learning to promote the health and safety culture that exists throughout the company. This is why courses specifically aimed at CCs are facilitated through the Corporate University.

Internal rules of global application have also been established in which coordination between operational business units and their CCs is promoted.

Dissemination

[403-4]

Within the framework of Naturgy's commitment to health and safety, the dissemination of its own and other people's events, learning and good practices occupy a prominent place on the intranet platform. The content of this dissemination is reaching contractor companies through the businesses.

At the same time, Naturgy promotes external dissemination actions aimed at improving the safety of the environment in which it carries out its activity, where the following activities are particularly important:

- Participation and leadership in national and international sector-specific and safety forums.
- Participation in a research project for the creation of a new psychosocial assessment instrument together with entities of the competent administration and 40 companies of recognised prestige.
- Collaboration with public administrations in safety awareness campaigns.
- Active sponsorship of safety conferences in the gas and electricity sectors.
- Promotion of sectorial accreditation models.
- Promotion of forums for the exchange and dissemination of best practices with collaborating companies.
- Carrying out joint safety meetings with collaborating companies.

Health

[403-7]

Naturgy is firmly committed to offering its employees a healthy working environment and well-being. The Comprehensive Medical and Health Assistance Unit is based on excellence and ongoing innovation to make available to employees, their relatives, CCs, customers and the social environment in which the company operates, a global, health and well-being strategy that encompasses everything necessary for their benefit, both with regard to prevention, promotion and healthcare, in a customised way, as well as training and information with regard to healthy habits, taking into account both individual needs as well as the particular circumstances of each country.

During 2022, COVID-19 management continued, maintaining the same preventive measures as in 2021, which consisted of answering telephone queries and managing the cases that arose, and who then continued to work from home without access to work centres in order to prevent occupational infections, thus improving on the measures proposed by the authorities that allowed access to work centres for people who tested positive.

Master Health Plan

This plan defines the strategic guidelines and establishes the general framework for action of Naturgy in the field of health care, ergonomics and psychosociology. The responsibilities under the plan correspond to each and every one of the business areas and countries within the group. In addition, comprehensive medical and health assistance services act as advisors for the development, monitoring and control of the plan in each of the areas.

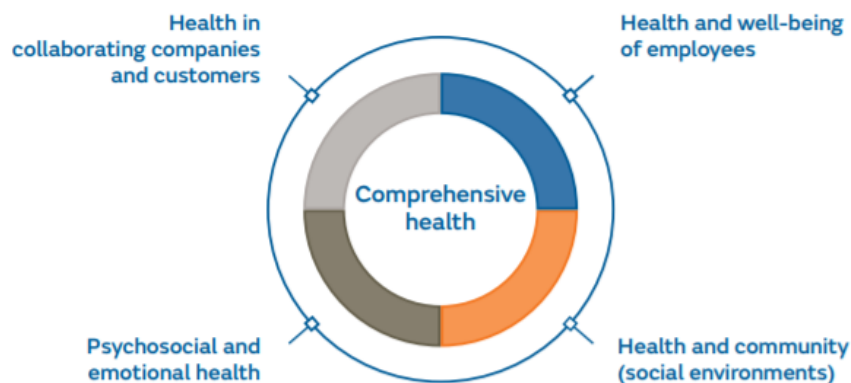
Master Health Plan targets

Standardised actions	Ensuring the health of workers, developing standardised actions and respecting differences inherent in each country.
Compliance with regulations	Monitoring compliance with the relevant regulations to each area in the field of health.
Development of activities by external collaborators	Coordinating the development of activities by external collaborators and establishing monitoring and control measurements.
Definition of indicators	Defining the indicators necessary to assess the implementation and development of the Master Health Plan, as well as all of the involved activities.
Lifelong learning	Ensuring continuous training of professionals in the activity, information about the latest technological developments and promoting creativity for innovation.

Actions for employees' health

Occupational health services for employees [403-3]

The Comprehensive Medical and Health Assistance Unit is formed by a multidisciplinary team, whose function is to guarantee the health and physical, psychological and social well-being of all workers, carrying out a set of activities related to health monitoring, ergonomics and applied psychosociology and the promotion of health beyond the workplace.



Every year, this unit defines lines of action and sets out the general framework for Naturgy's activities in the field of health, which it applies to all business areas at national and international level and ensures that processes and actions are carried out in a uniform way, respecting the inherent differences of each country.

This plan is implemented through the following lines of action:

- Integral health care in the workplace.
- Support for persons suffering from common illness and accidents.
- Preventive campaigns to combat the most prevalent diseases.
- Management of individual aspects of person-position interrelationship considering both the special sensitivities of the workers and the ergonomic needs.

- Prevention of psychosocial conflicts and promotion of psychological well-being.

As well as in three support or transversal axes that are:

- National and international coordination.
- Integrated management.
- Training and communication.

To guarantee the organisation and quality of Naturgy's employees health services, the company's objectives to improve the standards of occupational health services are reviewed each year and an action plan is drawn up on the basis of indicators.

Naturgy's medical services coordinate the activity of external prevention services, transferring the guidelines to be followed in terms of preventive campaigns, to manage health campaigns and Health Surveillance homogeneously for the whole territory. Each medical service is assigned a territorial area of influence to provide a response and solution to all incidents that arise, both in the performance of examinations and campaigns at the facilities of external collaborators. Employees have at their disposal the employee care service, which collects their doubts and incidents and passes them on to the Naturgy medical service responsible for their resolution by means of intermediation with external collaborators.

The Medical Assistance and Integral Health Unit systematically proceeds to the identification and analysis of any health-related aspect that may be susceptible to being taken into account.

Likewise, these activities are included in the annual process of internal and external audits of the integrated management system, as well as the audit of the Healthy Organisation certification (formerly known as Healthy Company). This is in addition to the company's own audits for accreditation with official bodies.

The integrated management system undergoes an annual review, so that its validity is ensured and its adaptation to Naturgy's Corporate Responsibility Policy is maintained. Other documentation, such as the results of internal and external audits, the results of process performance and the monitoring of area goals, are also taken into account for updating.

In addition, the Medical Assistance and Integral Health area monitors this activity and evaluates the results and impact achieved using several quantitative and qualitative methods and indicators. Among other things, the number of medical examinations, the number of injuries that are precursors to serious illnesses detected in time, staff participation in the campaigns, absenteeism rates, the number of psychosocially evaluated positions, the interventions carried out in this regard, the number of positions with ergonomic evaluation, ergonomic actions carried out at the request of workers, etc., are counted and evaluated.

Psychosocial risk assessment

During 2022, work has continued on the lines of action of the Psychosocial Plan 2021-2022, the structure of which is based on five interrelated pillars aimed at controlling psychosocial factors to improve the health and well-being of workers.

- Communication plan and information campaigns in order to promote awareness and sensitisation on psychosocial risks at all levels and spheres of the organisation.
- Implementation of a training plan on psychosocial factors with training actions aimed at managing the psychosocial risks identified in their own risk assessment, and training in skills and competences.
- Use of tools for measuring initial exposure and monitoring.
- Promotion of the participation and consultation of workers for the coordination of joint actions.
- Creation of multidisciplinary groups to seek synergies and facilitate the approach to the management of psychosocial factors, from an integral perspective, increasing creativity and innovation with actions associated with the resolution of psychosocial problems, improving health and well-being within the organisation.

In line with Naturgy's commitment to psychosocial risks, it should be noted that, at the beginning of 2020, a psychological support service was set up in Spain through a specialised telephone helpline run by the Trauma, Crisis and Conflict Unit of the Faculty of Psychology of the Autonomous University of Barcelona (UAB), which has continued throughout the pandemic years and also in 2022, as mental illness has been increasing in recent years and is now one of the most important causes of illness and absenteeism in the working population. For this reason, a multidisciplinary approach to psychological disorders is being planned for 2023 by both Naturgy's health and psychosocial professionals.

Healthy Organisation Model

[403-1] and [403-8]

Naturgy has taken a qualitative leap forward by achieving certification by AENOR as a "Healthy Organisation" in 2022, by evolving its management system (from the previous model of a healthy company following the guidelines of the World Health Organisation) to a model with a high-level organisational structure, thus reflecting the company's commitment to the existing international principles and recommendations that aim to continuously promote and protect the health, safety and well-being of its own workers, their families and the different communities where the company performs its business activity, with the participation of all stakeholders.

During the certificate validity period, AENOR conducts annual follow-up audits of the Healthy Organisation management system, to check whether it is being effectively implemented and whether the conditions that gave rise to its concession are being maintained.

The scope of the international implementation of this model extends to Argentina, Brazil, Chile, Mexico and the Dominican Republic. In addition, on the international stage, work has been carried out on the implementation of the Healthy Organisation Model in the Naturgy Integrated Management System, using the Enablon tool and a new format of the Management Review Report to manage its activity.

Workers' access to information about health issues in the company

Naturgy facilitates access by workers to all information about health topics in the company. Health managers apply a policy of personalised and committed attention to those health and well-being issues that, depending on the country, require both the attention of health professionals and the individual and collective awareness of workers. This policy extends to the family level.

The company's commitment to health and well-being also extends to other stakeholders such as customers and the communities where it operates, as shown, for example, by the energy and environmental volunteering actions and the company's commitments included in its strategic plan for actions to protect the environment and reduce its carbon footprint, among others.

Various channels of communication with members of the integrated health team are made available to employees:

- **Employee Care Service (SAE).** Employees access health services directly after the appointment request that is given through the employee care service. This service serves to directly resolve questions and requests in this area.
- **Communication.** An important effort is carried out to strengthen the culture of health and well-being of the company through awareness and communication, with the aim of educating people working at 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 well-being of the employees is also the well-being of those around them. During 2022, this channel has been used on a daily/weekly basis in order to convey to employees the most relevant aspects.
- **Training.** The health model implemented has led Naturgy to promote the contents as part of the group's Corporate University, incorporating and developing the key training itineraries for this purpose.
- **Intranet.** Employees can access the comprehensive contents of the intranet on different subjects to care for their health: nutrition, mindfulness, or prevention of musculoskeletal injuries, among others. In 2022, with the pandemic over, the usual prevention campaigns have been resumed.
- **My Benefits Portal.** From this portal, which is accessible from different devices (PC, tablet and smartphone), employees access different health-related services such as their health insurance and policies, as well as informative content (videos / health contacts).

- **Consultation and participation.** All the actions and campaigns set out in the Annual Health Plan are submitted to the Health and Safety Committee so that the workers' representatives can express their opinion on the proposals of the health team and consult their doubts, as well as propose health campaigns that may be of interest to them.

Promotion of workers' health

[403-6]

The health model approach, described in the previous point, is supplemented by a series of additional campaigns and actions, going beyond mere legal compliance and work-related health, and directly impacting on individual aspects of workers that could pose a risk to their health.

These campaigns and actions seek to increase personal, physical and emotional well-being, and to combat risk factors and health stressors, resulting from a contemporary lifestyle and habits, encouraging Naturgy workers to enjoy an active and healthy aging. All information regarding these campaigns is updated and available to all employees on the intranet.

The year's planned actions are also disclosed together with the Annual Health Plan at the first Health and Safety Committee of this year, in which the plan is put forward for consultation and in which the workers' representatives participate. This information can be consulted on the organisation's prevention portal.

The most relevant actions carried out in this area are:

- Promote greater awareness and encourage self-responsibility as a pillar of living a healthy life.
- Raise awareness of positive habits and behaviours for the health of all people.
- Empowering workers to take care of themselves and their families' health, as well as to act as influencers in their social environment by providing them with continuously updated knowledge.

As regards employees and workers who are not employees but whose work or place of work is controlled by the organisation, Naturgy transfers its own protocols and procedures to external prevention services to provide suppliers with lines of action in the event of health problems that they can follow as a reference. In this way information flows both among its own and external workers and in the community in which the Naturgy group operates in the different countries.

Prevention campaigns and health promotion

Naturgy offers its employees a series of prevention and health promotion programmes through voluntary campaigns by the medical services. These campaigns are offered during medical examinations and are aimed at the most relevant health problems in the areas where Naturgy operates.

Campaigns as important as secondary prevention of cardiovascular risk, campaigns for the detection of pre-cancerous lesions (colon, prostate, gynaecological, or lung, in which Naturgy is pioneer, etc.), haematological or ocular diseases, are made available to employees.

Primary prevention is also present through vaccination campaigns (flu and communicable diseases such as tetanus or hepatitis) and primary prevention of cardiovascular risk campaigns: anti-smoking and addiction campaigns, management of overweight, diabetes and obesity, etc., in order to reduce the presence of risk factors for foreseeable diseases.

The actions of the health services in prevention campaigns and comprehensive health promotion activities consist of:

- Design, coordinate and disseminate actions aimed at preventing the onset of diseases (primary prevention) and/or detecting and neutralising diseases at an early stage, reducing their consequences and improving their prognosis (i.e. detection of pre-infarct cardiac alterations, detection and removal of pre-cancerous lesions such as colon polyps, as well as facilitating the rehabilitation treatment of minor muscle injuries to prevent their progression).
- Design informative campaigns on healthy lifestyles in order to train workers to improve their health and that of their families, as well as that of the communities where they live owing to its influence.
- Promote campaigns aimed at supporting the communities in which the group operates.

- Assess the effectiveness of these campaigns with the results obtained annually.
- Furthermore, professionals in the health area collaborate with the social benefits function in the optimisation of employee health insurance (review of health coverage and advice on updating the medical directory).

Campaigns are adapted to the health needs of the moment. The pandemic therefore took centre stage in the previous two years, with the focus in 2022 shifting back to more prevalent health problems such as cardiovascular disease and cancer.

Absenteeism

• Total lost hours

	2022	2021
Spain	196,071	200,250.35
Chile	62,024	69,503
Argentina	45,528	36,032
Brazil	7,882	10,114
Costa Rica	288	264
France	n.a.	727.5
Morocco	n.a.	1,971.39
Mexico	13,016	11,952
Panama	4,037	4,935
Peru	n.a.	0
Dominican Republic	2,256	2,571
Uganda	n.a.	2,192.8
Total	331,102	340,513.04

09. Innovation and new business development

[3-3]

(Technological and digital innovation)

Naturgy's contribution to the SDG



Naturgy sees innovation as a necessary tool in the fight against climate change and a key factor in the development of new energy solutions. Accordingly, the company's innovation model is designed to weave collaborative networks with the ecosystem to respond to the complexity of the environment and solve challenges in an expeditious and effective way.

To this end, the model is based on the following pillars:

- **Innovation is collaborative and open**, able to respond quickly to signs of change in the environment and evolve in complicated scenarios, able to transform mistakes into learning, and forecasting the future by understanding the past and observing the present.
- **Innovation is a key lever for growth** as it enables the incorporation of new or better practices, new business models and technological solutions that contribute towards digitalisation, automation and optimisation of processes, guaranteeing safety, operational improvement and facilitating access to information for better decision making. All this in order to place the customer at the centre to provide value-added and sustainable solutions and ensure the company's long-term competitiveness.
- **The generation of renewable gases such as renewable hydrogen or biomethane** for end uses where electrification is neither technically nor economically feasible. Hydrogen is an efficient and immediately decarbonising solution in intensive industry or transport. In addition, its quality as an energy vector gives it great potential as an instrument for energy storage and sector integration. Similarly, biomethane can be used to replace natural gas without incurring abatement costs for adapting infrastructure or equipment.
- **The optimisation of renewable energy generation** through innovative systems due to their improved energy efficiency and their ability to be integrated into the environment with lower costs or greater reliability. This promotes the entry of new agents into the system and the coverage of part of the energy needs of households, SMEs and public administrations.
- **The direct use of energy** through new manageable electricity consumption that provides flexibility, for example, in air conditioning or mobility, as well as through storage for later use.
- **The response to increasingly fragmented markets**, with small, fast-moving competitors, both commercial and generation, with renewable developments closer to customers and smaller in size.

To achieve the goals set, Naturgy has deployed a set of innovation tools based on the search for opportunities - acceleration and investment in operations - and the deployment of a portfolio of projects to broaden the company's industrial profile; incubator of start-ups, investment vehicle, etc.

The challenges presented by the energy transition represent an important business opportunity. Under this premise, and within the framework of the Strategic Plan 2021-2025, Naturgy is developing an extensive investment programme in renewable energies and in the development of new lines of business in areas such as renewable gases, storage and sustainable mobility.

Additionally, the NextGenerationEU funding programme and its application in Spain through the Recovery, Transformation and Resilience Plan represent a clear funding opportunity.

This Plan is a "country project" that aims to speed up the recovery of economic growth and job creation in Spain, so that this transformation is solid, sustainable, inclusive and resilient, responding to the country's main challenges over the next decade.

Two of these main challenges are the energy transition, for which the programme will dedicate 37% of the budget, and digital transformation, for which it will dedicate 33% of the budget.

Both challenges are shared by Naturgy in its Strategic Plan, which is why the company seeks to be a key player in the energy and digital transformation, which will accelerate the Transformation Plan itself. Recovery Funds are a great opportunity to be able to realise many projects and to be increasingly sustainable, innovative and competitive while having a positive impact on our environment and society.

Within the framework of the recovery programme, Naturgy has presented projects in the following areas:

- **Renewable gases**, mainly for the development of H₂ and biomethane production projects, with a model based on the development of hydrogen valleys and their interconnection with the gas network, whereby projects for the adaptation of existing gas networks are also envisaged.
- **New renewable generation technologies**, such as offshore wind power, or the development of energy storage systems, to favour the integration of renewable energies and lend flexibility to the system.
- **Digitalisation**, including projects to digitalise the company's electricity grids, improvements in the operation and maintenance of renewable generation infrastructures, systems for participation in electricity markets, as well as cross-cutting projects related to data and cybersecurity.
- **Energy Efficiency**, for the development of efficiency solutions and the promotion of self-consumption by industrial, tertiary and residential end customer. The projects proposed focus mainly on innovative solutions for shared self-consumption, accompanied by social measures that integrate training and rehabilitation, promoted by the Naturgy Foundation.
- **Just Transition**, to promote solutions that guarantee employment and the creation of activity in the territories affected by the closure of coal-fired power stations. There are projects for new renewable electricity and renewable gas power stations at Just Transition sites.
- **Sustainable mobility**, for the development of innovative projects to promote sustainable mobility, including charging infrastructure for bio-CNG, H₂ and electric vehicles.

1. Innovation and new business development in 2022 at Naturgy

Evolution and results

• Investment in innovation

Investment in innovation by type (€M)	2022	%	2021	%
Process innovation	33.0	55.9	39.0	66.1
Product innovation	16.8	28.5	11.0	18.6
Commercialization innovation	2.9	4.9	4.0	6.8
Organisational innovation	6.1	10.3	5.0	8.5
Social innovation	0.2	0.3	0.0	0.0
Total R&D&I	58.9	100.0	59.0	100.0

Highlights of the year

- Naturgy and Equinor have reached an agreement to work together on the analysis and opportunities of offshore wind in Spain. The agreement includes the development of the Floating Offshore Wind Canarias project, a floating offshore wind farm of approximately 200 MW east of Gran Canaria, as well as the progressive introduction of this technology in Galicia and Catalonia.
- Through its GiraWind project, Naturgy promotes, together with Ruralia, Postelétrica and Huso 29 renovables, the management of wind farm dismantling and the recovery of dismantled turbines.

2. Innovation planning and technology monitoring

Forumtech

Technology monitoring and competitive intelligence take place through Forumtech, involving over 140 people from the various business units and corporate areas. These groups, which have a markedly collaborative nature, share and analyse information with a comprehensive vision, bringing together the areas of: technology, commercial, regulatory, social and market aspects. Insights are generated that guide the innovation activity and contribute to the evolution and transformation of the business. They facilitate the take-up of new technologies and best practices, awakening ideas and facilitating the development of new opportunities.

Scouting and Open Innovation

During 2022 Naturgy received and analysed more than 300 opportunities for collaboration, mainly due to the work of scouting of start-ups where the company combines collaboration with the leading international scouters and active internal search. In addition, Naturgy actively participates in initiatives with other corporations in the search for solutions to joint challenges.

Connecting Energy

This year Naturgy has consolidated its start-up incubation programme for start-ups, successfully closing the first edition and launching the second edition in September. The programme enables Naturgy to make the knowledge and talent of its employees available to the entrepreneurial community, promoting the creation of new companies. Twelve projects are currently being developed, with the support of a team of about 30 Naturgy professionals, including mentors and specialists. Incubation allows Naturgy to participate in the development of new business models and knowledge of new technologies, strengthening ties with the entrepreneurial ecosystem.

Innovahub powered by Naturgy

In 2022 Naturgy launched a new company with the aim of participating in innovative projects of third parties. Innovahub promotes the execution of pilots of novel technologies created by start-ups, validating the technologies in an industrial environment and contributing to the consolidation of the business projects behind them.

In a second line of activity, Innovahub is the vehicle for testing new business models through the creation of new companies with third parties, in the form of a venture builder.

3. Outstanding projects in innovation

Nextfloat

Naturgy participates in an international consortium to promote the industrial and competitive development of offshore wind energy in Europe. The NextFloat project will implement and test for 54 months an innovative 6 MW floating wind power system in the Mediterranean Sea, off the coast of France (Mistral), to test its scalability and future commercial development.

The project has been supported by the European Union and will be funded with Euros 15.9 million by the Horizon Europe programme.

The prototype uses a disruptive technology that aims to make the floating platform on which the wind turbine sits lighter. It also includes a patented system, "PivotBuoy", which will allow the platform to passively orient itself to the wind, thus maximising its energy efficiency and minimising the impact on the seabed thanks to its "TLP" mooring system.

Naturgy will spearhead tasks related to the socio-economic study of the project, the environmental viability or the commercial exploitation plan of the technology. In addition, it will be in charge of the project's communication strategy.

GIRA Wind

Together with Ruralia, Postelétrica and Huso 29 renovables, Naturgy promotes the management of wind farm dismantling and the recovery of dismantled turbines. The initiative is primarily aimed at inspecting and overhauling turbines that have been in service for years, both as a whole and in the form of spare parts. Secondly, the processing of components that are not fit for further use, but which can be second-life raw materials.

In 2022, work began on the experimental plant in Almazán (Soria), where various technologies and processing lines will be tested. Subsequently, plants will be deployed in different locations, with the aim of maintaining a close relationship with the territories and their local agents.

Second phase of the renewable gas mixed unit project

Research project developed by Naturgy, the EnergyLab Technology Centre and Edar Bens (A Coruña). Funded by the Galician Innovation Agency (GAIN), it is financed by the European Union within the framework of the Galicia ERDF Operational Programme 2014-2020 for renewable gases research.

This new stage will complete the work done so far by the mixed unit for biogas and biomethane research, which has achieved notable results such as the commissioning of a membrane filtration plant and the first biological methanation plant in Spain at the Bens wastewater treatment facility. Research into other renewable gases such as green hydrogen and bio-syngas will make it possible to assess their impact on current infrastructure and end consumption points.

Five new lines of research will be developed within the project:

- Improved biogas production through co-digestion and nutrient recovery.
- Generation of green hydrogen through the energetic use of the treated water flow.
- Biohydrogen production through dark fermentation.
- Gasification of sewage sludge to obtain bio-syngas.
- Study of the impact of the use of different renewable gases and their mixtures (injection into the gas network and use in stationary and mobile applications).

VAutosin

Naturgy participates with the Catalonia Energy Research Centre (IREC) in a research project on the catalytic methanation process consisting of the synthesis of methane from carbon dioxide of biogenic or reused origin, and hydrogen of renewable origin. The approach stems from the experience gained in the previous CoSin project.

This project aims to rethink the current methanation technology by means of a novel reactor concept which, if successful, would allow a reduction of auxiliary equipment as well as a decrease in energy consumption, improving energy balances and economic cost.

Naturgy and IREC will test this new technology under real operating conditions in a biogas power station.

Zeppelin

Naturgy participates in the Zeppelin project, which aims to investigate a flexible set of technologies for the production and storage of green hydrogen by alternative routes to water electrolysis. It develops technologies based on the use of waste and by-products, seeking to improve production costs and efficiency.

This project addresses the different technological challenges linked to biogas and bioethanol reforming, dark fermentation, microbial electrolysis, gasification and H₂ storage, establishing new models for obtaining green hydrogen complementary to electrolysis with renewable energies, integrated into a decarbonised energy model under the principles of the circular economy and digitalisation.

Naturgy is leading the research and optimisation of H₂ production from thermochemical techniques, for which it is studying the gasification process from waste and the separation and purification processes of H₂ and syngas.

With a duration of approximately 38 months and the participation of a consortium of eight companies, Zeppelin is subsidised by the Centre for the Development of Industrial Technology (CDTI), within the framework of the 2021 call of the Science and Innovation Missions Programme (Recovery, Transformation and Resilience Plan). The project is funded by the European Union through the Next Generation EU Fund.

Sungreen Project

Naturgy will promote disruptive green hydrogen production technologies by means of a novel electrolysis technology in collaboration with the start-up Sungreen.

The aim of this project is to design, build, install and test a 50 kW prototype electrolyser to validate the technology and compare the results obtained with current commercial technologies. The Anion Exchange Membrane (AEM) technology promises a number of efficiency improvements and considerable cost reductions due to the reduced need to use scarce, exhaustible materials such as noble metals. Moreover, it is a technology that is easily adaptable to the variability of renewable energies, allowing for great flexibility and rapid response.

Business innovation projects

In the field of Naturgy's business, innovation projects are focused chiefly on developing projects that promote the digitalisation of the company, guaranteeing safety, operational improvement, and facilitating access to the best information in time and form for better decision-making, aimed at creating value and guaranteeing the company's long-term competitiveness.

Below are some examples of projects developed in the different business areas of Naturgy.

Network business in Spain

- UFD's rural battery project consists of a pilot to technically validate the electrochemical storage solution in rural environments for the rapid restoration of service when breakdowns occur.
- Creation of a predictive model based on the condition of the assets and which, through machine learning algorithms, allows Nedgia to make some of its main operations more efficient, such as network monitoring, LNG plant maintenance and dealing with emergencies.

Network business in Latin America

- Digitalisation of processes in Brazil for sales agents and implementation of a chatbot for customer service via WhatsApp.
- Digital transformation of commercial management processes in Chile

Conventional generation in Spain

Design and implementation of an automatic voltage control system and an automatic power reduction system in the combined cycle fleet. Both improvements are part of the system operator's plan to modernise the voltage control system and the integration of more renewable generation.

Renewable generation in Spain

Development and implementation of various improvements through automation and data analysis to improve event and anomaly detection and monitoring of solar PV plants and wind farms.

Commercialisation in Spain

Solution for fully digital billing in a Cloud infrastructure (AWS) and decoupled from traditional ERP systems and market, to simplify the reading and billing processes to allow greater agility in developments that require communication with customers and/or regulatory changes.

4. New business development

Renewable gases

The development of renewable gases, such as biomethane and hydrogen, is one of Naturgy's strategic vectors in its business and climate action plan. On the one hand, to reduce a significant part of the Greenhouse Gas (GHG) emissions that make up the company's carbon footprint. Similarly, in the just transition, to decarbonise the economy and create jobs in the areas affected by the closure of coal-fired power stations during the 2018-2020 period. Finally, for decarbonisation in certain energy-intensive sectors, such as industry and transport, and a focus for the creation of green jobs in rural areas, in line with the Spanish strategy against depopulation.

Moreover, given the current situation, renewable gases are present in the REPowerEU Plan, which aims to rapidly reduce dependence on Russian fossil fuels and advance the ecological transition. Thus, biomethane production targets for 2030, which were set at 17 bcm, are now 35 bcm, and renewable hydrogen production targets, previously 5.6 million tonnes, are now 20 million tonnes.

In this energy context, Naturgy, as one of the main operators of basic natural gas infrastructures, assumes its leading role as a driving agent for the development of the renewable gas value chain.

The biomethane opportunity

The production of biomethane, or renewable gas, from livestock, agricultural or industrial organic waste, or from landfills and wastewater plants, is an excellent example of the circular economy in the energy sector, providing significant environmental benefits and a complementary source of income for rural areas.

Environmental benefits

- It promotes the development of a productive process based on the use of renewable biological resources, which guarantees the efficient use of natural resources and reduces the generation of organic waste, promoting the conservation of biodiversity and ecosystems.
- It facilitates the decarbonisation of sectors that consume natural gas by replacing it with a fuel of biogenic origin and therefore neutral in CO₂ emissions. It also reduces emissions in sectors such as livestock, agriculture, waste management and water treatment through the recovery of organic waste, thus reducing their negative impact on ecosystems and the population.
- It contributes to the improvement of air quality by avoiding the combustion of these wastes, and reduces the environmental impact of chemical fertilisers by substituting them with the high quality fertiliser obtained: digestate.

Social and economic advantages

- Generation of employment, especially in rural areas, providing solutions to the demographic challenge and the depopulation of rural Spain.
- The livestock and food industry sectors have a significant weight in the Spanish economy, and the management of their organic waste offers a renewable and highly available resource.
- Cities can seize this opportunity to manage waste in a circular way to meet the region's reduction targets.
- Obtaining a high quality organic fertiliser that favours keeping waste within the productive cycle and that can be recovered in other sectors.
- First-rate national technology and engineering for obtaining biomethane, with R&D potential to take advantage of opportunities such as digitalisation of the tracking of waste used and certification of the guarantee of origin.

Advantages related to the energy transition

- Sustainable and renewable energy that contributes to the energy transition and security of supply.
- Reduction of external energy dependence.
- Manageable for continuous generation.
- Versatile energy source, valid for domestic, industrial, commercial and transportation uses.
- Exploitation of the existing natural gas infrastructure that allows universal consumption of a renewable and bio-based fuel that is produced in a distributed manner.

Lines of action in biomethane

Naturgy develops projects throughout the integrated value chain, from waste management and biogas production to the production and marketing of biomethane.

The company has experience in the development of renewable gas on a commercial scale, acquired in projects launched in recent years such as the Elena landfill, and new projects that are starting to take shape such as the Vilasana (Lleida) project and the one located in the wastewater treatment plant (WWTP) of Bens, in A Coruña, which is more innovative in nature.

In addition, Naturgy has 43 projects under development for the production of biogas and its subsequent enrichment process to produce biomethane for injection into the natural gas grid:

- 9 livestock waste projects (1,384 GWh/year).
- 4 WWTP sludge projects (170 GWh/year).
- 21 industrial waste projects (673 GWh/year).
- 5 urban solid waste organic fraction projects (221 GWh/year).
- 4 agricultural waste projects (299 GWh/year).

In addition to the development of the second phase of the Mixed Renewable Gas Unit project, mentioned in section 3 of this chapter, more detailed information is provided below on other projects of major interest developed during 2022.

Vila-Sana project in Lleida

This plant, which injects renewable gas into the grid, will become the company's third commercially operated facility in Spain. The plant, located on the Porgaporcs livestock farm (Vila-Sana, Lleida), will generate biomethane to supply the equivalent annual consumption of 3,150 homes and will prevent the emission into the atmosphere of around 2,500 tonnes of CO₂ per year, injecting 11.5 GWh/year into the gas distribution network.

With this plant, Naturgy takes another step forward in its commitment to energy transition, local energy production and the circular economy, providing clean gas to the energy system and contributing to the sustainable management of agricultural and livestock waste.

Rice Straw Project in Valencia

In 2021, Enagás, Genia Bioenergy and Naturgy's gas distributor Nedgia signed a protocol with the Regional Ministry of Agriculture, Rural Development, Climate Emergency and Ecological Transition of the Valencian Regional Government (Generalitat Valenciana) to promote a circular economy project that has continued in 2022. From rice straw, 87 GWh per year of renewable gas will be produced, equivalent to more than 15% of the natural gas consumption of the city of Valencia. This fully decarbonised gas will be purified and injected into the gas infrastructure, thus eliminating the emission of 150,000 tonnes of CO₂ into the atmosphere.

The project offers a solution to multiple environmental problems. Using the technique of anaerobic digestion, the waste is turned into renewable gas - which is injected into Nedgia's distribution network to be used for the same end uses as natural gas - as well as nutrients and fertiliser products that can be applied, again, in agriculture, creating a circular economy model.

The implementation of this initiative will also largely help to solve the environmental problem of poor air quality generated by the burning of rice straw around the city of Valencia and its metropolitan area, as well as the problems with irrigation channels and aquifers, and the degradation of water and soil due to anoxia and greenhouse gas emissions when the straw is left to rot in the open air, facilitating more sustainable agricultural uses in an environment with a high ecological value.

This pioneering initiative, which promotes investments for the improvement and sustainability of agricultural practices, can be applied in other rice-growing areas of Spain, such as the Ebro Delta, Extremadura or the Guadalquivir marshes, while promoting sustainable rural economic development and territorial cohesion in areas with demographic challenges.

The hydrogen opportunity

Despite the difficulties of use, availability and technological cost, renewable hydrogen has a promising future. The REPowerEU Plan has reinforced the roadmap in Spain which sets a target of 4 GW of installed electrolysis capacity by 2030, which is 10% of the target set by the European Union. The support of the administration and the private sector, especially those players already consuming grey hydrogen such as refineries and fertiliser producers, will be essential for the implementation of large-scale projects to meet the expected technological pathway.

Green hydrogen constitutes an energy vector capable of:

- Channelling large amounts of renewable energy from power generation to sectors where electrification is not a feasible option.
- Storing and managing energy massively and over long periods of time, matching energy supply and demand.

The natural gas transport and distribution infrastructure existing today in Spain can be used in the short term to transport hydrogen in the form of blending up to approximately 10% without the need for investment and, in the medium term, to transport pure hydrogen or in blends of more than 10% by adapting the compressor stations and other minor elements.

To promote the penetration of hydrogen as a renewable energy vector, it is necessary to develop its entire value chain, from its production to its use in the final demand sectors. The publication of Royal Decree 376/2022 establishing the creation of a system of Guarantees of Origin (GoO) for renewable hydrogen, its definition and issuance conditions, will favour deployment among industrial consumers with significant decarbonisation needs, where electrification is difficult and whose location does not coincide exactly with the place of production.

Lines of action in hydrogen

Naturgy has been researching the development of hydrogen for years due to the enormous potential it has for a country like Spain. The country can position itself as a strategic exporter of new renewable energy, capable of travelling long distances, transported on existing infrastructure and integrated with the grid for an efficient and resilient energy system. Naturgy, an essential player in energy transmission and distribution, can contribute its global capacity and knowledge throughout the value chain.

During 2022, the company has worked on the development of large renewable hydrogen production hubs linked to just transition zones, especially in areas affected by the closure of thermal power stations. The aim of the development of multi-demand hubs is to promote the development of new markets for direct consumption in industry, injection into the gas network for its commercialisation with guarantees of origin, mobility or production of H₂ derivatives.

For example, the company is working with Enagás on the development of a hydrogen plant in La Robla (León), in the vicinity of the thermal power station closed in 2020. The aim is to produce renewable hydrogen from a photovoltaic plant and an electrolyser with which to cover local consumption and enable future export to Northwest Europe. It will reduce GEI emissions and encourage the penetration of renewable energies in sectors that are difficult to electrify. The company has presented the project within the framework of the candidacy of projects of common European interest and proposes similar initiatives for hydrogen production from renewable energy in the areas of the former thermal power stations of Meirama (Galicia) and Narcea (Asturias), linked in this case to wind power stations.

In parallel, during 2022, Naturgy has worked on the development of onsite hydrogen production projects linked to the electro-intensive industry, which due to its characteristics is difficult to electrify. As an example, a project is being developed near a cement plant, where the capture of part of the CO₂ from its process is proposed, which would be mixed with green hydrogen for the production of methanol.

Hydrogen production project at Meirama

Naturgy, together with Repsol and Reganosa, has planned a renewable hydrogen hub of up to 200 MW in Meirama. In the initial phase of the project, which is scheduled for commissioning in 2025, 30 MW of power will be achieved. In the full development of the project, the plant will have an output of 200 MW and a total production of 30,000 tonnes of renewable hydrogen per year. The plant will supply the Repsol refinery in A Coruña and other consumers.

The project represents an opportunity for sustainable economic development in Galicia. Being located in the municipality of Cerceda in A Coruña, a Just Transition area affected by the closure of the Meirama thermal power station, the project will promote the creation of stable employment and the training of highly qualified professionals.

The renewable hydrogen generated will be targeted at industrial use to replace the conventional hydrogen currently used by the Repsol refinery. It will also be used in other industries, in injection into the gas grid for blending with natural gas, and in mobility. All these uses will reduce the area's carbon footprint and demonstrate the feasibility of mass production of renewable hydrogen and its distribution to the end consumer.

The project's innovation is present in all stages of the hydrogen production value chain: in the production plant itself, in its uses in industry, in injection into the gas network, in marketing through Guarantees of Origin (GoO) and in its use for sustainable mobility. It is a multi-demand project.

The project thus demonstrates the feasibility of large-scale deployment of renewable hydrogen to decarbonise industry, as well as the reuse of existing facilities in areas affected by the decommissioning of thermal power stations.

The hydrogen production plant will not only lead to a high level of job creation, but will also bring social benefits, thus contributing to the fulfilment of the United Nations Sustainable Development Goals.

Storage

The geopolitical scenario and the current energy crisis have further encouraged the promotion of renewable energies. The National Integrated Energy and Climate Plan (PNIEC) 2021-2030 foresaw that by 2030, 74% of the energy mix would be made up of renewables. In addition, European policies - such as REPowerEU - have led to a forthcoming review of the PNIEC and the targets set in the framework of the European Green Deal to 2030, to increase the level of ambition, particularly for wind and photovoltaic energy.

This situation presents the energy system with the challenge of equipping itself with flexible tools to manage production, match generation and consumption, avoid sudden drops in production and provide firm capacity to the system. In this scenario, storage is key to the security and quality of supply.

The development of storage systems, in particular batteries, although constantly improving, is now mature enough to support the development of renewables. Among battery technologies, lithium-ion (Li-Ion) batteries are currently one of the most efficient technologies, both technically and economically, and these are expected to grow the most. Even so, its main limitation is the price, so in energy markets that are not very mature in the use of this type of storage, it is necessary for projects to have public support for their development in the short term.

Although in recent years Naturgy has carried out Ion-Li and redox flow battery projects that have allowed the technology to be tested, the lack of regulation has not made it possible to test its operation in the Spanish electricity system. This is currently the main challenge: to achieve the management and integration of storage in the energy and balancing markets. This requires the development of new operating systems that will be key to the optimisation and economic viability of these projects.

Lines of action in storage

During 2022, work has been carried out on the development of several initiatives with the aim of developing a portfolio of storage projects that will enable compliance with the Strategic Plan, whose goal is the implementation of 120 MW of storage in Spain:

- **Hybridisation projects in generation**, mainly in wind farms and photovoltaic parks. The hybridisation of storage with generation will allow the renewable energy that is incorporated into the Spanish electricity system to be manageable, providing flexibility and firm capacity to the system.
- Deployment of **stand-alone storage** in key locations in areas of grid congestion or loss of firm capacity due to the closure of thermal power stations. At the technological level, the challenges are similar to those of hybridisation projects in wind farms, mainly the management of the control system to achieve optimal operation.
- Development of a **new storage model** to optimise economically and technically the implementation of hybridised systems with storage in small and geographically close farms. Since there is currently no regulatory framework to rely on, it will be developed within the context of a regulatory test bed.

Projects for more than 80 MW are currently in the pipeline, with a potential portfolio of more than 200 MW in the coming years. These projects have been developed with Spanish technology partners and research centres, to generate jobs and strengthen the business fabric throughout the value chain of the projects.

Given this situation and the fact that the energy transition is one of the pillars of the Recovery Funds, significant support is expected for this type of project. The grants are an opportunity to speed up the implementation of this new technology. A stable and favourable regulatory framework, together with the expected cost reduction, suggest that in the next 10 years the technology will be viable in the medium term without aid.

Sustainable mobility

In 2022, the commitment to sustainable mobility based on different technologies has continued.

In terms of gas, the company has continued its commitment to the deployment of a nationwide infrastructure of natural gas vehicle (NGV) refuelling stations for public use, aimed at achieving a BioNGV transformation.

Since natural gas has lower emissions than other fossil fuels, it can contribute to the decarbonisation of transport, especially in heavy transport, where electrification is not foreseeable in the short and medium term.

In addition, existing NGV refuelling station infrastructures can be used both for biomethane -favouring its development- and for hydrogen -either through blending with natural gas, or through synergies due to the similarity of their business model-, which allows them to share sites and their development. This is why BioNGV-oriented NGV continues to be a growth vector for the energy transition in heavy transport.

In the area of electric mobility, the lines of charging products for customers in the retail and industrial segments have been boosted, experiencing significant progress as a result of the regulatory drive and high demand.

The minimum noise generation and the zero local emission of greenhouse gases such as CO₂ and other substances such as particles and NO_x, make this technology (pure electric) the most suitable for transporting people in urban areas as it does not affect air quality.

The growth of electrified fleets is exponential both nationally and internationally. By the end of this decade, growth is expected to soar. In this context Naturgy wants to satisfy the different needs of electric recharging.

Lines of action on sustainable mobility

Among the initiatives highlighted in 2022, the following are noteworthy:

- **Signing of the first biomethane contract for vehicles.** Naturgy has agreed to supply up to 2 GW/year of biomethane for the last-mile delivery fleet of Aquaservice, a water distributor. This fuel substitution will contribute to an emissions reduction of up to 350 tCO₂/year, which is equivalent to taking 53,000 vehicles off the road in a city for one day. The biomethane comes from Naturgy's production facilities at the Elena landfill.

- **Supply of renewable gas to Zaragoza's first bus.** Through a consortium with the Zaragoza Area Transport Consortium, Automóviles Zaragoza, Scania and Calvera, Naturgy has supplied 150 MWh of biomethane from the company's plant in Vilasana (Lleida) for the purification of biogas, obtained from the digestion of slurry. This biomethane was used to propel a city bus, which ran for three months between Zaragoza and Villamayor de Gállego.
- **Alliance for the development of hydrogen mobility.** Signing of an agreement with Enagás, through its subsidiary Scale Gas, and Exolum, to jointly study and develop infrastructures for the production, distribution and supply of green hydrogen in the mobility sector throughout the country. This is the first major hydrogen alliance for mobility corridors. The project will be called Win4H2. This agreement includes the development of a network of 50 hydrogen plants, which will offer a homogeneous penetration of this energy vector in Spain, so that any user can opt for the green hydrogen solution with guaranteed supply in 100% of mainland Spain.
- **Signing of the protocol to promote decarbonisation policies in the Community of Madrid,** which seeks, among other aims, to promote the deployment of electric charging infrastructure.
- **Collaborations with FUTURED** - Plataforma Española de Redes de Eléctricas related to the electric mobility sector.

10. Social responsibility

[3-3]

(Social contribution and participation)

Naturgy's contribution to the SDG



Social responsibility is one of the cornerstones of the company's Sustainability Plan and reflects the commitment to society embodied in the Naturgy group's Corporate Responsibility Policy.

As a company committed to society and supplier of a basic commodity such as energy, Naturgy has the responsibility to offer a quality and continuous supply, as well as to understand and contribute to addressing the challenges associated with access to energy, both those that affect the most vulnerable groups and those that impact the territory as an indirect effect of the energy transition.

The company demonstrates its unwavering commitment by providing know-how and resources and by allocating part of its profits to social investment for the economic and social development of the areas where it operates.

To be able to contribute what is necessary in each place, Naturgy maintains a fluid and permanent dialogue with society, enabling it to be aware of the needs, expectations and doubts of the communities where it operates and to invite their involvement and participation in the programmes aimed at their well-being.

Ongoing collaboration with society also takes place through cultural, social, sustainability and environmental resources and programmes that the company uses to create wealth and prosperity for those around it.

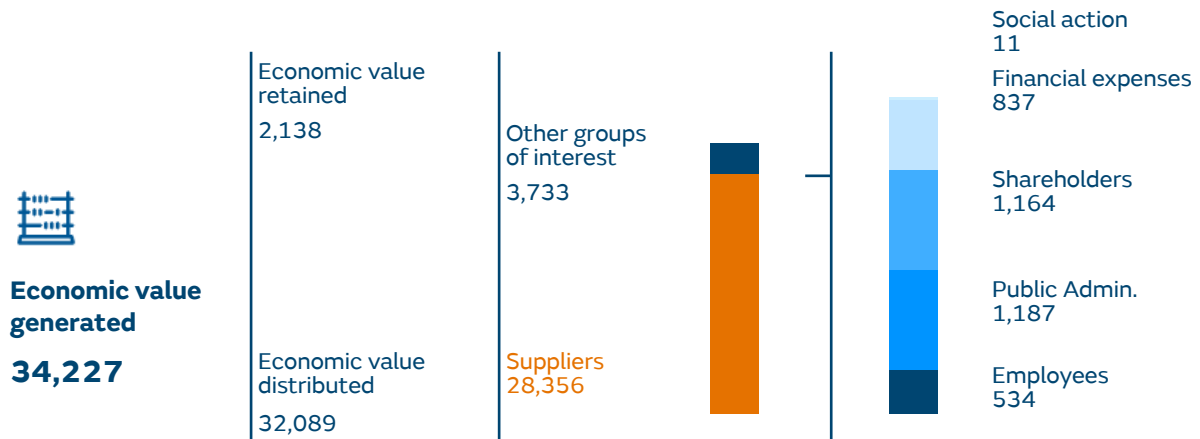
1. Social responsibility in 2022 at Naturgy

[203-1] and [203-2]

Evolution and results

• **Economic value distributed. Detail by group of interest (million euro)**

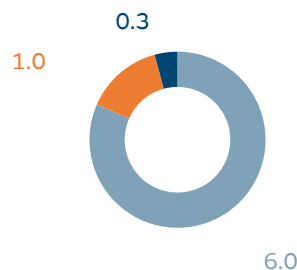
[201-1]



• **Total social investment (million euro)**

	2022	2021
Philanthropic investment (million euro)	7.4	7.0
Breakdown by type of action (%)		
Social	82.7	76.5
Environmental	2.3	3.7
Cultural	15.0	19.8
Sponsorship and social action activities (No.)	113.0	90.0
Social investment in the local community (million euro)	3.7	3.1
Total social investment (million euro)	11.0	10.1

• **Philanthropic investment (million euro)**



■ **Amount for Donations**

Financial contributions to foundations and non-profit organisations for which the company receives no compensation.

■ **Amount for Partnerships**

Financial contributions to foundations and non-profit organisations for which the company receives some compensation.

■ **Amount for Sponsorships**

Amount allocated to other types of entities, not necessarily non-profit making and for which the company receives some compensation.

Highlights of the year

During 2022, the main achievements in the field of Social Responsibility in Naturgy have been:

- **Energy vulnerability:**
 - Development of an advisory service on contracting and improving consumer habits for the population in vulnerable situations.
 - Consolidation of the social innovation line to incorporate renewable energies in the fight against vulnerability.
 - More than 3,600 homes rehabilitated, and 2,943 families assisted in energy volunteering.
- **Relationship with communities:**
 - Application of local community engagement programmes and impact assessments to 100% of the company's operations.
 - Development of more than 16 projects in five countries with local community engagement.
 - Implementation of the Social Rationing Model (SRM) in different territories in Spain and formation of a social management team with specialists located in the vicinity of Naturgy sites.
- **Sponsorship, social action, volunteering and Naturgy Foundation:**
 - Launch of The Win-Win Lab experience, an informative project that presents new energy technologies to favour the fixation of the population in the rural environment, through the creation of employment and the reinvigoration of activity.
 - More than 13,783 hours of corporate volunteering and 168,745 euros of employee wages raised during the Solidarity Day.
 - 134,309 beneficiaries of Naturgy training programmes.

2. Energy vulnerability

[3-3]

(Energy vulnerability)

Naturgy considers people to be the most important focal point, and even more so vulnerable groups in need of protection. For this reason, the company has an Energy Vulnerability Plan that constitutes its strategy to help alleviate this social scourge. The Plan was established in 2017 and has continued to evolve and adapt to the realities of each year. The plan is being worked on by different areas of the company with two key players: the Naturgy Foundation and the customer area. It seeks to go beyond compliance with prevailing legislation and promotes partnership agreements with the different public and private bodies involved, as an element on which the rest of the Plan's actions are based.

The goals of the Plan to alleviate vulnerability and energy poverty in Spain are:

- Improving management and customer relations in cases of energy vulnerability.
- Streamlining the exchange of information with town and city councils for better identification of situations of energy vulnerability.
- Implementing activities with entities that work to alleviate energy poverty cases and to detect vulnerabilities.
- As a result of the current global situation and in Europe in particular, with rising energy and fuel prices, adverse weather events, shortages of raw materials and logistical problems that have been occurring recently, the most vulnerable people are suffering the greatest negative impact today.

Energy vulnerability is a top priority for Naturgy. The actual and potential negative impacts identified are as follows:

- The right to adequate housing includes access to a modern energy source. Energy vulnerability therefore affects this basic right.
- People in vulnerable situations are affected physically and emotionally as they are unable to meet the most basic needs, such as energy supply. The lack of household temperature adaptation, both for cooling and heating, leads to the aggravation and development of illnesses. The emotional state of people is also affected, as well as the educational development of the younger population or the access to a job in the working age population.
- A larger vulnerable population means that more and more people have less and less spending capacity for other products or services. If this situation were to continue over time, it would lead to a reduction in demand, which would lead to the destruction of supply and therefore of the business fabric.
- As for the environment, energy vulnerability forces people in such a situation to look for other, sometimes more environmentally damaging, energy sources.

The price of energy, influenced by the international wholesale gas market, is having a negative impact on the price end-customers pay for electricity. However, there is no evidence that, as a result of the company's business relationships, there is a negative impact in terms of increased vulnerability. On the contrary, the company is doing everything possible to minimise the impact of the international gas market on electricity prices.

Naturgy has activated numerous mechanisms to help alleviate energy vulnerability. In 2022, in Spain, Naturgy continued signing agreements to protect vulnerable customers with different administrations to prevent cutting off customers. Measures taken to prevent, address, manage and facilitate the remediation of actual and potential negative impacts during the year have been:

- Energy Rehabilitation Solidarity Fund. It facilitates energy rehabilitation works for the housing of families in a situation of vulnerability. In 2022, the number of rehabilitated dwellings exceeded 3,600, with 1,111 dwellings being rehabilitated during the year. The management and selection of rehabilitated homes is carried out through agreements that Naturgy Foundation carries out with third sector entities that work with people at risk of vulnerability. In 2022, eleven agreements have been signed.
- The development of the social innovation line to incorporate renewable energies in the fight against vulnerability has been consolidated during the year. Seven projects have been initiated for the installation of photovoltaic power equivalent to 285 kWp (kilowatt peak), benefiting 1,847 people.

- Energy School. One of the causes of energy vulnerability is the lack of training and knowledge about energy among both the general population and the social technicians who accompany the population in vulnerable situations. That is why the Naturgy Foundation created the Energy School. It is a school where trainers provide training and workshops to vulnerable groups and social technicians, either in person or in a hybrid format. The topics covered range from the energy sector in general, understanding energy bills, energy efficiency tips, the discount rate, as well as all the latest news and legislative changes in energy matters. The School works mainly with town councils and is present in more than 700 municipalities. In 2022, 3,942 people have attended the School's training courses, 47% of whom are families and 53% are social technicians. In addition, a new service has been developed for some town councils, which consists of providing a regular advisory service to the population in a situation of vulnerability on their consumption and bills; and providing support to improve contracting and habits for efficient energy consumption. The webinars initiated during the pandemic period continue to be very useful and, in 2022, 6 webinars have been held with 857 attendees, covering the following topics: "Regulatory update of the discount rate", "The energy price", "Understanding the electricity bill", "Update on legal measures", "Good energy consumption habits at home" and again "Update: Discount Rate, LRT4 and the gas cap mechanism".
- Energy volunteering. The Naturgy Foundation manages the company's energy volunteering programme, so that employees who wish to do so, with their expert knowledge, can help vulnerable people to reduce their energy costs. To this end, online and face-to-face energy advice workshops are organised to help the most vulnerable users understand their bills, access the discount rate and learn about energy saving measures that can help them improve their energy use. These workshops have been developed under the agreements signed by the Foundation, but also at the request of other entities that have requested them, including the employees themselves and other business areas of the company. In 2022, 2,943 families have been assisted with energy volunteering.
- Monitoring of the discount rate. Naturgy has closed the year with 164,935 customers with the discount rate -a lower electricity bill regulated by the Government aimed at households considered vulnerable due to their socioeconomic situation-.
- Reinforcement of the company's customer service channels for vulnerable customers and the social entities that support them. Naturgy has a specific channel for social services. During 2022, it has handled 71,277 emails and 876 telephone calls. It has also reinforced the email channel to handle requests from social entities and the call centre. These channels can be used to carry out all the necessary procedures regarding vulnerable customers' contracts in order to optimise them or to consult any queries regarding consumption, bills or tariffs. It has reinforced the email channel to handle requests from social entities and the call centre. It has received 111,680 calls from vulnerable clients and has also dealt with 323 calls and 130 emails from the third sector.
- It continues to maintain the special conditions for splitting bills to help customers in a situation of vulnerability, enabling them to split the debt into a greater number of instalments.
- These actions are complemented by the study and publication of books such as those carried out in 2022: "Express energy rehabilitation. Analysis and contributions from social entities", an update of the publication "Express energy rehabilitation for vulnerable households. Low-cost solutions" and "Jobs in demand in the energy sector". These studies provide the Plan with a solid knowledge base on which to base its actions. In addition, the Naturgy Foundation is part of the advisory board of the Chair of Energy and Poverty of the Comillas Pontifical University, which is a privileged environment from which to give coherence to studies, legislative proposals, training and dissemination actions that help mitigate and, ideally, eradicate this problem.

These actions are complemented with the awarding of the prize of the II Edition of the Award for the Best Social Initiative in the Energy Field, through which the Foundation pursues a twin objective; on the one hand, to make visible the initiatives that other entities are carrying out to fight against energy vulnerability, and on the other hand, to provide resources to other social energy projects. 51 entities have participated by submitting their projects. A first prize of Euros 60,000 and a runner-up prize of Euros 30,000 were awarded.

In addition, the Naturgy Foundation has participated in two European projects to give greater visibility and strengthen its leadership in the implementation of programmes related to energy vulnerability, as well as to learn from good practices in other European countries and network with entities of various kinds. The Foundation continues to contribute to and participate directly in the SocialWatt project, which aims to help energy companies comply with the European Directive on energy efficiency through the design and implementation of action plans against energy poverty and the monitoring of these, and EPIU Getafe, which involves development of a new system for the smart detection of cases of energy vulnerability, with special emphasis on hidden energy poverty. The Naturgy Foundation is part of these European consortia, with the implementation of specific action plans.

The processes used to monitor the Plan's measures have been as follows:

- In the case of the Energy Rehabilitation Solidarity Fund, an audit is conducted every year of the rehabilitations performed, checking that all the planned actions have been carried out.
- Joint monitoring committees have also been set up, as well as a continuous dialogue with the entities with which agreements are signed to monitor compliance with the agreements, to continue improving and to make the necessary modifications to the processes.
- In the case of the Energy School and volunteering, user satisfaction surveys are carried out to check the usefulness of the sessions and to make modifications if necessary.

To ensure the correct progress of the Vulnerability Plan, annual indicators and goals up to 2025 have been incorporated into the company's Sustainability Plan.

The measures carried out this year, in line with the actions of previous years and thanks to the feedback received both from the organisations and the users of the school, volunteers and users of the volunteer activities, have demonstrated that the actions have been effective and help alleviate energy vulnerability.

In terms of lessons learnt, on the voluntary side we have seen that it is not only people who cannot pay their bills who are vulnerable, but also the elderly, refugees and migrants in a vulnerable situation. Consequently, these groups have been incorporated to the energy advice workshops. Participation in both studies and European projects has allowed us to make the lessons learnt in the Vulnerability Plan explicit and bring them to the attention of other entities and companies, as well as the European Commission itself.

The installation of renewable energy sources for vulnerable groups has provided us with many lessons learnt, highlighting the administrative management and the need to improve procedures, currently too cumbersome, for obtaining licences, deadlines and subsidies for these groups.

Obtaining the discount rate also requires support for vulnerable families due to the difficulty of the procedure. It is also necessary to ensure that the technology and the different possibilities for making household improvements reach these groups, which is not normally the case.

In terms of stakeholder participation, all the actions and measures we carry out to help alleviate vulnerability have been designed from the outset taking into account the needs of social entities, vulnerable people and the social services of the public bodies with which the Foundation collaborates. In addition, ongoing dialogue has been established with all these participants to know how their needs are changing and to be able to adapt the actions and measures of the Plan to the current reality. The seminars organised both to present the studies and to delve deeper into the problem of energy vulnerability present us with a space for relations and action with stakeholders, including groups of vulnerable families, third sector entities, public administration at different levels - local, regional, autonomous and state, the university, as well as other energy companies.

3. Relation with communities

Principles of action

[2-25], [203-1], [203-2], [411-1], [413-1] and [413-2]

Naturgy's Human Rights Policy includes respect for communities and the improvement of their living conditions; compliance requires the evaluation of the social impact of the company's activities and the definition of initiatives and programmes that manage the social impacts identified in the surrounding communities.

To this end, the company has a Social Relationship Model (SRM) that seeks to integrate social management as another discipline in the entire life cycle of generation projects, and is the framework for action based on the following principles for relations with communities:

- Naturgy is one with the territory: we recognise, respect and protect local values and idiosyncrasies.
- Naturgy communicates as equals: we encourage early and transparent communication and open accessible channels of active listening.
- Naturgy generates shared value: we promote actions that improve the quality of life in our environment.
- Naturgy offers opportunities: we are a driving force for development in the territory, and a driver for supporting local employment and training in the sector.

The SRM is an iterative process that unfolds throughout the life of the project, and relies on the application of methodological tools with a cross-cutting focus on communication, active listening and laying down roots.

Its implementation includes the following phased works:

1. Determination of the area of influence and environment of the activity: analysis of the social impacts that the activity may have on the communities.
2. Stakeholder mapping and classification: identifying communities affected by the company's activity, and finding out their needs and aspirations.
3. Analysis of risks and opportunities to support the design of shared value propositions that can be included in business planning.
4. Social Relations Plan (SRP): design and implementation of actions with a positive social impact, based on the opportunities identified in the dialogue with the communities.
5. Social Impact Assessment of the SRP.

In the locations where it wishes to undertake new investments, Naturgy carries out assessments of the positive impacts and effects that may be generated, both in local communities and in the territory, some of these are:

- Impact on human rights.
- Displacement or relocation of local communities.
- Modification to the traditional ways of life.
- Changes in the traditional uses of territory.
- Attracting new technologies.
- Creation of skilled and unskilled jobs.
- Temporary occupation of the communication routes.
- Impact on landscapes.
- Noise.

Implemented local community engagement, impact assessments and development programmes have been applied in 100% of the company's operations during 2022. These programmes include the use of specific participation plans, local community development programmes based on community needs, and social impact assessments and monitoring.

During 2022 Naturgy has not recorded any cases of violation of indigenous peoples' rights.

Featured projects

The projects underway during 2022 are listed below, and the most relevant are detailed hereunder:

Country	Projects
Australia	Crookwell II wind farm
	Berrybank I wind farm
	Berrybank II wind farm
	Hawksdale wind farm
	Ryan Corner wind farm
	Crookwell 3 wind farm
	Paling Yards wind farm
	Darlington wind farm
Brazil	Sobral I photovoltaic plant
Costa Rica	Torito hydroelectric power station
	La Joya hydroelectric power station
Mexico	Bíi Hioxo wind farm
	Tuxpan III & IV combined-cycle power station
	North Durango combined-cycle power station
	Naco Nogales combined-cycle power station
	Hermosillo combined-cycle power station
Dominican Republic	Palamara - La Vega fuel oil-fired power station
Spain	Various sites

Berrybank wind farm I (Australia)

Naturgy is carrying out a social commitment and profit-sharing plan with the local community near this 180 MW wind farm located in the state of Victoria, associated with the state government contract. The initiatives included are:

- Actions for community benefit. Actions with the participation of the neighbours.
- A person specifically appointed to take charge of the community involvement programme and to set up a community engagement committee.
- Training and internship programme.
- Scholarship programme with several universities.
- Project website.
- Newsletters, press releases and local print ads.

Bíi-Hioxo wind farm (Mexico)

The company collaborates permanently with the local community of this 234 MW wind farm in Juchitán de Zaragoza (Oaxaca). Thus, Naturgy develops programmes that respond to the needs of the community and contribute to improving living conditions. The action lines for 2022 have been:

- Restoration of sanctuaries.
- Restoration of common areas in local schools.
- Support to local cooperatives to promote productive development.
- Support to the population in the event of floods, COVID-19 and other contingencies.
- Endowment of a community house and various workshops with young people and children.
- Community development team supporting the community and attending the community house.

Tuxpan III & IV combined-cycle power station (Mexico)

The plan to support the communities around this 1,007 MW plant, located 30 km south of Tuxpan (Veracruz), continues to be developed. In particular, Naturgy has deployed a major community relations plan with the communities located on “Carretera de los Kilómetros” state highway from the kilometre point 0.000 to 16.000. The action lines for 2022 have been:

- Support plan for the restoration of community infrastructures along Los Kilómetros Highway community.
- Project for the conservation of priority species, at the Tortuguero camp in Playa Villamar.
- Support to the population and local health centres with food and medical supplies.
- Clean-up of the Chaco estuary.
- Community development team supporting the community.

Naco Nogales combined-cycle power station (Mexico)

The plan to support the communities around this 300 MW plant, located in the vicinity of the city of Agua Prieta (Sonora), has consisted of:

- Training and summer courses for young people in the community
- Community infrastructure improvement projects.
- Collection of germplasm and construction of a greenhouse with native species for reforestation. .
- Laying hens production project.

Sobral I photovoltaic plant (Brazil)

During 2022 the company continued implementing the Quilombola Basic Environmental Project (QBEP), associated to the Sobral I photovoltaic plant (30 MW) in the municipality of São João do Piauí (Piauí, Brazil), in order to create shared value and to have a positive social impact in the territories of Riacho dos Negros and Saco/Curtume. For the development of the QBEP, a close and ongoing relationship has been maintained with the community and local authorities, to identify, design and implement actions to promote economic and social development in the region. The project has various lines of action, which include a series of specific actions of which the following have been implemented:

- Recovery of infrastructures in the territory for community use, such as water pumps and public lighting.
- Launch of a productive project based on beekeeping production in the territory.
- University and technical study grants.

Various locations and territories in Spain

During 2022, work has been carried out on the implementation of the SRM in several territories in Spain, for which a social management team has been set up with specialists located in the vicinity of Naturgy’s sites. Each social manager is present in the territory in order to maintain a permanent and close dialogue with the project’s neighbours, creating two-way communication links and trust. Their work consists of informing, resolving doubts about the project, gathering information from the territory through participatory processes, and ensuring the proper implementation of the SRP, in coordination with Naturgy teams, local agents and stakeholders (neighbourhood communities, associations, local government, third sector entities and others).

4. Sponsorship, social action and volunteering

[413-1]

Sponsorship activity

Beyond its business activity, Naturgy collaborates with society through cultural, social, environmental and sustainability programmes. Its financial contributions strengthen the company's interest in being a positive part of each community and country where it does business.

This commitment is materialised in sponsorship and donation actions, whose activity and processes are defined with total transparency in the company's General Procedure of Sponsorship and Donations. The main lines of action are:

- Education, training and development: collaboration with entities dedicated to promoting and training young people.
- Environment and sustainability: collaboration with institutions dedicated to the preservation, conservation and rehabilitation of the environment, and also with entities that carry out educational activities on sustainability, energy and the environment. For example, support for the Group for the Rehabilitation of Native Fauna and their Habitat (GREFA), collaboration with Bosquia for the creation of a forest and collaboration with the International Foundation for the Restoration of Ecosystems (FIRE).
- Artistic and musical culture: in the field of cultural sponsorship, the promotion of music, art and education is of particular importance. In 2022, Naturgy has continued its collaboration with the Gran Teatre del Liceu and the Teatro Real.

Social action

Naturgy's social action activities are mainly focused on the geographical areas where it is present. In these areas, the company deploys its activities based on the contextual situations and the particular needs of the people who live there, especially those in situations of vulnerability.

The most pressing issues identified by the company push for greater awareness of environmental care and the use of energy resources. Accordingly, Naturgy carries out initiatives in energy, efficient use and safe management of water, electricity and gas.

The current context also leads the company to focus on child protection, especially for the most deprived children who depend on an incentive in the form of a scholarship or a particular budget to enable them to continue their educational activity.

For older unprotected groups, the company also carries out actions for their inclusion through education, retraining and training. Training and lectures on climate awareness and responsible consumption of resources (water, paper and energy) are given in all countries, and reforestation days have been held in protected habitats. In addition, specific programmes are carried out in each of the countries. Specifically, in Argentina, Brazil and Panama, it runs programmes aimed at the inclusion of groups in search of professional employment through the teaching of the gastronomy trade. In the case of Chile and Mexico, the action focuses on training through courses and lectures on the prevention of accidents involving the use of natural gas.

Volunteering

Naturgy's corporate volunteering is another key part of the strategy followed by the company in its commitment to people. Its programme is structured in three areas: energy, social and environmental. Over the course of 2022, 646 employees from Spain, Mexico, Panama, Brazil, Argentina and the Dominican Republic spent more than 13,783 hours on corporate volunteering with their companions.

Globally, 66 initiatives of a one-off, temporary or continuous nature, 28 social volunteering actions, 14 environmental volunteering actions and 24¹ energy volunteering actions, with the participation of 2,156 volunteers, were carried out. The number of beneficiaries dealt with amounted to 15,143 in 2022.

¹ Spain only.

One of the fastest growing areas is energy volunteering. Online energy advice workshops have continued and has been a return to face-to-face workshops, where the most vulnerable people are given advice to help them reduce their energy bills.

In 2022, 14 activities have been carried out to care for the natural environment, five of them in Spain, five in Argentina and four in Panama. Among the activities carried out, the volunteers planted trees and bushes to improve the selected habitats, removed invasive species and waste, built nest boxes and insect hotels and learnt how to ring birds, among other actions that completed the environmental volunteering activity of the year.

Different initiatives have also been launched to mark the Week of Environmental, Social and Digital Commitment, some of them promoting previous activities and others newly created: solidarity energy kilometres, training sessions on legislative changes in energy matters, advice on how to learn to speak in public, the “Wise Man for a Day” activity and motivational talks and workshops to encourage voluntary action.

With the aim of showing vocational training students what Naturgy is like from the inside and motivating them to continue their studies, the fifth edition of the volunteer coaching activity has been held with absolute success for the third consecutive year, and the mentoring activity - which was so successful in 2021 - has been held again. Volunteers act as mentors or coaches in one-to-one sessions with students, giving them an inside look at the company, simulating a job interview and drawing up an action plan.

Solidarity Day

In 1997, Naturgy employees created this association, which 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 the company 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 100% of the amount raised can be used for the annual selected project. Close to 917 employees around the world took part in the initiative.

In 2022 these employees donated approximately Euros 168,745 of their salaries and the company made an additional matching contribution, as well as assuming the costs of managing the association. Since its inception, Solidarity Day has raised Euros 3.4 million in employee donations and an equal amount contributed by the company.

This year, Solidarity Day financed the education of approximately 1,262 school, technical and university students as part of the ordinary projects being implemented in Argentina Brazil, Mexico, Moldova, Nicaragua, Panama, Chile, Portugal and Spain.

In addition, the association continued to donate computers no longer required by employees and which are in perfect working condition. These computers go to organisations and schools that use them to reduce the digital gap for the most vulnerable people. To date, more than 1,000 computers have been donated to more than 40 entities in Spain, Chile, Panama and Portugal.

5. Naturgy Foundation

The Naturgy Foundation is present in the countries where the company operates. Its functions include the dissemination, training, information and awareness-raising of society on energy and environmental issues through programmes related to the business and academic environment. It also develops social action programmes aimed primarily at alleviating energy vulnerability.

Dissemination of information and awareness-raising in society

Over the years, the Foundation has carried out various initiatives aimed at promoting debate on the energy sector, its current situation and its near future. Speakers of recognised national and international prestige have taken part in these. This year a total of 5,842 people attended.

The balance of the year's activities is as follows:

- 3 high-level Energy Prospectives conferences held, a joint initiative of the Naturgy Foundation and IESE Business School.
- 4 conferences organised jointly with the Spanish Chapter of the Club of Rome.
- Annual conference on geostrategy and energy together with the Real Instituto Elcano

Among the activities related to the dissemination of energy-related content, the presentation of books, studies and reports published and edited by the Foundation and prepared by experts in the field worldwide is particularly noteworthy. Online events enabled us to host webinars and presentations, both accompanied by summary videos that facilitated an approach to the publication in a simple way, with the main conclusions explained by the authors. These webinars were attended by more than 3,000 people.

Education and outreach

To ensure a fair and inclusive energy transition, Naturgy promotes training programmes that disseminate the innovation developed in the energy sector, promoting the change of energy model and the preservation of the environment, as well as efficient use and responsible consumption. Its educational programme has an innovative and up-to-date pedagogical offer, targeted at all levels of learning, based on the United Nations Sustainable Development Goals. Naturgy's training proposal is developed by professionals specialised in the teaching of STEM disciplines and has been recognised by competent administrations and institutions in the field of education and employment. As a result, the company's educational resources are considered a benchmark in the field by the educational community.

All programmes are developed as a priority where there are specific needs of both society and Naturgy businesses. Naturgy thus supports the commitments and actions of social relationship that the group acquires and that, with the education and training projects, allow the company to attend more directly to the citizens in the territory; providing value, commitment and tangible results that directly impact people.

Educación y divulgación en cifras

	2022	2021
Beneficiarios totales	134,309	144,927

With regard to the decrease in the number of beneficiaries, this is explained by the decrease in the viewing of online content

Efigy education

Educational programme aimed at pupils aged 3 to 18, based on the United Nations Sustainable Development Goals (SDGs) and aligned with the Just Transition Strategy and the Environmental Education Action Plan of the Ministry for the Ecological Transition and the Demographic Challenge (MITECO). Efigy Education provides the educational community with updated contents on new energy technologies with the aim of providing young people with specialised knowledge about the transition to a new, fair energy model, the preservation of the environment and responsible energy consumption.

Efigy Education's main challenge is to attract talent and increase STEM vocations in the energy sector, starting at an early age and ensuring gender equality. Naturgy's training proposal, recognised by the competent public administrations in the field of education and employment, as well as by specialised institutions and different social agents, has educational resources for all educational levels, which can be carried out in person, in the classroom, autonomously, or in digital format.

During 2022, the company has worked to continue complementing the educational work of public administrations, offering training solutions and developing numerous new, high-quality teaching resources.

Efigy Education in the classroom

In 2022, Naturgy has continued to carry out this itinerant action that offers face-to-face workshops, conducted by specialised educators, throughout Spain. The aim is to make a methodological resource available to all education centres that supports the work of teachers in teaching new energy technologies and the value of the transition towards a more sustainable and fairer energy model. These workshops are adapted to all stages of compulsory education and incorporate new didactic and pedagogical innovation methodologies that promote the development of technological vocations among young people, paying special attention and support to vulnerable or more complex groups.

This year, this itinerant action, which since its launch in 2018 has already reached more than 13,000 beneficiaries, visited the autonomous communities of Catalonia, Galicia, Madrid, Asturias, Extremadura, Andalusia and Murcia.

Efigy Education Digital

In 2022, Naturgy has continued to promote universal access to educational content and resources in digital format. Updating and expanding its educational offer, making Efigy Education Digital a constantly evolving programme that brings together all the educational resources that support teachers in Primary, Secondary, and Vocational Training on topics such as energy transition, circular economy, sustainability, efficient building, energy efficiency, air quality and new energy technologies, among others.

The more than 27,000 logins to educational apps, 28,138 views in informative videos and 20,203 accesses to the educational landings made during 2022 attest to the programme's success based on accessibility for any educational centre, whatever its reality, which promotes equal access and educational equity.

Efigy Girls: Promoting female STEM vocations

In 2022, Naturgy has remained part of the STEAM alliance for female talent promoted by the Spanish Ministry of Education and Vocational Training to promote female talent in the field of energy among young women. This alliance promotes the generation of concrete actions that help shape an education system free of gender stereotypes associated with certain vocations and professions, and that promotes female empowerment in STEM disciplines from an early age.

The Efigy Girls Programme is the main initiative developed by the Foundation to promote female talent in the field of energy. In the context of the First Lego League in Spain, eight female teams, made up of girls aged 10 to 16, have received support and mentoring from the Foundation with the aim of developing projects related to energy innovation and the theme of the challenge. In this context, Naturgy has provided the necessary material for the Efigy Girls teams to participate in the tournaments, while offering complementary training and advice to develop the projects in competition through the company's professionals. In the 2022 edition, the Foundation has sponsored teams from eight schools.

Efigy Planet: educational innovation for the energy of the future

This year has seen the establishment of the Efigy Planet educational tool among the primary school community. It is an interactive, didactic and innovative proposal, based on gamification and a reference among teachers in the field of energy, technologies, STEM disciplines and environmental sciences in the school curriculum.

Efigy Planet aims to make teaching about energy easier for teachers, facilitating the extension of curricular contents through an innovative educational resource based on blended learning and turning learning into a gamified experience.

This innovative teaching methodology allows each student to experience their own real learning process in an individualised way, according to their skills and abilities. In addition, the teacher can create training pathways according to the students' specific needs and can use the tool to assess their progress.

Efigy Technology Competition

The 4th edition of the Efigy Technology Competition was held in 2022. The initiative, aimed at students in the 3rd and 4th year of Compulsory Secondary Education throughout Spain, has the mission of promoting the values of energy efficiency and fostering technological vocations from an early age. As a core objective, students are asked to solve a challenge that contributes to the improvement of the planet through energy efficiency. This educational initiative aims to motivate and generate awareness and interest in energy, strengthening the research capacity of young people, awakening their curiosity and creativity, as well as facilitating teamwork and communication skills.

During this fourth edition, more than 1,000 3rd and 4th year ESO students from 11 autonomous communities took part.

After two editions in virtual format, due to the pandemic, the 4th edition of the Efigy Technology Contest returned to face-to-face format at a conference held at the headquarters of the Naturgy Foundation in Madrid on 12 May. The young participants shared and defended their school projects at a gala that could also be streamed.

The entities that have participated in the initiative are the following:

- Ministry for Ecological Transition and the Demographic Challenge (MITECO)
- Ministry of Education and Vocational Training
- Spanish Foundation for Science and Technology (FECYT)
- Consejo Superior de Investigaciones Científicas (CSIC) (Spanish National Research Council)
- Naturgy Foundation

In September, Naturgy launched the 5th edition of the competition, already consolidated as a successful academic proposal among the country's secondary schools.

Educational visits to Naturgy's generation facilities

As part of the Efigy Education programme, and as a new feature this year, a plan of educational visits to the company's energy generation plants has been promoted and established on a recurring basis, together with Naturgy's Renewables, New Business and Innovation management. The aim is to share with society our corporate commitment to an environmentally and socially just transition, in line with the United Nations Sustainable Development Goals. These visits are also part of Naturgy's transparency plan, as they open up to society one of the most important energy processes, its generation.

This activity allows visitors to discover the peculiarities of the operation of a power generation plant, its close relationship with the environment and the different professional profiles needed to carry out the operation of the plants, as well as their skills and competences. The activity can be carried out in a face-to-face or virtual format, depending on the type of generation plant desired. This activity is always led by a specialised educator and/or a technician, who promotes a shared reflection on energy with the pupils and visitors.

During 2022, visits have been organised to various hydroelectric power stations, wind farms and photovoltaic farms in Castilla La Mancha, Castilla y León, the Canary Islands, Andalusia and Extremadura.

Mentoring and initiatives to foster technology vocations

During 2022, Naturgy has continued its commitment to providing professional guidance to young people on the new challenges they face, in order to help them make decisions about their academic and professional future.

The mentoring programme and initiatives to promote technological vocations seeks to be an essential tool to understand and meet the demands of young people, fostering the attraction of talent to the energy sector.

Naturgy has maintained its participation in projects such as Projecte Vida Professional, promoted by Barcelona Activa; the 4th ESO + Company Programme, organised by the Autonomous Community of Madrid; EduTecEmprende of the Xunta de Galicia; the Aliança Magnet Programme, jointly with the Bofill Foundation and the Generalitat de Catalunya; and the Xcelence-Schools that Inspire Programme, of the Bertelsmann Foundation, among others.

Experiences in awareness-raising and technology dissemination

With the aim of contributing to the dissemination of technological and scientific culture in the field of energy among citizens, transmitting the values of energy efficiency, sustainability and the preservation of industrial heritage, Naturgy develops its own informative initiatives with which we participate in events and festivals in the educational sector in the field of technology, as well as conferences and celebrations of topics related to its lines of action. Naturgy's proposals are accompanied by educational activities led by environmental educators.

In 2022, the Foundation has worked to bring education and specialised knowledge to municipalities and cities throughout Spain, through proposals aimed at all audiences.

What air do we breathe in cities?

After touring this exhibition in different Spanish cities, Naturgy has adapted this proposal to digital format, with the aim of facilitating universal access to its contents through its web portal.

Through this awareness-raising experience, Naturgy highlights how the phenomenon of atmospheric pollution is a key factor that determines the health of people and the environment. The proposal represents an opportunity to become familiar with technical curricular content and allows students to learn about the phenomenon and become active agents in contributing to solutions to the environmental challenge.

The Win-Win Lab

Together with Naturgy's Renewables, New Business and Innovation unit, the company has launched The Win-Win Lab experience, a new informative project that presents how new energy technologies, set to play a leading role in the transition to a green economy, can favour the fixation of population in the territory, through the creation of jobs and the revitalisation of rural areas.

The Win-Win Lab is a laboratory of ideas that has travelled to different locations in rural Spain to raise awareness, experiment and generate solutions that, through innovation, promote the creation of shared value through the energy transition. This educational resource is fundamentally based on two of the basic principles of action of Naturgy's social relationship model: creating shared value and improving the quality of life of citizens, as well as offering training and improving employability in the energy sector.

The proposal was inaugurated in the framework of the Cotec Foundation's Unmissable #05 action, which took place in Otero de Herreros (Segovia) and was attended by HM The King. The initiative has visited several Spanish municipalities and has had more than 2,200 visitors.

Vocational training for employability

In the context of a just and inclusive energy transition and the technological development needed to implement it, the role of technical vocational training in energy is key to transferring the necessary knowledge and responding to the demands of the sector, promoting the improvement of employability. New jobs will appear and curriculum content must be balanced with the current and future needs of companies in the energy sector. The so-called green jobs are already a reality and Naturgy Foundation works to provide professionals and/or future professionals with access to quality training material.

Naturgy's training proposal adheres to the Alliance for Vocational Training promoted by the Ministry of Education and Vocational Training and is aligned with the Just Transition Strategy of the Just Transition Institute. It also has the recognition and collaboration of the Ministry of Education and Vocational Training and the State Public Employment Service (SEPE), the State Foundation for Employment Training (FUNDAE) and the National Institute of Qualifications (INCUAL).

The Foundation works together with the Ministries of Education and Employment of nine Spanish Autonomous Communities in the promotion of Vocational Training, with actions such as:

- The updating of curricular content.
- Provision of free courses for trainers, active and unemployed professionals in the areas affected by the closure of coal-fired power stations.

The training courses run by Naturgy provide training and certification of up-to-date technical knowledge in the sector in the areas of sustainable mobility, rehabilitation and sustainable building, renewable gases, digitisation of electricity grids, energy advice in vulnerable environments, installation and maintenance of photovoltaic panels, and green and digital gas networks, among others.

Milestones achieved during 2022:

- Addition of new technical training courses to the catalogue (courses on the installation and maintenance of photovoltaic panels and the management of green and digital gas networks).
- Naturgy has added the conceptualisation and development of new resources aimed at vocational training, such as the launch of volume two of the collection of theoretical-practical books "Vocational Education and Training in Energy, Vocational Training for Employability", entitled Digitalisation of electricity grids. Training for a decarbonised future and the adaptation of the publication into an e-learning course, together with the Universitat Oberta de Catalunya (UOC).
- Naturgy has offered two editions with grants in certified mode by the Universitat Oberta de Catalunya and the Naturgy Foundation of the e-learning course "Renewable gases: technologies, uses and benefits"; an edition in webinar format on energy consultancy in vulnerable environments for trainers from Castilla-La Mancha.
- Together with the Institute for Just Transition (ITJ) and Naturgy's Conventional Generation department, two courses have been given to improve the employability of people affected by the closure of coal-fired power stations in the energy rehabilitation of buildings and the installation and maintenance of photovoltaic panels.
- A course on energy consultancy in vulnerable environments was given to groups at risk of social exclusion, together with the Tomillo Foundation.
- A course on the use of thermographic cameras in sustainable building and renovation was given in Barcelona.

Vocational training for employability in figures

Milestones achieved during 2022:

- Beneficiaries: 23,606
- Educational centres in Spain linked to the training programmes: 160
- Hours of training provided: 539
- Agreements and certifications with autonomous regions: 9
- Collaborations with the Ministry of Education and Vocational Training, the State Public Employment Service (SEPE), the Institute for Just Transition and the Universitat Oberta de Catalunya.
- Training typologies: Sustainable building and rehabilitation; Renewable gases: technologies, uses and benefits; Energy consultancy in vulnerable environments; Photovoltaic panels: installation and maintenance for self-consumption; Digitisation of electricity grids; Green and digital gas networks; Energy rehabilitation of buildings (ITJ) and Thermographic camera workshop.
- Profile of the beneficiaries of the training: vocational training trainers, unemployed people, students and teachers of the different training modalities, teachers and technicians of the sector.

Collaboration agreement between the Institute for Just Transition and the Naturgy Foundation

The Secretary of State for Energy and the general manager of the Naturgy Foundation signed a protocol that establishes the lines of collaboration between the two institutions in the areas of training and research related to the promotion of employment and gender equality in the energy sector in Spain, especially in areas of just transition. In addition it envisages the possibility of collaborating in research and analysis programmes to identify the challenges and opportunities for access to employment in sectors linked to this change in the energy model.

The main lines of work of the agreement reinforce the IJT's action programmes, especially the activity developed around the coal mining and coal-fired power station employment exchanges, which bring together workers affected by the cessation of activity in these two sectors. They are also in line with the Just Transition Component 10 of the Recovery Plan, which includes a line of employment training grants for these groups.

Thanks to this agreement, together with the IJT, Naturgy has initiated the preparation of a pioneering study entitled 'The employment of women in the energy transition in Spain'. This is a quantitative and qualitative analysis that will provide detailed information on the current employment situation of women in sectors related to the energy transition, as well as the opportunities offered by the new investments planned in these sectors to promote equal employment.

The study has two objectives:

- To understand the evolution of female employment in quantitative and qualitative terms and to identify the obstacles women face in accessing employment in the main sub-sectors of the energy transition (renewable energies, green hydrogen, energy efficiency, energy refurbishment of buildings)
- To provide specific recommendations for measures to promote women's employment in this transition process.

11. About this report

This Sustainability Report and Statement of Non-Financial Information forms part of the Directors' Report and the Consolidated Directors' Report of Naturgy Energy Group, S.A. and subsidiaries for the 2022 financial year. It is subject to the same approval, deposit and publication criteria as these reports and has been verified by an independent verification service provider. By issuing this report, Naturgy Energy Group, S.A. complies with the provisions of Article 262 of the Corporate Enterprises Act and Article 49 of the Commercial Code as amended by Law 11/2018 of 28 December on non-financial reporting and diversity, which transposes Directive 2014/95/EU into Spanish law.

Materiality focus

For the preparation of this 2022 Sustainability Report and Non-Financial Information Statement, Naturgy has used as reference the standards of the Global Reporting Initiative standards (known as GRI Standards) and the Sustainability Accounting Standards Board (SASB), and has taken into account the requirements of Law 11/2018 on non-financial information.

The company considers that the report has been prepared with reference to the GRI Standards and has applied the universal GRI G3 standard "Material Topics 2021", which provides guidance on the identification of material topics. In addition, Naturgy has applied the GRI 11 sectorial standard: Oil and Gas Sector 2021 to identify those specific material aspects of this sector in which Naturgy performs part of its business activity.

Process of determining material topics

[2-14] and [3-1]

To identify potential and actual impacts, negative and positive, on the economy, the environment and people, including impacts on human rights in all activities, Naturgy uses the Datamaran® tool.

Datamaran® has a preliminary identification of aspects (topic mapping) which ensures that the determination of material topics is based on a complete description of the potential impacts a company has on people and the environment.

Besides, this tool provides the following advantages:

- Data-driven materiality analysis: Datamaran® is software that enables a comprehensive, data-driven process for monitoring external risks, including Environmental, Social and Governance (ESG) risks. The software technology provides real-time analysis of strategic, regulatory and reputational risks and opportunities. Its use strengthens understanding of ESG, geopolitical, technological and emerging issues, ensures alignment with the different expectations of internal and external stakeholders, and enhances the company's ability to monitor its evolution.
- Dynamic materiality based on diverse sources: the analysis takes into account information published by different companies from all sectors in their annual corporate reports, introduces into the analysis both mandatory regulations and other voluntary policy initiatives, as well as information published in traditional media and social networks. The analysis has focused on issues that experienced an increase in relevance and on the stakeholders (peers, industry, regulators, general public) that were behind this increase. This analysis, carried out regularly throughout the year, makes it possible to monitor issues that are in the process of materialising, based on a dynamic materiality perspective.
- General issues map adapted to Naturgy's reality: the 21 issues assessed in the materiality analysis have been built from an exhaustive map of 90 topics (topic mapping) included in the tool itself, so that all emerging issues of interest are taken into account in the diagnosis.

As a novelty in the 2022 financial year, Naturgy has anticipated the requirements of Directive 2022/2464 of 14 December 2022, applicable for the 2024 reporting year, on sustainability reporting by companies and the draft sustainability reporting standards submitted by the European Financial Reporting Advisory Group (EFRAG) to the European Commission, and has adopted a dual materiality approach that integrates two complementary perspectives:

- Inside-out view (hereafter impact materiality): analyses how the company’s activity impacts on the environment and society and how this impact is perceived by the different stakeholders.
- Outside-in view (hereafter financial materiality): analyses how sustainability issues affect the company’s performance, how they can affect value creation and how these issues are perceived by financial stakeholders.

The diagnosis has taken into account: the sustainability and financial reports of 111 energy companies operating in the main countries where Naturgy operates; nearly 2,000 regulatory initiatives, both mandatory and voluntary, applicable to the following sectors of electricity and gas utilities and electricity generators, and more than 22,000 news articles. All of this in the main countries where the company operates.

Naturgy considers that the methodology used, the criteria for selecting the sources consulted and the volume of data analysed ensure that the determination of the material topics has taken into account, in a balanced and representative way, the points of view of the main stakeholders.

Once material topics have been identified from both impact and financial perspectives, they are ranked in a matrix that combines both perspectives. In this way, priority has been given to material topics for the main stakeholders and those issues that are also key from a financial standpoint due to their influence on the company’s ability to create long-term value.

The process of determining the material topics as well as the outcome of the analysis has been overseen by the Sustainability Committee.

List of material topics at corporate level

[3-2]

Naturgy has identified fifteen material topics, which are detailed below:

Relevant issues

Circular economy and eco-efficiency	Environmental
Occupational safety and well-being of workers	Social
Business continuity	Economic
Cybersecurity and information security	Governance
Climate change and energy transition	Environmental
Diversity and equality	Social
Biodiversity and natural capital	Environmental
Human rights	Social
Good corporate governance	Governance
Talent development	Social
Social contribution and participation	Social
ESG investment and financing	Economic
Energy vulnerability	Social
Responsible supply chain	Social
Technological and digital innovation	Economic

NB: each country has a different prioritisation based on its corporate responsibility agenda.

Under the double materiality perspective, Naturgy considers that, of these fifteen issues, six of them are material from a financial perspective:

- Circular economy and eco-efficiency.
- Occupational safety and well-being of workers.
- Business continuity.
- Cybersecurity and information security.

- Diversity and equality.
- Climate change and energy transition.

As regards material topics identified in 2021, the following are identified as new material topics in 2022: Human Rights, Social Contribution and Participation, ESG Investment and Financing, Energy Vulnerability, Responsible Supply Chain and Digital and Technological Innovation. The increased relevance of these issues to stakeholders is consistent with regulatory trends and the growing interest in social issues in the wake of the COVID-19 pandemic, as well as the response of companies to these issues.

Management of material topics

Naturgy's management of material topics has been described throughout the different chapters of this report. For each issue, the following have been explained: the positive and negative impacts, real or potential, caused by Naturgy's activity; the commitments, policies and measures adopted to manage each issue and reduce or prevent negative impacts; the initiatives developed to enhance positive impacts, and the effectiveness of the measures through performance indicators.

Next, we identify for each material issue which business line it is most relevant in and in which chapter and/or section of the report the information on its management and performance can be found:

Material issues	Business lines				Management and performance
	Networks	Energy management	Renewables and new businesses	Commercialisation	Chapter and section of the report
Circular economy and eco-efficiency	■	■	■	■	The opportunity of environmental challenges - Circular economy and eco-efficiency
Occupational safety and well-being of workers	■	■	■	■	Commitment and talent-Health and safety
Business continuity	■	■	■	■	Business model
Cybersecurity and information security	■	■	■	■	Integrity and trust-Security and Privacy
Climate change and energy transition	■	■	■	■	The opportunity of environmental challenges-Climate change and energy transition: TCFD Report
Diversity and equality	■	■	■	■	Commitment and talent-Interest for people
Biodiversity and natural capital	■	■	■	■	The Opportunity of Environmental Challenges-Biodiversity and Natural Capital
Human Rights	■	■	■	■	Integrity and trust-Compliance
Good corporate governance	■	■	■	■	Integrity and trust-Corporate governance
Talent development	■	■	■	■	Talent development-Interest in people
Social contribution and participation	■	■	■	■	Corporate Responsibility-Relationship with communities Stakeholders of Naturgy
ESG investment and financing	■	■	■	■	Business model-Sustainable finance Business Model-Green Bond
Energy vulnerability				■	Social responsibility-Energy vulnerability
Responsible supply chain	■	■	■	■	Integrity and trust-Supply chain
Technological and digital innovation	■	■	■	■	Innovation and new business development

Material issues from a financial point of view

As indicated above, Naturgy follows dual materiality as a general principle to determine its most important sustainability impacts, risks and opportunities. In this regard, of the fifteen issues identified as relevant, six of them are also considered to be material from a financial point of view. In other words, Naturgy believes that their evolution can have a significant impact on the creation of long-term value, and that it is therefore necessary to manage them proactively, to capture opportunities and minimise any risks they could represent.

For each of these we set out below how the company sees these issues as making a particular contribution to long-term value creation.

Circular economy and eco-efficiency

Why is it material?	Promoting renewable gas as an energy and storage vector that contributes to the transition to a circular and low-carbon economic model. Basing the decarbonisation of the economy predominantly on a high level of electrification with renewable energy presents technical limitations in certain energy-intensive sectors. As electrification cannot meet all energy demand, further integration of electricity and gas is an effective solution to achieve decarbonisation goals. The gas grid currently has a high storage capacity, and a level of reach and capillarity that enables large amounts of energy to be transported to where it will be consumed. The development of renewable gases, biomethane and hydrogen is also part of the Just Transition Strategy. As one of the main operators of basic natural gas infrastructures, Naturgy assumes its leading role as a driving force in the development of the renewable gas value chain.
Business impact	Potential decrease in income and loss of asset value.
Supporting business strategy	The future of natural gas lies in achieving decarbonisation. Naturgy, in its Strategic Plan 2021-2025, sets ambitious targets for renewable gases with the implementation of projects in areas of just transition. In addition, Naturgy's circular economy strategy includes initiatives related to water and waste.
Long-term tracking metrics	Development of renewable gas projects for more than 1 TWh in 2025.

Occupational safety and well-being of workers

Why is it material?	As well as the company's legal responsibility to protect its workers from health and safety risks at work, a safe and healthy working environment represents a standard of ethical conduct. Providing good health and safety conditions in the workplace brings a number of key benefits, such as improved employee motivation and commitment, reduced costs of sick leave and accidents, improved productivity, better reputation and better valuation of the company by stakeholders.
Business impact	Increased costs due to more accidents, lower productivity and higher risk.
Supporting business strategy	Safety Plan 2021-2023 which, through six transversal axes and more than 30 specific lines of action, aims to reinforce the safety model in all business units and improve the level of safety performance of collaborating companies.
Long-term tracking metrics	Maintain frequency and severity rates among own staff in 2025 below 0.12 and 6.15 respectively. Occupational health and safety performance is part of the metrics assessed in the evaluation of employee performance.

Business continuity

Why is it material?	Acting in an essential sector such as the energy sector, operating critical infrastructures to guarantee the continuity and quality of supply and doing so in the current context, marked by the energy transition towards a decarbonised energy model, shows the need to have a business model capable of facing these challenges and adapting to future needs in such a way that business continuity is assured.
Business impact	Potential decrease in income and loss of asset value.
Supporting business strategy	Naturgy is immersed in a transformation process. The Strategic Plan 2021-2025 lays the foundations for this transformation. The strategy is focused on organic growth, consistent with the energy transition, which leverages opportunistic asset rotation to accelerate the transformation and put its focus on renewables.
Long-term tracking metrics	Total investment of 14 billion euros, estimated ordinary Ebitda to 2025 of around 4.8 billion euros.

Cybersecurity and information security

Why is it material?	Naturgy's transformation involves increasing its digital footprint, both in customer relations and in the management of its networks and assets in general. In this context, it is critical to have infrastructures and information systems that are secure and safe from threats. Naturgy is exposed to threats in relation to the availability, confidentiality, integrity and privacy of the information and technology that supports its business processes, as well as to the risk of non-compliance with regulations related to cybersecurity. Such threats include unauthorised access to and use, disruption, modification or destruction of information as a result of terrorist acts, malicious attacks, sabotage and other intentional acts.
Business impact	Potential decrease in revenues and potential increase in costs.
Supporting business strategy	Being a best-in-class operator is one of the company's strategic pillars through the transformation of its operations to simplify and digitise them. Over the next five years Naturgy will spend 1.2 billion to reposition its services through digitalisation of systems.
Long-term tracking metrics	Reach a level of 790 points in 2025 in the international BitSight index.

Climate change and energy transition

Why is it material?	Decarbonisation of energy supply is key in the fight against climate change. Naturgy, as a company present in multiple territories, is firmly committed to the fight against climate change. It also represents a strategic opportunity, as energy demand will be redirected towards those sources and suppliers with a less carbon-intensive mix.
Business impact	Potential decline in revenues, loss of asset value, reduced access to sources of finance.
Supporting business strategy	Naturgy's strategy for the next five years focuses on growth that contributes to the energy transition by focusing on renewable projects. The company has an investment target of Euros 8.7 billion on renewables, which will enable it to triple its installed renewable capacity to 14 GW of installed capacity. Naturgy's climate action is based on the management and integration of climate change risks and opportunities into the company's strategy. The key lines of action, goals and indicators aim to promote renewable energies, energy efficiency and renewable natural gas, as well as to offer innovative mobility solutions that contribute to the reduction of emissions and the improvement of air quality in cities.
Long-term tracking metrics	This target for investment in renewables is accompanied by emission reduction targets in the three scopes so that by 2025 the group's total emissions will have been reduced by 24% compared to 2017. In addition, Naturgy is committed to achieving zero net emissions by 2050.

Diversity and equality

Why is it material?	Having a diverse and inclusive work environment that integrates different perspectives and experiences enriches business management and helps build stronger business cultures that are ready to address future challenges. A diverse and inclusive work environment helps attract and retain the best talent, improves productivity and reduces reputational risks. Naturgy promotes the professional and personal development of all its employees, ensuring equal opportunities through its action policies and does not accept any kind of discrimination in the labour or professional field.
Business impact	Increased risks, lower productivity.
Supporting business strategy	Naturgy firmly believes in the exponential value of diversity. The more diverse people are and the more the value of this difference in teams is recognised, the better the company will be able to anticipate and adapt to each new challenge. In this context, the diversity strategy is a commitment to the organisation and people to invest in and promote diverse and transformative talent through programmes of integration, recognition and promotion of gender, age, disability and functional diversity. In the last two years, Naturgy's diverse talent management strategy has focused on advancing the balance of talent by generational brackets and on gender parity. Young talent plays a key role in the company's transformation through hiring programmes such as "Flex & Lead" and talent development like "Internal Lead Talent".
Long-term tracking metrics	More than 40% of women in management positions by 2025. Diversity and equality performance is part of the metrics assessed in the evaluation of employee performance.

Materiality of the aspects of Law 11/2018

The materiality analysis has shown that almost all the aspects required by Law 11/2018 on non-financial information are material for the specific activities performed by Naturgy. In this regard, according to the independent review report, this report has met all those aspects required by Law 11/2018 that are material to Naturgy.

Only food waste and light and noise pollution have not been identified as material. Food waste is not a relevant issue for the company because the company's activity is not linked to the food sector and the company does not engage in intensive food consumption. Likewise, the environmental risk analyses carried out by the company have determined that the company does not have a significant or relevant impact on light and noise pollution.

Scope of the information

[2-2] and [2-4]

Introduction to the scope of information

Following the recommendation of the international GRI Reporting standard, for the definition of the coverage of this report Naturgy has taken into account the companies over which it has the capacity to control, those over which it has significant influence and those activities relevant to the group from the Environmental, Social and Governance (ESG) points of view.

In the Consolidated Financial Report for 2022, specifically in Annex I, the set of companies in which Naturgy has an interest and which form part of the group's scope is detailed.

Temporary scope

The Sustainability and Non-Financial Reporting Report is published each year and covers a 12-month calendar year. This report covers information relating to 2022.

Frame of reference

The preparation of this report considers the following frames of reference, which condition its structure, scope and contents:

- The financial information published in this report must be consistent with the Annual Accounts, and therefore comply with the provisions of the corresponding Spanish and European regulations.

- Sustainability, or ESG, information, in application of the provisions of Law 11/2018, is prepared by applying a reporting standard or framework. Naturgy has chosen to use the ‘core’ option of the GRI Standards, taking into account the depth of this standard, its recognition and universality, and the experience in its application for more than a decade. For this year’s report Naturgy has updated the version of GRI reported to version 2021 and the new sectorial 11 of Oil and Gas.
- In addition, and on a voluntary basis, Naturgy also reports following the international SASB standard, which is part of the IFRS Foundation due to its relevance at international level.

Scope of the report

The financial and non-financial data of Naturgy Energy Group, S.A. and its subsidiaries -the Naturgy group- (hereinafter, Naturgy, the “company” or the “group”) presented in this report are consolidated and refer to all activities carried out during 2022 as a global gas and electricity operator through the companies listed in Annex I to the Consolidated Report for the year 2022, following these considerations:

- Those indicators that plot progress throughout the year must reflect information on companies outside the consolidation scope due to having been put up for sale except where indicated otherwise in a footnote, while the indicators that represent information at year-end will not include information in connection with such companies.
- As these are consolidated data, they do not generally include companies consolidated using the equity method (Annex I, sections 2 and 4).
- Except for the number of employees, the reported information on own staff refers to the countries in which Naturgy operates and where it has established companies with hired staff assigned to these countries and where the company performs centralised management of its human resources policies.
- With regard to the environment, the disclosures refer solely to those companies or activities that are at least 50% owned or controlled by the company, which have the capacity to influence environmental management and have the capacity to make a significant impact, based on global data.
- The companies that manage nuclear generation assets are included for the operating figures, but not for the other environmental figures, as these indicators were not available at the time the report was issued.
- With regard to the information contained in Chapter 7. Customer experience, it is necessary to bear in mind that the information reported for Latin American countries corresponds to those gas and electricity distribution companies that have the largest number of supply points, as this is considered to be the most relevant operational magnitude from the point of view of the information reported:
 - the information from Argentina only covers the activity carried out by the company Naturgy BAN, S.A.
 - the information from Brazil and Mexico covers the activity carried out by the following gas distribution companies: Ceg Río, S.A.; Companhia Distribuidora de Gás do Rio de Janeiro, S.A.; Gas Natural Sao Paulo Sul, S.A.; Naturgy México, S.A. de C.V. and Comercializadora Metrogas, S.A. de CV
 - the information from Panama covers the activity carried out by electricity distribution companies: Empresa de Distribución Eléctrica Chiriquí, S.A. and Empresa de Distribución Eléctrica Metro Oeste, S.A.
 - The information from Chile includes the activity carried out by Metrogas S.A.

Most of the companies for which no information is provided are companies with activities other than gas and electricity distribution. For those companies with gas and electricity distribution activities for which information is not provided, the company is working to be able to provide complete information in future years.

Scope limitations

Naturgy considers that this report provides a reasonable and balanced reflection of the company's environmental, social and governance performance. If a particular indicator could not be compiled in accordance with the scope of the report, explanatory notes are added at the foot of each table.

Throughout the report, when it is considered to facilitate the interpretation of the data, the scope of each of the indicators shown is specified, as well as relevant variations with respect to the previous year.

Changes to the scope

Changes in the consolidation scope in 2022 compared to 2021 are described in Appendix II of the Consolidated Annual Accounts.

Compliance with benchmark standards

[3-1]

The company has prepared its Sustainability Report and Statement of Non-Financial Information using the 2021 version of the Global Reporting Initiative (GRI) standards and the GRI 11 standard as a reference: Oil and gas sector 2021 to determine material topics. In addition, the company responds in this report to the indicators identified for the "Electric Utilities & Power Generators" and "Gas Utilities & Distributors" sectors by the SASB standards, which are under the supervision of the International Sustainability Standards Board (ISSB).

Naturgy considers that it has prepared this report in accordance with the Principles for the preparation of reports defined by GRI in its universal standard GRI 1 Foundation 2021, which are as follows:

- Accuracy: all the information in the report is necessary and given in sufficient detail for the company's stakeholders to be able to value its performance in an appropriate manner.
- Balance: the report clearly shows the positive and negative aspects of the organisation's performance, which enables a reasonable valuation thereof.
- Clarity: the information is presented in a way that is understandable and accessible. 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.
- Comparability: the information given in this report is consistent and makes it possible to analyse the evolution of the company performance over time and be compared with other companies.
- Completeness: the outline of contents have been 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 Naturgy has on its environment and on its own business targets have been taken into consideration.
- Sustainability context: the report analyses the company's performance in the context of the social, environmental and economic requirements of its social and market environments. The sections on vision and business model delve specifically into this area.
- Timeliness: Naturgy publishes its Sustainability Report and Non-Financial Information Statement annually, as soon as the information is available, so that the stakeholders have a good understanding of the company.
- Verifiability: the company has in place the information systems and internal controls to collect and analyse information from original sources, and to produce this report in a reliable, accurate and high quality manner for presentation to a third party.

The information on how Naturgy complies with its duty to human rights has been prepared in accordance with the United Nations Guiding Principles Reporting Framework, whose objective is for companies to report all information related to human rights, in line with the United Nations Guiding Principles on Business and Human Rights.

In addition, Naturgy responds to the information requirements derived from the Taxonomy Regulation, Regulation (EU) 2020/852 of the European Parliament and the Council of Europe that establishes a classification system for sustainable economic activities, which defines on the basis of objective criteria what is and what is not sustainable. Naturgy complies with the technical reporting requirements set out in the EU Taxonomy Delegated Acts (EU) 2021/2139 and 2022/1214 of the Commission complementing the aforementioned regulation and reports on the degree of eligibility and alignment of its activities according to the European taxonomy for climate change mitigation and adaptation objectives.

Lastly, Naturgy also issues the Green Bond report, which includes the environmental benefit indicators for the year based on the guidelines and procedures for the issuance of green bonds of the Green Bond Principles (accountability published by the International Capital Market Association).

Verification

[2-5]

The integrity, sound and truthful nature of the information given in this report are maintained by the policies and procedures included in Naturgy's internal control systems and their purpose includes guaranteeing the correct presentation of the company's information to third parties.

In these policies and in accordance with the Global Reporting Initiative recommendations, Naturgy commissions an annual verification of the contents of its report by an independent third party. This 2022 report has been verified by KPMG, which reviews the adaptation of the contents of the Sustainability Report and the Non-Financial Information Statement to the provisions laid down in the Global Reporting Initiative guidelines, Law 11/2018 on non-financial information and diversity and the SASB standards.

In addition, the company commissions the verification that the classification of activities has been prepared in accordance with the technical requirements defined in the EU Taxonomy Delegated Acts (EU) 2021/2139 and 2022/1214 of the Commission, which complement Regulation 2020/852 of the European Parliament and the Council of Europe.

As a result of the said process, an independent review report is drawn up to include the goals and scope of the review, as well as the verification procedures used and the corresponding conclusions, which can be consulted in the "Additional information" chapter of this report.

Reporting period, frequency and contact point

[2-3]

Naturgy publishes its Sustainability Report and Statement of Non-Financial Information on an annual basis. This report covers the period from 1 January to 31 December 2022, which matches the reporting periodicity of its Annual Accounts. This report has been published on February 21, 2023.

In addition to this report, Naturgy has published the following reports in 2022 which include both financial and non-financial information:

- Corporate Governance Report.
- Audit and Control Committee Report.

It should also be noted that Naturgy publishes local corporate responsibility reports in some of the main countries where it operates.

Readers can send their questions, queries or requests for information via the corporate website: <https://www.naturgy.com/inicio>.

12. Annexes

1. Non-financial indicators

Sustainability Plan

▪ Indicators Driver 3. Customer experience

	2022	2021
Customers with online billing. Commercialisation Spain (%)	51	41
Contracts per customer. Spain Marketing (number)	1.54	1.56
Interaction with digital channels. Commercialisation Spain (%)	44	49
Customers with online billing. Argentina (%)		44
Interaction with digital channels. Argentina (%)	54	N/A
Customers with online billing. Brazil (%)	57	51
Interaction with digital channels. Brazil (%)	88	84
Customers with online billing. Chile (%)	36	35
Interaction with digital channels. Chile (%)	6	7
Partnerships with third parties providing value-added solutions for customers. Chile (number)	0	0
Customers with online billing. Mexico (%)	0	N/A
Contracts per customer. Mexico (number)	1.36	N/A
Customers with online billing. Panama (%)	40	37

Integrity and trust

• Revenues from sales to third parties and intra-group transactions (€M)

	2021	
Tax jurisdiction	Third parties	Related entity
Germany	0.4	0.0
Argentina	524.0	41.2
Australia	33.2	5.5
Belgium	-0.5	0.0
Brazil	1,629.1	3.4
Chile	25.1	0.8
Colombia	0.8	1.2
Costa Rica	37.2	1.2
Ecuador	-1.4	0.0
Spain	10,184.2	16,076.0
USA	0.1	0.0
France	1,664.7	0.0
Ireland	2,199.0	2,332.9
Israel	5.1	0.0
Kazakhstan	0.0	0.0
Luxembourg	31.4	0.0
Morocco	59.1	124.8
Mexico	1,694.0	242.8
Netherlands	0.0	253.4
Panama	776.0	24.5
Portugal	194.4	1.1
Puerto Rico	488.7	52.8
Dominican Republic	92.3	0.0
Singapore	452.8	206.8
Uganda	4.3	0.0
Uzbekistan	0.3	0.0

Note: data aggregated at country level; transactions between group companies within the same country are not eliminated.

Customer experience

▪ Customers disconnected due to non-payment

[IF-EU-240a.3] and [IF-GU-240a.3]

			2022	2021
Argentina	Gas business	Number of customer disconnections for non-payment of electricity supply	90,071	91,098
		% reconnected within 30 days	60.0	N/A
Brazil	Gas business	Number of customer disconnections for non-payment of electricity supply	8,324	7,945
		% reconnected within 30 days	93.0	88.0
Chile	Gas business	Number of customer disconnections for non-payment of electricity supply	22,317	130
		% reconnected within 30 days	72.5	45.4
Spain	Gas business	Number of customer disconnections for non-payment of electricity supply	3,614	4,404
		% reconnected within 30 days	77.1	76.5
	Electricity business	Number of customer disconnections for non-payment of electricity supply	19,263	21,772
		% reconnected within 30 days	91.4	88.4
Mexico	Gas business	Number of customer disconnections for non-payment of electricity supply	228,887	157,762
		% reconnected within 30 days	93.0	N/A
Panama	Electrical business	Number of customer disconnections for non-payment of electricity supply	66,178	60,631
		% reconnected within 30 days	96.1	99.8

▪ Complaints management by business and country

[2-25]

									2022
		Gas Distrib. Spain	Elec. Distrib. Spain	Commercialisation Spain	Argentina	Brazil	Chile	Mexico	Panama
Total complaints received in the year		302,144	341,636	1,119,079	22,748	60,647	10,993	210,074	37,184
No. of claims in portfolio		16,597	16,445	54,007	81	681	149	8,189	10,548
No. of complaints received / No. of contacts (%)		4.2	25.6	6.1	0.4	4.2	1.7	5.3	5.0
Mean Time to Resolve MTTR (days)		11.0	32.6	13.5	16.4	3.2	3.4	6.0	9.6

2021

	Gas Distrib. Spain	Elec. Distrib. Spain	Commercialisation Spain	Argentina	Brazil	Chile	Mexico	Panama
Total complaints received in the year	304,629	361,013	971,705	19,931	48,458	10,505		
No. of claims in portfolio	9,859	39,470	54,024	12		62		
No. of complaints received / No. of contacts (%)	4.7	27.1	6.6	0.4	3.6	1.8	3.4	5.0
Mean Time to Resolve MTTR (days)	11.0	18.0	11.0	14.1	4.0	4.2		

Note: 2021 data for Mexico and Panama are not available.

The increase in the Average Resolution Time (ART) of incidents in the Electricity Distribution business in Spain compared to 2021 is explained by the situation of energy prices, which has generated more contract modification operations in the year and, as a result, an increase in claims. In addition, in 2022, there was an IT problem that prevented Naturgy from billing and contracting for some weeks.

▪ **Electricity load supplied with smart grid technology (%/MWh)**

[IF-EU-420a.2]

	2022	2021
% electrical load from smart grids. Spain	99.6	99.4
% electrical load from smart grids. Panama	99.4	99.4

Commitment and talent

[401-3], [404-1] y [405-2]

• No. of employees entitled to leave for childbirth and child care

	2022			2021		
	Men	Women	Total	Men	Women	Total
Argentina	20	14	34	2	5	7
Australia	1	0	1	0	0	0
Brazil	7	3	10	2	6	8
Chile	8	7	15	6	11	17
Colombia	0	0	0	0	0	0
Costa Rica	0	0	0	0	1	1
Spain	65	35	100	83	18	101
USA	0	0	0	0	0	0
France	0	1	1	0	0	0
Ireland	0	0	0	0	0	0
Israel	1	0	1	1	0	1
Italy	0	0	0	0	0	0
Luxembourg	0	0	0	0	0	0
Morocco	0	0	0	3	1	4
Mexico	8	8	16	0	0	0
Netherlands	0	0	0	0	0	0
Panama	11	4	15	6	3	9
Portugal	9	3	12	0	0	0
Puerto Rico	0	0	0	0	0	0
Dominican Republic	0	1	1	0	0	0
Singapore	0	0	0	0	0	0
Uganda	0	0	0	8	0	8
Total	130	76	206	111	45	156

• **No. of employees who availed themselves of their right to childbirth and childcare leave**

	2022			2021		
	Men	Women	Total	Men	Women	Total
Argentina	2	14	16	2	5	7
Australia	0	0	0	0	0	0
Brazil	7	3	10	2	6	8
Chile	7	7	14	6	11	17
Colombia	0	0	0	0	0	0
Costa Rica	0	0	0	0	0	0
Spain	64	35	99	82	18	100
USA	0	0	0	0	0	0
France	0	0	0	0	0	0
Ireland	0	0	0	0	0	0
Israel	1	0	1	1	0	1
Italy	0	0	0	0	0	0
Luxembourg	0	0	0	0	0	0
Morocco	0	0	0	3	1	4
Mexico	8	8	16	0	0	0
Netherlands	0	0	0	0	0	0
Panama	11	4	15	6	3	9
Portugal	0	0	0	0	0	0
Puerto Rico	0	0	0	0	0	0
Dominican Republic	0	1	1	0	0	0
Singapore	0	0	0	0	0	0
Uganda	0	0	0	8	0	8
Total	100	72	172	110	44	154

▪ **Ratio of employees who returned to their position following childbirth and childcare leave and continue in the company one year after their leave**

	2022		2021	
	Men	Women	Men	Women
Argentina	100.0	100.0	100.0	100.0
Australia	0.0	0.0	0.0	0.0
Brazil	100.0	100.0	0.0	50.0
Chile	83.3	62.5	77.8	66.7
Colombia	0.0	0.0	0.0	0.0
Costa Rica	0.0	0.0	0.0	0.0
Spain	92.7	88.9	98.3	94.7
USA	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0
Ireland	0.0	0.0	0.0	0.0
Israel	0.0	0.0	100.0	0.0
Italy	0.0	0.0	0.0	0.0
Luxembourg	0.0	0.0	0.0	0.0
Morocco	0.0	0.0	100.0	0.0
Mexico	87.5	72.7	100.0	100.0
Netherlands	0.0	0.0	0.0	0.0
Panama	0.0	0.0	0.0	0.0
Portugal	0.0	0.0	0.0	0.0
Puerto Rico	0.0	0.0	0.0	0.0
Dominican Republic	0.0	0.0	100.0	100.0
Singapore	0.0	0.0	0.0	0.0
Uganda	0.0	0.0	85.7	100.0
Total	92.7	82.2	88.6	87.5

(*) The total refers to data from Argentina, Brazil, Chile, Mexico and Spain.

▪ **No. of employees who did not return to work once their childbirth and childcare leave was complete**

[401-3]

	2022			2021		
	Men	Women	Total	Men	Women	Total
Argentina	0	0	0	0	0	0
Australia	0	0	0	0	0	0
Brazil	0	0	0	1	0	1
Chile	0	4	4	0	7	7
Colombia	0	0	0	0	0	0
Costa Rica	0	0	0	0	0	0
Spain	6	2	8	2	3	5
USA	0	0	0	0	0	0
France	0	0	0	0	0	0
Ireland	0	0	0	0	0	0
Israel	1	0	1	0	0	0
Italy	0	0	0	0	0	0
Luxembourg	0	0	0	0	0	0
Morocco	0	0	0	0	0	0
Mexico	0	0	0	0	0	0
Netherlands	0	0	0	0	0	0
Panama	0	0	0	0	0	0
Portugal	0	0	0	0	0	0
Puerto Rico	0	0	0	0	0	0
Dominican Republic	0	0	0	0	0	0
Singapore	0	0	0	0	0	0
Uganda	0	0	0	0	0	0
Total	7	6	13	3	10	13

▪ **Number of contracts by gender and type at 31 December**

	2022			2021		
	Men	Women	Total	Men	Women	Total
Indefinite full-time	4,531	2,222	6,753	4,787	2,265	7,052
Indefinite part-time	0	0	0	0	0	0
Total indefinite	4,531	2,222	6,753	4,787	2,265	7,052
Temporary full-time	138	91	229	104	75	179
Temporary part-time	0	0	0	0	0	0
Total temporary	138	91	229	104	75	179
Total full-time	4,669	2,313	6,982	4,891	2,340	7,231
Total part-time	0	0	0	0	0	0

▪ **Annual average of contracts by gender and type**

	2022			2021		
	Men	Women	Total	Men	Women	Total
Indefinite full-time	4,640	2,230	6,870	5,864	2,739	8,603
Indefinite part-time	0	0	0	0	0	0
Total indefinite	4,640	2,230	6,870	5,864	2,739	8,603
Temporary full-time	122	87	208	91	52	142
Temporary part-time	0	0	0	0	0	0
Total temporary	122	87	208	91	52	142
Total full-time	4,761	2,317	7,078	5,955	2,790	8,745
Total part-time	0	0	0	0	0	0

▪ **Number of contracts by age and type at 31 December**

	2022				2021			
	< 30 years	30-50 years	> 50 years	Total employees	18-35 years	36-50 years	> 50 years	Total employees
Indefinite full-time	259	4,624	1,870	6,753	219	5,063	1,770	7,052
Indefinite part-time	0	0	0	0	0	0	0	0
Total indefinite	259	4,624	1,870	6,753	219	5,063	1,770	7,052
Temporary full-time	85	140	4	229	55	121	3	179
Temporary part-time	0	0	0	0	0	0	0	0
Total temporary	85	140	4	229	55	121	3	179
Total full-time	344	4,764	1,874	6,982	274	5,184	1,773	7,231
Total part-time	0	0	0	0	0	0	0	0

▪ **Annual average of contracts by age and type**

	2022				2021			
	< 30 years	30-50 years	> 50 years	Total employees	< 30 years	30-50 years	> 50 years	Total employees
Indefinite full-time	235	4,836	1,798	6,870	246	6,023	2,334	8,603
Indefinite part-time	0	0	0	0	0	0	0	0
Total indefinite	235	4,836	1,798	6,870	246	6,023	2,334	8,603
Temporary full-time	74	131	3	208	24	115	3	142
Temporary part-time	0	0	0	0	0	0	0	0
Total temporary	74	131	3	208	24	115	3	142
Total full-time	309	4,968	1,802	7,078	270	6,138	2,337	8,745
Total part-time	0	0	0	0	0	0	0	0

• **Number of contracts by professional category and type at 31 December**

	2022				
	Management team	Middle managers	Technicians	Operators	Total
Indefinite full-time	103	758	3,912	1,980	6,753
Indefinite part-time	0	0	0	0	0
Total indefinite	103	758	3,912	1,980	6,753
Temporary full-time	0	3	191	35	229
Temporary part-time	0	0	0	0	0
Total temporary	0	3	191	35	229
Total full-time	103	761	4,103	2,015	6,982
Total part-time	0	0	0	0	0

	2021				
	Management team	Middle managers	Technicians	Operators	Total
Indefinite full-time	104	1,547	3,300	2,101	7,052
Indefinite part-time	0	0	0	0	0
Total indefinite	104	1,547	3,300	2,101	7,052
Temporary full-time	0	25	123	31	179
Temporary part-time	0	0	0	0	0
Total temporary	0	25	123	31	179
Total full-time	104	1,572	3,423	2,132	7,231
Total part-time	0	0	0	0	0

• **Annual average of contracts by professional category and type**

	2022				
	Management team	Middle managers	Technicians	Operators	Total
Indefinite full-time	104	755	3,907	2,104	6,870
Indefinite part-time	0	0	0	0	0
Total indefinite	104	755	3,907	2,104	6,870
Temporary full-time	0	3	173	32	208
Temporary part-time	0	0	0	0	0
Total temporary	0	3	173	32	208
Total full-time	104	757	4,081	2,137	7,078
Total part-time	0	0	0	0	0

	2021				
	Management team	Middle managers	Technicians	Operators	Total
Indefinite full-time	108	1,892	3,950	2,652	8,603
Indefinite part-time	0	0	0	0	0
Total indefinite	108	1,892	3,950	2,652	8,603
Temporary full-time	0	18	97	27	142
Temporary part-time	0	0	0	0	0
Total temporary	0	18	97	27	142
Total full-time	108	1,910	4,047	2,680	8,745
Total part-time	0	0	0	0	0

▪ **Rotation index by gender and age group (%)** ^[401-1]

		2022		2021	
<30	Men	24.8	<30	Men	26.0
	Women	15.7		Women	31.0
30-50	Men	6.1	30-50	Men	30.0
	Women	6.6		Women	36.8
>50	Men	10.8	>50	Men	60.0
	Women	8.9		Women	81.9

▪ **Voluntary rotation index by gender and age group (%)** ^[401-1]

		2022		2021	
<30	Men	7.7	<30	Men	5.2
	Women	7.9		Women	9.3
30-50	Men	1.9	30-50	Men	1.9
	Women	2.6		Women	2.2
>50	Men	0.5	>50	Men	1.0
	Women	0.2		Women	1.1

▪ **Rotation index by country (%)** ^[401-1]

	2022		2021	
	Rotation index	Voluntary rotation index	Rotation index	Voluntary rotation index
Argentina	8.3	2.2	8.6	3.4
Australia	14.2	14.2	0.0	0.0
Brazil	5.0	2.7	17.2	3.0
Chile	10.1	0.2	100.0	1.2
Colombia	100.0	100.0	18.6	0.0
Costa Rica	5.7	5.7	27.4	27.4
Spain	3.1	1.6	36.2	1.0
USA	0.0	0.0	0.0	0.0
France	100.0	0.0	100.0	23.5
Ireland	0.0	0.0	100.0	16.0
Israel	24.9	24.9	11.8	11.8
Italy	0.0	0.0		
Luxembourg	0.0	0.0	0.0	0.0
Morocco	100.0	0.0	6.9	6.9
Mexico	7.6	3.2	19.3	2.4
Netherlands	0.0	0.0	0.0	0.0
Panama	15.2	1.3	6.6	1.9
Portugal	7.3	7.3	6.9	6.9
Puerto Rico	0.0	0.0	31.7	0.0
Dominican Republic	0.0	0.0	2.8	2.8
Singapore	100.0	100.0	14.8	14.8
Uganda	100.0	12.5	5.0	5.0
Total	8.0	2.0	40.9	1.9

NB: 100% is reported when more people left than remained on the staff. It affects France, Morocco, Singapore and Uganda in 2022 due to the sale of the business.

Empty cells: there have been no people leaving in this category.

• **Rotation by professional category and gender**

[401-1]

	2022														
	Management team			Middle managers			Technicians			Operators			Total		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Argentina	0	0	0	2	1	3	20	9	29	35	15	50	57	25	82
Australia	0	0	0	0	0	0	2	1	3	0	0	0	2	1	3
Brazil	0	0	0	2	0	2	11	4	15	2	0	2	15	4	19
Chile	1	0	1	2	3	5	10	16	26	19	11	30	32	30	62
Colombia	0	0	0	0	1	1	0	3	3	0	0	0	0	4	4
Costa Rica	0	0	0	0	0	0	1	0	1	0	0	0	1	0	1
Spain	8	1	9	9	2	11	34	38	72	22	5	27	73	46	119
USA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
France	0	0	0	3	0	3	3	6	9	0	0	0	6	6	12
Ireland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	4	0	4	0	0	0	4	0	4
Italy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Luxembourg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Morocco	0	0	0	4	1	5	19	9	28	46	5	51	69	15	84
Mexico	0	0	0	0	1	1	24	16	40	11	1	12	35	18	53
Netherlands	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Panama	0	0	0	2	0	2	10	11	21	18	4	22	30	15	45
Portugal	0	0	0	0	0	0	0	1	1	0	0	0	0	1	1
Puerto Rico	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dominican Rep.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Singapore	0	0	0	0	0	0	3	2	5	0	0	0	3	2	5
Uganda	0	0	0	0	0	0	52	9	61	9	0	9	61	9	70
Total	9	1	10	24	9	33	193	125	318	162	41	203	388	176	564
% Total	90.0	10.0		72.7	27.3		60.7	39.3		79.8	20.2		68.8	31.2	

• **Voluntary rotation by professional category and gender** ^[401-1]

2022

	Management team			Middle managers			Technicians			Operators			Total employees		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Argentina	0	0	0	0	0	0	5	6	11	8	3	11	13	9	22
Australia	0	0	0	0	0	0	2	1	3	0	0	0	2	1	3
Brazil	0	0	0	1	0	1	5	4	9	0	0	0	6	4	10
Chile	0	0	0	1	0	1	0	0	0	0	0	0	1	0	1
Colombia	0	0	0	0	0	0	0	2	2	0	0	0	0	2	2
Costa Rica	0	0	0	0	0	0	1	0	1	0	0	0	1	0	1
Spain	1	0	1	5	1	6	23	29	52	4	0	4	33	30	63
USA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
France	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	4	0	4	0	0	0	4	0	4
Italy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Luxembourg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Morocco	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mexico	0	0	0	0	1	1	10	6	16	4	1	5	14	8	22
Netherlands	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Panama	0	0	0	0	0	0	2	2	4	0	0	0	2	2	4
Portugal	0	0	0	0	0	0	0	1	1	0	0	0	0	1	1
Puerto Rico	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dominican Rep.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Singapore	0	0	0	0	0	0	1	0	1	0	0	0	1	0	1
Uganda	0	0	0	0	0	0	4	0	4	1	0	1	5	0	5
Total	1	0	1	7	2	9	57	51	108	17	4	21	82	57	139
% Total	100.0	0.0		77.8	22.2		52.8	47.2		81.0	19.0		59.0	41.0	

• **Vacant positions filled by internal applications**

	2022	2021
Vacant positions filled by internal applications (*)	45.1	53.9

NB:

- The indicator is from Spain.
- The value of 2021 is calculated on the same basis as 2022.

• **New employees by gender and age group** ^[401-1]

		2022		2021	
<30	Men	94	<30	Men	48
	Women	91		Women	68
30-50	Men	77	30-50	Men	80
	Women	46		Women	58
>50	Men	4	>50	Men	11
	Women	3		Women	5
Total	Men	175	Total	Men	139
	Women	140		Women	131
	Total	315		Total	270

▪ **New employees by gender and business**

[401-1]

	2022					
	Men	% Men	Women	% Women	Total	% Total
Commercialisation	11	36.67	19	63.33	30	100.00
Corporate	2	20.00	8	80.00	10	100.00
Energy Management and Networks	97	53.89	83	46.11	180	100.00
Renewables and New Businesses	65	68.42	30	31.58	95	100.00
Total	175	55.60	140	44.40	315	100.00

▪ **New employees by gender, corporation and business**

[401-1]

	2022					
	Men	% Men	Women	% Women	Total	% Total
Corporate	2	20.00	8	80.00	10	100.00
Business	173	56.72	132	43.28	305	100.00
Total	175	55.56	140	44.44	315	100.00

▪ **Number of dismissals by gender and professional category**

[401-1]

	2022				
	Management team	Middle managers	Technicians	Operators	Total
Men	0	8	43	52	103
Women	1	1	27	5	34
Total	1	9	70	57	137

	2021				
	Management team	Middle managers	Technicians	Operators	Total
Men	0	16	69	41	126
Women	0	8	34	35	77
Total	0	24	103	76	203

▪ **Training hours per employee**

[404-1]

	2022	2021
Management team	30.6	31.5
Middle managers	46.2	37.3
Technicians	35.1	26.0
Operators	36.7	25.1
Total	35.9	28.8

NB: Training data only includes companies that have access to SuccessFactors. These companies represent 93% of the total staff.

▪ **Training hours by age (%)**

[404-1]

	2022			
	Management team	Middle managers	Technicians	Operators
<30	100.0	100.0	96.4	96.3
31-44	96.4	99.7	97.1	96.5
45-54	97.3	99.1	98.6	96.4
>55	95.8	100.0	97.7	91.6
Total	96.9	99.5	97.8	95.6

	2021			
	Management team	Middle managers	Technicians	Operators
<30	-	95.1	75.3	75.4
31-44	90.2	86.0	79.7	76.9
45-54	89.9	83.5	85.0	74.3
>55	74.0	80.4	69.9	60.1
Total	88.1	84.5	80.8	72.3

▪ **Training hours**

[404-1]

	2022	2021
Management team	25,620	26,577
Middle managers	27,774	53,214
Technicians	125,392	66,786
Operators	53,660	46,840
Total	232,445	193,416

▪ **Fixed remuneration by gender**

	2022		
	Men	Women	Gap
Argentina	28,858	24,681	14.5%
Australia	77,253	85,456	-10.6%
Brazil	22,242	24,403	-9.7%
Chile	37,160	30,155	18.9%
Colombia			-
Costa Rica	17,190		n.a.
Spain	56,453	52,369	7.2%
USA			-
France			-
Ireland			-
Israel	42,536		n.a.
Italy			-
Luxembourg			-
Morocco			-
Mexico	20,893	22,120	-5.9%
Netherlands			-
Panama	27,698	25,697	7.2%
Portugal	40,587	38,538	5.0%
Puerto Rico			-
Dominican Republic	18,205	25,825	-41.9%
Singapore			-
Uganda			-

NB:

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.
- Data are not comparable with 2021 due to a change in the classification of these categories: MM, TE and OP.
- The exchange rate used is as at the end of December 2022.

	2021		
	Men	Women	Gap
Argentina	26,575	28,626	-7.7%
Australia			-
Brazil	19,950	21,057	-5.5%
Chile	31,448	25,532	18.8%
Colombia			-
Costa Rica			-
Spain	55,686	51,544	7.4%
USA			-
France	79,547	48,047	39.6%
Ireland			-
Israel			-
Italy			-
Luxembourg			-
Morocco	30,664	34,266	-11.7%
Mexico	18,809	19,033	-1.2%
Netherlands			-
Panama	31,076	23,292	25.0%
Portugal	39,344	36,535	7.1%
Puerto Rico			-
Dominican Republic	15,568	21,402	-37.5%
Singapore			-
Uganda			-

NB:

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- With regard to the information from Chile, the company GPG Chile has been excluded.

▪ **Fixed remuneration by age range**

	2022		
	<30 years	30-50 years	>50 years
Argentina	18,397	24,527	31,872
Australia	60,537	81,169	74,656
Brazil	14,936	22,433	26,691
Chile	24,130	34,574	36,349
Colombia			
Costa Rica	10,399	19,115	17,207
Spain	32,387	50,961	71,637
USA			
France			
Ireland			
Israel	30,617	43,911	55,804
Italy			
Luxembourg			
Morocco			
Mexico	14,674	20,910	25,650
Netherlands			
Panama	16,537	24,243	40,410
Portugal		35,490	83,308
Puerto Rico			
Dominican Republic	11,735	19,895	20,258
Singapore			
Uganda			

NB:

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- With regard to the information from Chile, the company GPG Chile has been excluded.
- Data are not comparable with 2021 due to a change in the classification of these categories: MM, TE and OP.
- The exchange rate used is at the end of December 2022.

	2021		
	<30 years	30-50 years	>50 years
Argentina	19,914	22,185	28,404
Australia			
Brazil	13,160	19,523	24,572
Chile	14,533	29,298	30,707
Colombia			
Costa Rica			
Spain	29,927	50,141	73,749
USA			
France	51,000	63,650	
Ireland			
Israel			
Italy			
Luxembourg			
Morocco	7,706	22,933	34,705
Mexico	14,389	19,133	30,707
Netherlands			
Panama	14,978	26,437	36,232
Portugal		33,988	80,882
Puerto Rico			
Dominican Republic	9,223	17,272	17,626
Singapore			
Uganda			

NB:

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.

Variable remuneration was considered to be the amount received by employees under the Management by Objectives, Performance Management and Commercial Variable Remuneration programmes.

• **Average fixed and variable remuneration**

	2022							
	Management team		Middle managers		Technicians		Operators	
	Men	Women	Men	Women	Men	Women	Men	Women
Argentina	222,607		107,353	72,890	32,735	29,757	21,453	19,223
Australia								
Brazil		171,076	56,809	61,649	25,748	24,629	16,967	16,919
Chile	259,935		143,596	101,560	41,996	38,708	21,272	20,806
Costa Rica								
Spain	342,168	228,239	105,606	103,162	53,108	50,151	36,830	36,085
USA								
France								
Ireland								
Israel								
Italy								
Luxembourg								
Mexico	191,801		62,286	56,671	21,358	21,237	8,063	6,843
Netherlands								
Panama			72,523	76,604	27,162	23,664	17,347	19,078
Portugal					40,587	34,243		
Puerto Rico								
Dominican Republic					30,212	31,299	15,111	10,972
Total	330,055	221,888	99,927	94,632	43,284	42,180	26,444	25,897

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.

• **Median fixed and variable remuneration**

	2022							
	Management team		Middle managers		Technicians		Operators	
	Men	Women	Men	Women	Men	Women	Men	Women
Argentina	222,607		83,014	70,549	29,901	28,256	20,570	19,349
Australia								
Brazil		125,675	52,433	57,054	23,901	23,318	15,135	17,066
Chile	259,935		120,372	110,246	39,449	36,645	19,962	19,327
Costa Rica								
Spain	270,782	216,548	95,334	95,365	47,334	45,586	37,053	35,463
USA								
France								
Ireland								
Israel								
Italy								
Luxembourg								
Mexico	213,162		52,118	54,458	19,645	19,617	7,885	6,443
Netherlands								
Panama	288,383		58,990	61,165	23,211	21,468	16,231	15,698
Portugal				83,308	41,060	33,491		
Puerto Rico								
Dominican Republic					24,499	26,520	14,112	10,972

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.

▪ **Average variable remuneration**

	2022							
	Management team		Middle managers		Technicians		Operators	
	Men	Women	Men	Women	Men	Women	Men	Women
Argentina	63,602		20,383	10,649	2,735	2,529	1,383	1,213
Australia								
Brazil		53,465	10,957	11,745	3,406	2,900	2,088	2,933
Chile	79,051		27,372	12,786	7,135	7,712	624	446
Costa Rica								
Spain	110,875	65,754	22,236	20,692	9,259	7,216		
USA								
France								
Ireland								
Israel								
Italy								
Luxembourg								
Mexico	58,743		11,027	9,669	2,220	2,450		
Netherlands								
Panama	84,979		13,286	13,725	2,736	2,488	1,146	1,742
Portugal						3,470		
Puerto Rico								
Dominican Republic					2,795	3,282	923	496
Total	106,335	64,389	20,403	18,554	5,532	5,101	1,410	1,677

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.

▪ **Median variable remuneration**

	2022							
	Management team		Middle managers		Technicians		Operators	
	Men	Women	Men	Women	Men	Women	Men	Women
Argentina	63,602		15,594	8,527	2,500	2,504	1,298	1,197
Australia								
Brazil		35,907	9,964	9,954	2,175	2,022	1,432	2,158
Chile	79,051		19,089	15,269	2,635	3,622	461	445
Costa Rica								
Spain	77,717	59,476	17,831	18,293	7,576	6,250		
USA								
France								
Ireland								
Israel								
Italy								
Luxembourg								
Mexico	65,301		7,022	7,408	2,202	2,269		
Netherlands								
Panama	84,979		8,959	9,397	2,304	2,337	959	912
Portugal						3,299		
Puerto Rico								
Dominican Republic					1,955	2,722	830	496

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.

▪ **Average fixed and variable remuneration by professional category**

	2022			
	Management team	Middle managers	Technicians	Operators
Argentina	222,607	100,200	31,793	20,931
Australia		122,588	77,756	
Brazil	171,076	58,716	25,276	16,951
Chile	259,935	136,816	40,983	21,117
Colombia				
Costa Rica			19,647	12,138
Spain	312,121	104,787	51,872	36,665
USA				
France				
Ireland				
Israel			46,187	
Italy				
Luxembourg				
Morocco				
Mexico	191,801	60,704	21,321	7,954
Netherlands				
Panama		73,883	25,716	17,726
Portugal			36,357	
Puerto Rico				
Dominican Republic			30,703	14,910
Singapore				
Uganda				

NB:

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.
- Data are not comparable with 2021 due to a change in the classification of these categories: MM, TE and OP. As a result of the professional classification carried out in 2022, in which the positions of Team Managers, Unit Managers and Service Managers no longer form part of the group of Middle Managers, there has been a significant increase in the average figure for this group in Spain; in such a way that, had the 2021 criterion been maintained, the figure would have been €77,399.
- The exchange rate used is at the end of December 2022.

2021

	Management team	Middle managers	Technicians	Operators
Argentina	184,248	52,248	27,339	20,567
Australia				
Brazil	164,006	46,509	23,045	14,679
Chile	324,230	63,020	31,129	16,571
Colombia				
Costa Rica				
Spain	311,668	74,046	52,543	36,025
USA				
France		150,452	58,449	
Ireland				
Israel				
Italy				
Luxembourg				
Morocco		43,969	52,465	19,552
Mexico	149,505	47,485	20,305	9,525
Netherlands				
Panama	254,717	47,551	26,161	22,120
Portugal		80,882	34,746	
Puerto Rico				
Dominican Republic		19,246	29,895	11,922
Singapore				
Uganda				

NB:

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.

• **Average fixed and variable remuneration by professional category and gender**

2022

	Management team	Middle managers	Technicians	Operators
Men	330,055	99,927	43,284	26,444
Women	221,888	94,632	42,180	25,897

▪ **Average fixed and variable remuneration by gender**

	2022	
	Men	Women
Argentina	31,009	26,261
Australia	85,952	106,098
Brazil	25,935	29,100
Chile	41,052	32,270
Colombia		
Costa Rica	18,172	
Spain	63,741	57,857
USA		
France		
Ireland		
Israel	46,923	
Italy		
Luxembourg		
Morocco		
Mexico	23,016	24,234
Netherlands		
Panama	31,684	29,002
Portugal	40,587	39,695
Puerto Rico		
Dominican Republic	19,696	28,758
Singapore		
Uganda		

NB:

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.
- Data are not comparable with 2021 due to a change in the classification of these categories: MM, TE and OP.
- The exchange rate used is at the end of December 2022.

	2021	
	Men	Women
Argentina	22,063	23,593
Australia		
Brazil	22,262	23,956
Chile	35,293	27,767
Colombia		
Costa Rica		
Spain	62,817	56,878
USA		
France	96,792	57,048
Ireland		
Israel		
Italy		
Luxembourg		
Morocco	38,807	39,553
Mexico	23,048	22,909
Netherlands		
Panama	34,110	25,964
Portugal	39,344	37,521
Puerto Rico		
Dominican Republic	16,726	25,047
Singapore		
Uganda		

NB:

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.

▪ **Average fixed and variable remuneration by age range**

	2022		
	<30 years	30-50 years	>50 years
Argentina	18,935	25,925	34,617
Australia	67,196	93,151	81,642
Brazil	16,398	26,437	31,441
Chile	24,168	37,405	40,777
Colombia			
Costa Rica	10,399	20,243	18,271
Spain	34,131	55,913	84,281
USA			
France			
Ireland			
Israel	33,679	48,151	61,384
Italy			
Luxembourg			
Morocco			
Mexico	15,680	22,919	28,893
Netherlands			
Panama	17,054	27,188	48,149
Portugal		36,357	83,308
Puerto Rico			
Dominican Republic	12,453	21,691	22,150
Singapore			
Uganda			

NB:

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- With regard to the information from Chile, the company GPG Chile has been excluded.

- Data are not comparable with 2021 due to a change in the classification of these categories: MM, TE and OP.
- The exchange rate used is at the end of December 2022.

	2021		
	<30 years	30-50 years	>50 years
Argentina	20,145	23,428	30,988
Australia			
Brazil	13,621	21,907	27,965
Chile	14,533	32,455	34,481
Colombia			
Costa Rica			
Spain	31,589	54,977	87,467
USA			
France	63,212	76,612	
Ireland			
Israel			
Italy			
Luxembourg			
Morocco	13,096	29,370	43,139
Mexico	17,485	23,570	36,990
Netherlands			
Panama	16,013	28,862	40,717
Portugal		34,746	80,882
Puerto Rico			
Dominican Republic	9,661	18,675	19,146
Singapore			
Uganda			

NB:

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.

▪ **Weighted average and median fixed and variable salary gap (%)**

[405-2]

2022

	Average fixed and variable salary gap				Median fixed and variable salary gap			
	Managem ent team	Middle managers	Technicia ns	Operators	Managem ent team	Middle managers	Technicia ns	Operators
Argentina		32.1	9.1	10.4		15.0	5.5	5.9
Australia		-52.5	13.9			-51.9	10.5	
Brazil	n.a.	-8.5	4.3	0.3	n.a.	-8.8	2.4	-12.8
Chile		29.3	7.8	2.2		8.4	7.1	3.2
Costa Rica			n.a.				n.a.	
Spain	33.3	2.3	5.6	2.0	20.0	0.0	3.7	4.3
USA								
France								
Ireland								
Israel			n.a.				n.a.	
Italy		n.a.				n.a.		
Luxembourg								
Mexico		9.0	0.6	15.1		-4.5	0.1	18.3
Netherlands								
Panama		-5.6	12.9	-10.0		-3.7	7.5	3.3
Portugal		n.a.	15.6			n.a.	18.4	
Puerto Rico								
Dominican Republic			-3.6	27.4			-8.3	22.3
Total	29.7	4.8	5.9	5.3	17.9	-0.1	3.7	5.1

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.

▪ **Weighted average and median variable salary gap (%)**

2022

	Average variable salary gap				Median variable salary gap			
	Management team	Middle managers	Technicians	Operators	Management team	Middle managers	Technicians	Operators
Argentina		47.8	7.5	12.3		45.3	-0.2	7.8
Australia		-99.7	12.2			-103.6	11.1	
Brazil	n.a.	-7.2	14.8	-40.4	n.a.	0.1	7.0	-50.7
Chile		53.3	-8.1	28.4		20.0	-37.4	3.5
Costa Rica			n.a.				n.a.	
Spain	40.7	6.9	22.1		23.5	-2.6	17.5	
USA								
France								
Ireland								
Israel			n.a.				n.a.	
Italy		n.a.				n.a.		
Luxembourg								
Mexico		12.3	-10.3			-5.5	-3.0	
Netherlands								
Panama		-3.3	9.0	-52.0		-4.9	-1.4	4.9
Portugal			n.a.				n.a.	
Puerto Rico								
Dominican Republic			-17.4	46.2			-39.3	40.2
Total	36.3	10.1	13.1	4.2	21.0	0.5	7.2	1.0

- Blank data are not published because there are no employees in that category or for confidentiality reasons.
- With regard to the information from Chile, the company GPG Chile has been excluded.

2. Additional information

Content index in accordance with the provisions of Act 11/2018, of 28 December, which amends the Commercial Code, the consolidated text of the Corporate Enterprises Act approved by Legislative Royal Decree 1/2010, of 2 July, and Act 22/2015, of 20 July, on Auditing, in connection with non-financial and diversity reporting.

Contents	Pages	Reporting criteria	Reason for the omission
Business model.			
Description of the business model.			
<ul style="list-style-type: none"> - Its business environment. - Its organisation and structure. - The markets in which it operates. - Its goals and strategies. - The main factors and trends that may affect their future. 	9-12, 15-18, 19, 20, 194, 221	GRI 2-1 GRI 2-7 GRI 2-6 GRI 3-1 GRI 3-2 GRI 3-3	
Reporting framework used to report non-financial information.	301-304	GRI 3-1	
Policies.			
A description of the group's policies on these issues.			
<ol style="list-style-type: none"> 1. Due diligence procedures applied for the identification, assessment, prevention and mitigation of risks and impacts, and verification and control, including what measures have been adopted. 2. Key performance indicators of policy implementation to enable monitoring and evaluation of progress. 	59, 116, 209	GRI 3-3	
Risks.			
The main risks related to these issues associated with the activities of the group, including, where relevant and proportionate, its business relationships, products or services that could have an adverse effect on those areas, and how the group manages such risks, explaining the procedures used to identify and assess them in accordance with the national, European or international reference frameworks for each subject matter.			
	57, 87, 110, 209	GRI 3-3	
Materiality analysis.	295-301	GRI 3-1 GRI 3-2	
Social and personnel issues.			
Employment.			
<ul style="list-style-type: none"> - Number and distribution of employees by country, gender, age group and professional category. - Total number and distribution of employment contract types and annual average of: <ul style="list-style-type: none"> ▪ Indefinite contracts by gender, age and professional category. ▪ Temporary contracts by gender, age and professional category. 	221-225, 312-314	GRI 2-7 GRI 405-1 (GRI 11.11.5)	
Number of layoffs by gender, age group and professional category.	227, 318	GRI 401-1 (GRI 11.10.2)	
Average remuneration by gender, professional category and age group.	237, 238, 320-330	GRI 405-2 (GRI 11.11.6)	
Pay gap.	239, 240, 332, 333	GRI 405-2	
Average remuneration of directors and senior managers, including bonus, allowances, compensation, payment to long-term savings schemes and any other payment broken down by gender.	84, 85	GRI 405-2 (GRI 11.11.6) GRI 201-3	
Introduction of policies on disconnecting from work.	218, 219	GRI 401-2 (GRI 11.10.3)	
Percentage of disabled employees.	218	GRI 405-1 (GRI 11.11.5)	
Work organisation.			

Organisation of work time.	218, 219	GRI 401-2 (GRI 11.10.3)
Number of hours of absenteeism.	264	GRI 403-9 (GRI 11.9.10)
Measures to facilitate work-life balance and encourage the co-responsible exercise of these by both parents.	215, 216, 309-312	GRI 401-3 (GRI 11.10.4)
Health and safety.		
Health and safety conditions in the workplace.	210, 244, 249, 252, 253, 254	GRI 403-1 (GRI 11.9.2) GRI 403-2 (GRI 11.9.3) GRI 403-3 (GRI 11.9.4) GRI 403-9 (11.9.10)
Number of work accidents by gender.	210, 255, 256	GRI 403-1 (GRI 11.9.2) GRI 403-2 (GRI 11.9.3) GRI 403-3 (GRI 11.9.4) GRI 403-9 (GRI 11.9.10)
Occupational diseases by gender.	255	GRI 403-10 (GRI 11.9.11)
Social relations.		
Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff.	227, 228, 246, 247, 259	GRI 402-1 (GRI 11.10.5) GRI 403-4 (GRI 11.9.5)
Percentage of employees covered by collective bargaining agreements.	227-229	GRI 2-30
Balance of the collective bargaining agreements in the field of occupational health and safety.	227-229, 246, 247	403-4 (GRI 11.9.5)
Description of the company's mechanisms and procedures to promote employee involvement in the management of the company, in terms of information, consultation and participation.	219, 220, 227, 228	GRI 3-3
Training.		
Policies introduced in the field of training.	229-235, 259	GRI 404-2 (GRI 11.10.7) GRI 403-5 (GRI 11.9.6)
Total number of training hours by professional category.	318-319	GRI 404-1 (GRI 11.10.6)
Universal accessibility for people with disabilities.	215	GRI 405-1 (GRI 11.11.5)
Equality.		
Measures taken to promote equal treatment and opportunities between women and men.	214-216	GRI 405-1 (GRI 11.11.5) GRI 405-2 (GRI 11.11.6)
Equality plans.	214	GRI 405-1 (GRI 11.11.5) GRI 405-2 (GRI 11.11.6)
Measures adopted to foster employment.	214	GRI 405-1 (GRI 11.11.5) GRI 405-2 (GRI 11.11.6)
Protocols against sexual and gender-based harassment.	214	GRI 405-1 (GRI 11.11.5) GRI 405-2 (GRI 11.11.6)

Integrity and universal accessibility for people with disabilities.	214	GRI 405-1 (GRI 11.11.5) GRI 405-2 (GRI 11.11.6)
Policy against all types of discrimination and, where appropriate, diversity management.	215	GRI 405-1 (GRI 11.11.5) GRI 405-2 (GRI 11.11.6)
Environmental issues.		
Management approach.		
Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety.	112, 116, 117	GRI 3-3
Environmental assessment or certification procedures.	117, 118	GRI 307-1
Resources targeted at the prevention of environmental risks.	118-119	GRI 3-3
The application of the precautionary principle.	116-119	GRI 2-23
The amount of provisions and guarantees for environmental risks.	118, 119	GRI 3-3
Pollution.		
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment (also includes noise and light pollution).	144, 150-152, 160	GRI 305-1 (GRI 11.1.5) GRI 305-2 (GRI 11.1.6) GRI 305-3 (GRI 11.1.7)
Circular economy, sustainable use of resources and waste prevention.		
Measures for prevention, recycling, reuse, and other forms of recovery and disposal.	161, 163	GRI 306-2 (GRI 11.5.3)
Actions to combat food waste.	Non-material	
Sustainable use of resources.		
Water consumption and water supply in accordance with local constraints.	155, 156	GRI 303-2 (GRI 11.6.3) GRI 305-5 (GRI 11.2.3)
Consumption of raw materials and measures taken to improve the efficiency of their use.	153, 154	GRI 301-1
Direct and indirect energy consumption	153, 154	GRI 302-1 (GRI 11.1.2) GRI 302-4
Measures to improve energy efficiency.	145, 153	GRI 302-4 GRI 302-5
Use of renewable energies.	24-28, 145, 153	GRI 302-1 (GRI 11.1.2)
Environmental issues.		
Climate change.		
Greenhouse gas emissions.	139, 140, 143	GRI 305-1 (GRI 11.1.5) GRI 305-2 (GRI 11.1.6) GRI 305-3 (GRI 11.1.7) GRI 305-4 (GRI 11.1.8) GRI 305-5 (GRI 11.2.3)
Measures to adapt to climate change.	114, 118, 119, 133-137	GRI 201-2 (GRI 11.2.2) GRI 302-4
Targets to reduce greenhouse gases.	113, 121, 124, 145, 146	GRI 305-5 (GRI 11.2.3)

Sustainable finance taxonomy		
<ul style="list-style-type: none"> – Regulation (UE) 2020/852 of the European Parliament – Commission Delegated Act Regulation (UE) 2021/2139 	34-46	Company criteria
Biodiversity.		
Measures to preserve or restore biodiversity.	118, 119, 166, 182-188	GRI 2-23 GRI 304-3 (GRI 11.4.4)
Impacts caused by the activity.	169-180	GRI 304-2 (GRI 11.4.3)
Information on respect for human rights.		
Application of due diligence procedures.	66, 73, 74, 105	GRI 2-23 GRI 2-26
Measures for the prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses.	61, 66, 71, 72, 73, 76	GRI 2-23 GRI 2-16
Complaints about human rights violations.	58	GRI 2-16
Promotion and enforcement of the provisions of ILO core conventions related to respect for freedom of association and the right to collective bargaining, elimination of forced or compulsory labour and the effective abolition of child labour.	107	GRI 407-1
Information on corruption and bribery.		
Measures to prevent corruption and bribery.	58	GRI 205-3 (GRI 11.20.4)
Anti-money laundering measures	58	GRI 2-23
Contributions to foundations and not-for-profit associations.	279	GRI 201-1 (GRI 11.14.2)
Information about the company.		
Commitments of the companies to sustainable development.		
<ul style="list-style-type: none"> – The impact of society on local employment. – The impact of society's activity on local populations and the territory. – The relations maintained with the local community players and the types of business with them. – The actions of association or sponsorship. 	279, 280, 284, 285, 286, 287, 288	Naturgy has not implemented a methodology to accurately measure the indirect economic contribution of the organisation.
Responsible supply chain management.		
<ul style="list-style-type: none"> – The inclusion of social, gender equality and environmental issues in the procurement policy. – Consideration in relations with suppliers and subcontractors of their social and environmental responsibility. – Monitoring and auditing systems. 	103-104, 107, 109	GRI 2-6
Management of customers relations.		
<ul style="list-style-type: none"> – Measures for the health and safety of consumers. – Complaint systems. – Complaints received and their resolution. 	199-205, 207-208, 307-308	GRI 416-1 GRI 417-2
Tax information and transparency.		
<ul style="list-style-type: none"> – Profits country by country. – Taxes paid on profits. – Public grants received. 	21, 47, 68	GRI 201-1 GRI 207-1 GRI 207-2 GRI 207-3

GRI contents index

Naturgy Energy Group, S.A. has reported the information cited in this GRI content index for the period January 1st to December 31st, 2022 with reference to the GRI Standards.

GRI Standard	Disclosure	Reference Sector Standard	Page	Direct response / Omission	External assurance
GRI 1: Foundation 2021					
Sector Standard GRI 11: Oil and Gas Sector 2021					
GRI 2: General Disclosures 2021					
The organization and its reporting practices	2-1 Organizational details		4, 15, 19		Yes
	2-2 Entities included in the organization's sustainability reporting		301		Yes
	2-3 Reporting period, frequency and contact point		304		Yes
	2-4 Restatements of information		301		Yes
	2-5 External assurance		304, 357-360		Yes
Activities and workers	2-6 Activities, value chain and other business relationships		15, 102, 103		Yes
	2-7 Employees		225, 226		Yes
Governance	2-9 Governance structure and composition		77-81, 83, 84		Yes
	2-10 Nomination and selection of the highest governance body		79-83, 86		Yes
	2-11 Chair of the highest governance body		79, 81		Yes
	2-12 Role of the highest governance body in overseeing the management of impacts		79-80		Yes
	2-13 Delegation of responsibility for managing impacts		79-80		Yes
	2-14 Role of the highest governance body in sustainability reporting		79-80, 295		Yes
	2-15 Conflicts of interest		78		Yes
	2-16 Communication of critical concerns		58, 64, 65		Yes
	2-18 Evaluation of the performance of the highest governance body		82		Yes
	2-19 Remuneration policies		84, 85		Yes
	2-20 Process to determine remuneration		84, 85		Yes
	2-21 Annual total compensation ratio		84	Omission: letter b)	Yes

	2-22 Statement on sustainable development strategy		4-7	Yes
	2-23 Policy commitments		61-63, 89	Yes
	2-24 Embedding policy commitments		61	Yes
Strategy, policies and practices	2-25 Processes to remediate negative impacts		47, 48, 61, 62, 65, 199-208, 284, 307, 308	Yes
	2-26 Mechanisms for seeking advice and raising concerns		58, 61	Yes
	2-27 Compliance with laws and regulations		67	Yes
	2-28 Membership associations		53	Yes
Stakeholder engagement	2-29 Approach to stakeholder engagement		47-52	Yes
	2-30 Collective bargaining agreements		227-229	Yes
GRI 3: Material Topics 2021				
GRI 3: Material Topics 2021	3-1 Process to determine material topics		295-301	Yes
	3-2 List of material topics		296	Yes
Circular economy and eco-efficiency				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.5.1, 11.6.1	153	Yes
GRI 301: Materials 2016	301-1: Materials used, by weight or volume	N.A.	154	Yes
GRI 302: Energy 2016	302-1: Electricity consumption within the organisation	11.1.2	153	Yes
	302-2: Electricity consumption outside the organisation	11.1.3	154	Yes
	302-3: Energy intensity	11.1.4	153	Yes
	302-4: Reduction of energy consumption	N.A.	145	Yes
	302-5: Reduction in energy requirements of products and services	N.A.	145	Yes
GRI 303: Water and effluents 2018	303-1: Interactions with water as a shared resource	11.6.2	154	Yes
	303-2: Management of impacts related to water discharges	11.6.3	154, 169-180	Yes
	303-3: Water withdrawal	11.6.4	155, 156, 158, 159	Yes
	303-4: Water discharge	11.6.5	157, 159	Yes
	303-5: Water consumption	11.6.6	155, 156, 159	Yes
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	11.5.2	161	Yes
	306-2 Management of significant waste-related impacts	11.5.3	161	Yes
	306-3 Waste generated	11.5.4	118, 161	Yes
	306-4 Waste diverted from disposal	11.5.5	162	Yes
	306-5 Waste directed to disposal	11.5.6	162	Yes
Occupational safety and well-being of workers				
GRI 3: Material Topics 2021	3-3 Management of material topics	11.9.1	242	Yes

	403-1: Occupational health and safety management system	11.9.2	244, 262		Yes	
	403-2: Hazard identification, risk assessment, and incident investigation	11.9.3	246, 247, 249, 250, 253		Yes	
	403-3: Occupational health services	11.9.4	260		Yes	
	403-4: Worker participation, consultation, and communication on occupational health and safety	11.9.5	246, 247, 259		Yes	
GRI 403: Occupational health and safety 2018	403-5 Training of workers on health and safety at work	11.9.6	258		Yes	
	403-6: Promotion of worker health	11.9.7	263		Yes	
	403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	11.9.8	227-228, 246-247, 259		Yes	
	403-8: Workers covered by an occupational health and safety management system	11.9.9	244, 262		Yes	
	403-9: Work-related injuries	11.9.10	255, 256		Yes	
	403-10: Work-related ill health	11.9.11	255		Yes	
	Business continuity					
	GRI 3: Material Topics 2021	3-3 Management of material topics	11.8.1	87		Yes
	GRI 201: Economic performance 2016	201-2: Financial implications and other risks and opportunities due to climate change.	11.2.2	93, 118, 131, 132, 133-137	201-2 v.Consolidated Annual Report 2022; Note 3: pages 51-52	Yes
		201-3: Defined benefit plan obligations and other retirement plans	N.A.	236	Omission: letter d)	Yes
Cybersecurity and information security						
GRI 3: Material Topics 2021	3-3 Management of material topics		95		Yes	
Climate change and energy transition						
GRI 3: Material Topics 2021	3-3 Management of material topics	11.1.1, 11.2.1, 11.3.1	121		Yes	
GRI 201: Economic performance 2016	201-2: Financial implications and other risks and opportunities due to climate change.	11.2.2	93, 118, 131, 132, 133-137	201-2 v.Consolidated Annual Report 2022; Note 3: pages 51-52	Yes	
GRI 305: Emissions 2016	305-1: Direct GHG emissions (Scope 1)	11.1.5	139, 140, 143		Yes	
	305-2: Indirect GHG emissions from power generation (Scope 2)	11.1.6	140		Yes	
	305-3: Other indirect GHG emissions (Scope 3)	11.1.7	140		Yes	
	305-4: GHG emissions intensity	11.1.8	142		Yes	
	305-5: Reduction of GHG emissions	11.2.3	145		Yes	
	305-6: Emissions of ozone-depleting substances (ODS)	N.A.	160		Yes	
	305-7: Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	11.3.2	160		Yes	
GRI 416: Customer Health and Safety 2016	416-1: Assessment of the health and safety impacts of product and service categories	11.3.3	207, 208		Yes	

Diversity and equality					
GRI 3: Material Topics 2021	3-3 Management of material topics	11.11.1	214-216		Yes
GRI 401: Employment 2016	401-3: Parental leave	11.11.3	309-312		Yes
GRI 405: Diversity and equal opportunities 2016	405-1: Diversity of governance bodies and employees	11.11.5	217, 218, 222, 223		Yes
	405-2 Ratio of basic salary and remuneration of women to men	11.11.6	239, 240, 332, 333		Yes
Biodiversity and natural capital					
GRI 3: Material Topics 2021	3-3 Management of material topics	11.4.1	166		Yes
GRI 304: Biodiversity 2016	304-1: Operations centres owned, leased or managed located within or adjacent to protected areas or zones of great value for biodiversity outside protected areas	11.4.2	181		Yes
	304-2: Significant impacts of activities, products and services on biodiversity	11.4.3	169-180		Yes
	304-3: Habitats protected or restored	11.4.4	115, 182, 187		Yes
	304-4: IUCN Red List species and national conservation list species with habitats in areas affected by operations	11.4.5	182		Yes
Human rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	11.12.1, 11.13.1, 11.16.1, 11.17.1, 11.18.1	71		Yes
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	11.12.2	108, 109, 110		Yes
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	11.12.3	108		Yes
GRI 407: Freedom of association and collective bargaining 2016	407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	11.13.2	107		Yes
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	11.17.2	284		Yes
Good corporate governance					
GRI 3: Material Topics 2021	3-3 Management of material topics		77		Yes
GRI 405: Diversity and equal opportunities 2016	405-1: Diversity of governance bodies and employees	11.11.5	81, 82, 83, 84		Yes

Talent development					
GRI 3: Material Topics 2021	3-3 Management of material topics	11.10.1	229		Yes
GRI 401: Employment 2016	401-1: New employee hires and employee turnover.	11.10.2	226, 227, 315-318		Yes
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees.	11.10.3	218, 219		Yes
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	11.10.5	228		Yes
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	11.10.6	318, 319		Yes
	404-2 Programs for upgrading employee skills and transition assistance programs	11.10.7	230		Yes
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	11.10.8	108		Yes
	414-2 Negative social impacts in the supply chain and actions taken	11.10.9	59, 103, 107, 108, 109		Yes
Social contribution and participation					
GRI 3: Material Topics 2021	3-3 Management of material topics	11.7.1, 11.14.1, 11.15.1	278		Yes
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	11.7.2	228		Yes
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	11.14.2	279		Yes
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	11.14.4	279, 284		Yes
	203-2 Significant indirect economic impacts	11.14.5	279, 284		Yes
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	11.14.6	28, 59		Yes
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	11.15.2	284-287		Yes
	413-2 Operations with significant actual and potential negative impacts on local communities	11.15.3	284		Yes
ESG investment and financing					
GRI 3: Material Topics 2021	3-3 Management of material topics		31-46		Yes
Energy vulnerability					
GRI 3: Material Topics 2021	3-3 Management of material topics		281		Yes
Responsible supply chain					
GRI 3: Material Topics 2021	3-3 Management of material topics		102		Yes

Technological and digital innovation				
GRI 3: Material Topics 2021	3-3 Management of material topics		265-277	Yes
GRI 417: Marketing y etiquetado 2016	417-1: Requirements for product and service information and labelling	N.A.		Yes
	417-2: Incidents of non-compliance concerning product and service information and labelling		67	Yes
	417-3: Incidents of non-compliance concerning marketing communications	N.A.		Yes

The general terms and conditions of contracting for the services provided by Naturgy 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.

In 2022, the company registered no fines for breach of regulations on marketing communications, including advertising, promotions and sponsorship.

SASB contents index



Code	SASB Contents	Pages	Direct response / Omission	Comments	External verification
IF-EU-110a.1	(1) Scope 1 gross worldwide emissions, percentage covered by (2) emission limitation regulations and (3) emission reporting regulations.	140, 152		Full response.	Yes
IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with energy supplies.	143		Full response.	Yes
IF-EU-110a.3	Analysis of the long- and short-term strategy or plan for managing Scope 1 emissions, emission reduction targets and analysis of results in relation to these targets.	114, 139		Full response.	Yes
IF-EU-110a.4	(1) Number of clients served in markets subject to renewable portfolio standards (RPS) and (2) percentage of compliance with the RPS target, for each market.		Not applicable		Yes
IF-EU-120a.1	Emissions to the atmosphere of the following pollutants: (1) NO _x (except N ₂ O), (2) SO _x , (3) particulate matter (PM ₁₀), (4) lead (Pb), and (5) mercury (Hg); the percentage of each in or near densely populated areas.	160		Full response.	Yes
IF-EU-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with high or extremely high initial water stress.	156, 158		Full response.	Yes
IF-EU-140a.2	Number of incidents of non-compliance related to water quantity or quality permits, standards and regulations.	155		Full response.	Yes
IF-EU-140a.3	Description of water management risks and analysis of strategies and practices to mitigate them.	154, 169-180		Full response.	Yes
IF-EU-150a.1	Amount of waste generated by coal combustion (RCC), percentage recycled.		Not applicable	Until 2020, there were coal-fired power stations.	Yes
IF-EU-150a.2	Total number of coal combustion generated waste impoundments (CCR), broken down by hazard potential classification and structural integrity assessment.		Not applicable	Until 2020, there were coal-fired power stations.	Yes
IF-EU-240a.1	Average retail electric rate for (1) residential, (2) commercial and (3) industrial customers.	198		Full response, pending Argentina.	Yes
IF-GU-240a.1	Average retail gas rate for (1) residential, (2) commercial, (3) industrial and (4) transportation-only service customers.	198		Full response, pending some geographies.	Yes
IF-EU-240a.2	Typical monthly electricity bill for residential customers for (1) 500 kWh and (2) 1000 kWh of electricity supplied each month.	198		Full response, pending Argentina.	Yes

IF-GU-240a.2	Typical monthly gas bill for residential customers for (1) 50 MMBTU and (2) 100 MMBTU of gas supplied per year.	198		Full response, pending some geographies.	Yes
IF-EU-240a.3	Number of residential customers cut off from electricity supply due to non-payment, percentage reconnected before 30 days.	307		Full response, pending Argentina.	Yes
IF-GU-240a.3	Number of residential customers cut off from gas supply for non-payment, percentage of services restored within 30 days.	307		Full response, pending some geographies.	Yes
IF-EU-240a.4	Analysis of the effect of external factors on the affordability of electricity for customers, including the economic conditions of the service territory.	197		Full response.	Yes
IF-GU-240a.4	Analysis of the effect of external factors on the affordability of gas for customers, including economic conditions of the service territory.	197		Full response.	Yes
IF-EU-320a.1	(1) total recordable incident rate (TRIR), (2) fatality rate and (3) near miss frequency rate (NMFR).	255		Full response.	Yes
IF-EU-420a.1	Percentage of electric utility revenues that come from rate structures that (1) are decoupled and (2) contain a loss of revenue adjustment mechanism (LRAM).			Not applicable	Yes
IF-GU-420a.1	Percentage of gas utility revenues from rate structures that (1) are decoupled or (2) contain a loss of revenue adjustment mechanism (LRAM).			Not applicable	Yes
IF-EU-420a.2	Percentage of electric load supplied with smart grid technology.	308		Full response. As of the date of review, Panama could not be verified.	Yes
IF-EU-420a.3	Electricity savings by customers, thanks to efficiency measures, per market.	194, 195		Partial response.	Yes
IF-GU-420a.2	Customer gas savings from efficiency measures, by market.	195		Partial response.	Yes
IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) "Shares Matrix" column.			Not applicable	Yes
IF-EU-540a.2	Description of initiatives to manage nuclear safety and emergency preparedness.	98, 99		Full response.	Yes
IF-EU-550a.1	Number of incidents of non-compliance with physical or cybersecurity standards or regulations.	98, 99		Full response.	Yes
IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), which includes days on which severe events occur.	207		Full response, pending Argentina. As of the date of review, Panama could not be verified.	Yes
IF-EU-000.A IF-GU-000.A	Number of: (1) residential, (2) commercial and (3) industrial customers served.	15, 19, 22		Partial response. The total number is reported but not by category.	Yes
IF-EU-000.B	Total electricity supplied to: (1) residential customers, (2) commercial customers, (3) industrial customers, (4) all other retail customers and (5) wholesale customers.	18		Partial response. The total and percentage corresponding to the residential segment are reported.	Yes
IF-GU-000.B	Amount of natural gas supplied to: (1) residential customers, (2) commercial customers, (3) industrial customers and (4) transferred to a third party.	17		Partial response. The total is reported.	Yes

IF-EU-000.C	Length of transmission and distribution lines.	18		Full response.	Yes
IF-GU-000.C	Length of (1) gas transmission pipelines and (2) gas distribution pipelines.	17		Full response.	Yes
IF-EU-000.D	Total electricity generated, percentage by main energy source, percentage in regulated markets.	24		Partial response. The percentage of regulated markets is not reported.	Yes
IF-EU-000.E	Total electricity purchased in bulk.	153		Full response.	Yes
IF-GU-540a.1	Number of (1) pipeline incidents to report, (2) corrective action orders (CAOs), and (3) notices of possible violations (NOPVs).		Not applicable		Yes
IF-GU-540a.2	Percentage of distribution pipelines that are (1) cast or puddled iron and (2) unprotected steel.	98		Full response.	Yes
IF-GU-540a.3	Percentage of (1) transmission pipelines and (2) gas distribution pipelines inspected.	98		Full response.	Yes
IF-GU-540a.4	Description of efforts to manage the integrity of the gas supply infrastructure, including risks related to safety and emissions.	98		Full response.	Yes

Glossary of non-financial indicators

Indicator	Definition
Investment in innovation	Amount in euros allocated to innovation activities.
Overall satisfaction with service quality	Customers' degree of satisfaction with the quality of global service on a scale from 1 to 10 (in Chile from 1 to 7), broken down by country or geographical region.
Direct greenhouse gas emissions (GHG)	Greenhouse gas emissions (GHG) caused by sources owned by or controlled by the company.
Emission factor for electricity generation (tCO₂/GWh)	Emission rate as a result of electrical generation activity arising from the ratio of the amount of atmospheric pollution emitted (tonnes of carbon dioxide) divided by energy generated (GWh).
Installed capacity free of emissions (%)	% that represents the installed capacity in hydro, mini-hydro, wind, nuclear and solar technologies over the total installed capacity at the year-end.
Net production free of emissions (%)	% representing the net output of hydro, mini-hydro, wind, nuclear and solar technologies over total net output.
Activity with ISO 14001 environmental certification (%)	Percentage of Ebitda corresponding to companies certified (*) by means of the environmental management model included in the ISO 14001 standard, with respect to total Ebitda generated by activities that have an environmental impact. (*) Certified companies have been included as companies assimilated to certified companies pursuant to the following definition: <ul style="list-style-type: none"> - Those parent companies whose subsidiaries, of which they are more than 50% owned, are practically all certified. - Those companies that concentrate corporate services only from certified companies. - Those companies whose parent company concentrates corporate services and is certified.
Water consumption	Volume of water consumed by the company's activities.
Consumption of raw materials	Thousands of tonnes of raw materials used in the company's main processes.
Direct energy consumption	It represents the difference between the consumption of non-renewable fuels, electricity purchased for consumption and renewable electricity generated, less the electricity and steam sold.
Indirect energy consumption	It represents the consumption by the final use of the natural gas distributed/ marketed.
Generation of hazardous waste (kt)	Amount of most representative hazardous waste generated.
Resources targeted at the prevention of environmental risks	Amount allocated to investments and expenditure on environmental matters.
Distribution of employees by age, country, gender and professional category	Distribution of employees by age, country, gender and professional category at year-end.
Annual average of indefinite and temporary contracts by age, gender and professional category	Percentage of employees recruited by type of contract at year-end and annual average of temporary contracts by age, gender and category.
Rotation index	Layoffs/average staff.
Voluntary rotation index	Voluntary layoffs/average staff.
Number of dismissals by age, gender, and professional category	Number of persons dismissed, either rightly or wrongly, classified by age, gender and professional category.
Salary gap	Difference between men's and women's wages, calculated as the difference between men's and women's wages, divided by men's wages. The result above zero represents the percentage of salary below men that women receive. The result below zero represents the percentage of salary above men that women receive.
Average remuneration by age, gender, and professional category. Average remuneration of directors and senior managers	Amount of the average remuneration of staff classified by country, age, gender and professional category. Amount of directors' and senior managers' remuneration weighted by the number of directors and executives.
Personnel costs (million euro)	Monetary amount representing the staff expenses for the company (wages and salaries, Social Security expenses, defined contribution plans, defined benefit plans, works performed on the company's fixed assets, and others).

Percentage of employees covered by collective bargaining agreements	Percentage of employees by country whose contract is covered by a collective bargaining agreement.
Staff trained (%)	Percentage of staff who have received training.
Total training hours	Total hours of training received by staff.
Annual investment in training (euros)	Total monetary amount invested by the company in employee training.
People with disabilities integration index	Percentage of employees in Spain with disabilities.
No. of lost time accidents	Number of work accidents with days lost (whether or not fatal).
Days lost	Workdays lost due to occupational accidents. Calculated from the day following the day the medical leave is received and considering calendar days.
Fatalities	Number of workers who have died due to work accidents.
Number of hours worked	Total actual hours worked in the company.
Number of days lost	Total days off as a result of recorded occupational accidents.
Lost time accidents frequency rate	Number of accidents with lost time occurring during the working day per 200,000 hours worked.
Lost time accidents severity rate	Number of days lost as a result of work accidents per 200,000 hours worked.
Occupational illnesses	Illnesses caused by work activity.
Absenteeism	Hours of absenteeism due to occupational and non-occupational illness.
Total number of suppliers	Number of suppliers who have remained active (registered in the supplier database) during the year, and who have been awarded purchases in the year; total and broken down by country.
Total purchase volume awarded	Total monetary amount corresponding to the awards of the year, considering 100% of the awards whose period of validity is less than 365 days, as well as the annualised amounts corresponding to 2021 for the awards of more than 365 days.
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.
ESG (Environmental, Social and Governance) supplier assessment	Total number of suppliers that have been active (registered in the supplier database) during the year, evaluated in accordance with ESG criteria, regardless of whether or not they have been awarded, or have provided a service/product to Naturgy during the year.
Number of critical suppliers	Number of suppliers classified as “High” risk, who have remained active (registered in the supplier database) during the financial year, and who have provided products/services to Naturgy during the financial year.
Official-approval suspended suppliers	Suppliers who have not passed the supplier approval process.
Sponsorship and social action investment	Economic contribution to social action or investment and sponsorship and patronage programmes.
Distribution by type of social action (%)	Distribution of investments by reason for initiatives, broken down according to the London Benchmarking Group (LBG) methodology.
Sponsorship and social action activities	Number of sponsorship, patronage and social action activities carried out by the company.
Queries and notifications to the Code of Ethics	Number of communications relating to the Code of Ethics and Anti-Corruption Policy which have been received by the Code of Ethics Committee.
No. of notifications received per 200 employees	Ratio of number of communications received relating to the Code of Ethics and the Anti-Corruption Policy which have been received by the Code of Ethics Committee per 200 company employees.
Average time for resolving notifications (days)	Average number of days from the time the company receives the communications until it resolves them.
Audit projects analysed on the basis of operational risks	Number of audit projects analysed on the basis of operational risks.

Notifications received in the area of human rights	Number of communications which the company has received concerning human rights.
Number of persons trained on the Human Rights Policy	Number of employees who have taken part in training on the Human Rights Policy.
Tax contribution	Amount of taxes actually paid by country and segmented between those that represent an effective expense for the group and those that are withheld or passed on to the end taxpayer.

3. Greenhouse gas (GHG) emissions inventory calculation methodology

Assessment and reduction of uncertainty

The uncertainty associated with reporting Scope 1 emissions for 2020 is 6.3%.

For facilities under the EU Emissions Trading Scheme, in accordance with Decision 2007/589/EC of 18 July, uncertainties regarding GHG emission values will be lower than those corresponding to the approach levels approved by the competent authority. For all other emission sources, the uncertainty associated with the calculation of GHG emissions is a combination of the uncertainties associated with the activity data and emission factors, using the references established in 2.38. IPCC 2006 GHG, vol. 2, table 2.12.

To minimise the uncertainty associated with the activity data, all emission sources have environmental and quality management systems that conform to ISO 14001:2015 and ISO 9001:2015 standards. In order to minimise the uncertainty associated with the emission factors, official sources are always used, as are, by default, the core values recognised in the 2006 IPCC Guidelines for GHG Inventories.

Methodology

To quantify Naturgy's greenhouse gas emissions, an application and calculation methodology has been developed based on the following standards and methodologies:

- Scopes 1, 2 and 3 emissions are included according to “The Greenhouse Gas Protocol. A Corporate accounting and reporting standard”.
- Scope 3 reported in accordance with Corporate Value Chain (Scope 3).
- It includes the emissions of the six GHG set out in IPCC in accordance with the 2006 IPCC Guidelines for national GHG inventories (hereinafter 2006 IPCC GHG).
- Standard UNE-ISO 14064-1. Greenhouse gases. Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals.
- Standard UNE-ISO 14064-2. Greenhouse gases. Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements.
- Standard UNE-ISO 14064-3. Greenhouse gases. Part 3: Specification with guidance for the verification and validation of greenhouse gas statements.
- Definition of the life cycle in accordance with the UNE- EN-ISO 14040 and ENE-EN-ISO 14044 standards for life cycle analysis.
- Specific emission factors are used in accordance with the 2006 IPCC guidelines for national GHG inventories (hereinafter 2006 IPCC GHG) and other verifiable documentary and bibliographic sources.

Operational limits

Naturgy's carbon footprint inventory includes GHG emissions from the following group activities:

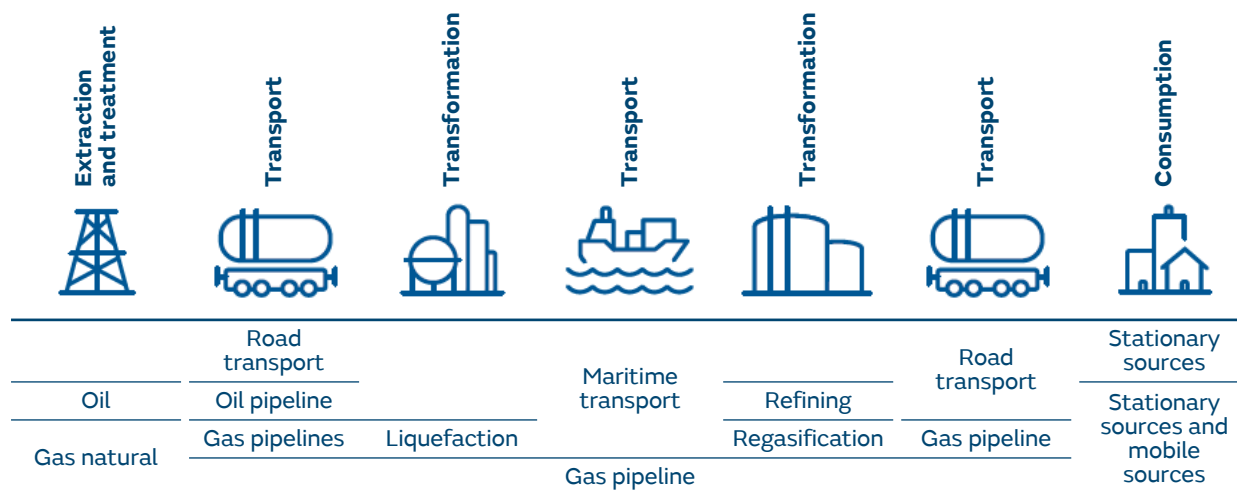
- Extraction, road transport, maritime transport, distribution and commercialisation of natural gas.
- Thermal power stations from coal and fuel oil, combined-cycle power stations, cogeneration, generation at wind farms, photovoltaic power stations and hydroelectric power stations.
- Distribution of electrical power.
- Offices, fleets and travel.

Within the aforementioned activities, different calculation units corresponding to each of the facilities comprising those activities have been defined. These calculation units or facilities are treated according to the global consolidation criteria, in accordance with the shareholding percentages.

Life cycles of fuels used

Energy (fuels, electricity) is consumed throughout the various processes, producing emissions throughout its life cycle. A diagram with the life cycles of the main fuels used is included below.

The fuels used in both fixed sources (fuels from thermal power stations, offices, gas transport and distribution facilities, etc.) and in mobile sources have been considered.



Electrical energy

Emissions derived from electrical energy have only been considered when it is used in primary energy terms and is not generated by any of the group’s calculation units:

- Electricity consumption purchased from external suppliers.
- Losses arising from the transport and distribution of energy distributed and not generated by the company in each country.
- Emissions from the life cycle of the fuels used in the generation mix of each country.

Geographical limits

All the countries in which activities are carried out, as well as the countries from which the fuels originate, have been considered.

For the annual preparation of the inventory, a series of prior studies are carried out to update the initial data, such as the review of gas, coal and crude oil supply routes (there are more than 500 routes connecting 165 extraction points in 30 destination countries).

Three types of data are updated each year:

- Characteristics of the extraction points (specific factors depending on the country, technology, type of well or mine, etc.).
- Definition of the routes themselves (distances from each country of passage and specific factors).
- Fuel balances in destination countries.

Types of emissions

Scope 1

Direct GHG emissions, meaning those from sources controlled by the company itself.

Scope 2

Indirect emissions due to the generation of electricity that is acquired by the company for its own consumption but is not generated by the group.

Scope 3

Indirect emissions, not included in Scope 2, derived from the value chain of activities, including upstream and downstream emissions, over which the group has no direct influence or control. Within the categories defined by the GHG Protocol, those with a weight of less than 1% have been excluded, provided that the sum of all of them does not exceed 5%. The categories reported are:

- Fuel life cycles: emissions derived from the life cycles of fuels. This category includes the following subcategories:
 - Emissions from coal extraction, treatment and transport.
 - Emissions derived from the extraction, treatment (liquefaction and regasification) and transport (by gas pipeline and/or methane tanker not owned by the company) of natural gas.
 - Emissions derived from the extraction, treatment (refining) and transport (by oil pipeline and/or oil tanker) of petroleum products.
 - Emissions produced in the life cycles of the fuels used for electricity generation of the energy mix of each country.
 - Emissions due to electricity losses in the transmission and distribution of electricity consumed but not generated.
 - Emissions of energy that has been consumed by the group but not generated and/or distributed.
- Business trips: emissions derived from the movement of employees by plane, train or any other means of transport not belonging to the fleet of vehicles owned by the group. It is divided into two subcategories:
 - Trips made by company employees by train.
 - Trips made by company employees by plane.
- Employees commutes: emissions derived from employees commuting from their respective homes to the workplace.
- End use of products sold: emissions derived from the combustion of products, which correspond to those derived from the combustion of natural gas sold by the group to the customer, discounting the gas consumed within the organisation.
- Investments: includes emissions derived from the investment in Unión Fenosa Gas.

Organisational limits

The GHG emissions inventory in the Carbon Footprint Report includes all businesses and activities under financial consolidation criteria, according to the shareholding percentages.

Emission factors used

Unit	Unit	Value	Source
LCV ng	MJ/kg	48.62	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
HCV ng	MJ/kg	53.96	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
LCV petrol	MJ/kg	42.11	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
LCV diesel/gas oil A & C Spain	MJ/kg	43.2	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
LCV ethanol	MJ/kg	26.8	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
LCV biodiesel	MJ/kg	33	IDAE: https://www.idae.es/biocarburantes
LCV fuel oil	MJ/kg	40.4	IMO: International Maritime Organization
Density ng	kg/m ³	0.777	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
Density petrol	kg/l	0.745	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
Density diesel/gas oil A	kg/l	0.9	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
Density diesel/gas oil C	kg/l	0.9	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
Density ethanol	kg/l	0.778	IDAE: Biocarburantes
Density biodiesel	kg/l	0.892	IDAE: Biocarburantes
Density methane	kg/m ³	0.7175	Metano Fichas técnicas
Density propane	kg/l	0.5185	Real Decreto 61/2006, de 31 de enero
LCV propane	MJ/kg	46.2	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
HCV propane	MJ/kg	49.98	Ficha producto CEPSA
EF CO ₂ petrol	kg CO ₂ /GJ	71.3057	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
EF CH ₄ petrol	kg CH ₄ /GJ	0.0077	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
EF N ₂ O petrol	kg N ₂ O/GJ	0.0008	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
EF CO ₂ diesel/gas oil A	kg CO ₂ /GJ	74.1	Guía para el cálculo de la Huella de Carbono de la OECC v.15 (junio 2020)
EF CO ₂ diesel/gas oil C	kg CO ₂ /GJ	74.1	Guía para el cálculo de la Huella de Carbono de la OECC v.15 (junio 2020)
EF CH ₄ diesel/gas oil fixed sources ("fs")	kg CH ₄ /GJ	0.01	Sistema Español de Inventario de Emisiones
EF N ₂ O diesel/gas oil fs	kg N ₂ O/GJ	0.0006	Sistema Español de Inventario de Emisiones
EF CO ₂ MDO carriers	t CO ₂ /t MDO	3.206	IMO: International Maritime Organization
EF CH ₄ diesel/gas oil mobile sources ("ms")	kg CH ₄ /GJ	0.0002	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
EF N ₂ O diesel/gas oil ms	kg N ₂ O/GJ	0.0033	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
EF CH ₄ diesel/gas oil power generation	kg CH ₄ /GJ	0.003	Sistema Español de Inventario de Emisiones
EF N ₂ O diesel/gas oil electric generation	kg N ₂ O/GJ	0.0006	Sistema Español de Inventario de Emisiones
EF CO ₂ HFO carriers	t CO ₂ /t HFO	3.1144	IMO: International Maritime Organization
EF CH ₄ fuel oil ms	kg CH ₄ /GJ	0.0071	España, Informe Inventarios GEI 1990-2020 (Edición 2022).

EF N ₂ O fuel oil ms	kg N ₂ O/GJ	0.002	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
EF CH ₄ fuel oil electricity generation	kg CH ₄ /GJ	0,003	Sistema Español de Inventario de Emisiones
EF N ₂ O fuel oil electricity generation	kg N ₂ O/GJ	0.0003	Sistema Español de Inventario de Emisiones
EF CH ₄ domestic coal	kg CH ₄ /GJ	0.0006	Sistema Español de Inventario de Emisiones
EF N ₂ O domestic coal	kg N ₂ O/GJ	0.0008	Sistema Español de Inventario de Emisiones
EF CH ₄ imported coal	kg CH ₄ /GJ	0.0006	Sistema Español de Inventario de Emisiones
EF N ₂ O imported coal	kg N ₂ O/GJ	0.0008	Sistema Español de Inventario de Emisiones
EF CH ₄ coke	kg CH ₄ /GJ	0.0003	Sistema Español de Inventario de Emisiones
EF N ₂ O coke	kg N ₂ O/GJ	0.0025	Sistema Español de Inventario de Emisiones
EF CO ₂ natural gas	kg CO ₂ /GJ	56.04	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
EF CH ₄ natural gas fs	kg CH ₄ /GJ	0.005	Sistema Español de Inventario de Emisiones
EF N ₂ O natural gas fs and electricity generation	kg N ₂ O/GJ	0.0001	Sistema Español de Inventario de Emisiones
EF CH ₄ natural gas ms	kg CH ₄ /GJ	0.0496	Sistema Español de Inventario de Emisiones
EF N ₂ O natural gas ms	kg N ₂ O/GJ	0	Sistema Español de Inventario de Emisiones
EF CH ₄ natural gas electricity generation	kg CH ₄ /GJ	0.001	Sistema Español de Inventario de Emisiones
EF CO ₂ LNG carriers	tCO ₂ /tGNL	2.75	IMO: International Maritime Organization
EF CH ₄ natural gas carriers	kg CH ₄ /GJ	0.0496	Sistema Español de Inventario de Emisiones
EF N ₂ O natural gas carriers	kg N ₂ O/GJ	0	Sistema Español de Inventario de Emisiones
EF CO ₂ propane	kg CO ₂ /GJ	64.2	OECC
EF CH ₄ propane ms	kg CH ₄ /GJ	0.062	Sistema Español de Inventario de Emisiones
EF N ₂ O propane ms	kg CO ₂ /GJ	0.0002	Sistema Español de Inventario de Emisiones
EF CH ₄ propane fs	kg CO ₂ /GJ	0.005	Sistema Español de Inventario de Emisiones
EF NO ₂ propane fs	kg CO ₂ /GJ	0.0001	Sistema Español de Inventario de Emisiones
GWP Methane	kg CO ₂ /kg CH ₄	28	IPCC 6th Assessment Report
GWP SF ₆	kg CO ₂ /t SF ₆	23500000	IPCC 6th Assessment Report
GWP N ₂ O	kg CO ₂ /t N ₂ O	265000	IPCC 6th Assessment Report

GWP HFC	kg CO ₂ /t HFC	12,400,000	IPCC 6th Assessment Report
GWP PFC	kg CO ₂ /kg PFC	11,100,000	IPCC 6th Assessment Report

13. Verification letters

Independent Review Report on the Sustainability Report and Non-Financial Information Statement



KPMG Asesores, S.L.
Pº de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Sustainability Report and Non-Financial Information Statement of Naturgy Energy Group, S.A. and subsidiaries for 2022

(Translation from the original in Spanish. In the case of discrepancy, the Spanish language version prevails)

To the shareholders of Naturgy Energy Group, S.A.

We have been engaged by Naturgy Energy Group, S.A. management to perform a limited assurance review of the accompanying Sustainability Report and Non-Financial Information Statement for the year ended 31 December 2022 of Naturgy Energy Group, S.A. (hereinafter, the Parent) and subsidiaries (hereinafter, the Group), prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), and the disclosures specified for the purposes of the Sustainability Accounting Standards Board (SASB) for the "Electric Utilities & Power Generators" and "Oil & Gas" sectors (hereinafter, the Report).

In addition, pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review to evaluate whether the Consolidated Non-Financial Information Statement (hereinafter NFIS) of the Group for the year ended 31 December 2022, included in the accompanying Report which forms part of the Group's consolidated Directors' Report for 2022, has been prepared in accordance with prevailing mercantile legislation and selected GRI Standards.

The Report includes additional information to that required by the GRI standards, the disclosures specified for the purposes of the SASB for the "Electric Utilities & Power Generators" and "Oil & Gas" sectors, and by the prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance on the information contained in the "GRI Content Index", the "SASB Content Index" and the "Index of contents required by Law 11/2018 of 28 December 2018" included in the accompanying Report.

Responsibility of the Parent's Directors and Management

Management of the Parent is responsible for the preparation and presentation of the Report in accordance with the GRI Standards and with the disclosures specified for the purposes of the SASB for the "Electric Utilities & Power Generators" and "Oil & Gas", in accordance with each subject area in the "GRI Content Index" and the "SASB Content Index" of the Report.

The Directors of the Parent are responsible for the content and authorisation for issue of the NFIS included in the Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in the "Index of contents required by Law 11/2018 of 28 December 2018" of the aforementioned Report.



(Translation from the original in Spanish. In the case of discrepancy, the Spanish language version prevails)

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the Report was obtained.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies prevailing international quality standards and accordingly maintains a quality system including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement, and consequently, the level of assurance provided is substantially lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Parent/Group that participated in the preparation of the Report, reviewing the processes for compiling and validating the information presented in the Report and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Parent's/Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the Report based on the materiality analysis performed by the Parent/Group and described in the "About this report" section, considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the Report for 2022.



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(Translation from the original in Spanish. In the case of discrepancy, the Spanish language version prevails)

- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the Report for 2022.
- Corroboration, through sample testing, of the information relative to the content of the Report for 2022 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- a) The Sustainability Report and Non-Financial Information Statement of Naturgy Energy Group, S.A. and subsidiaries for the year ended 31 December 2022, has not been prepared, in all material respects, in accordance with the GRI standards and the SASB disclosures for the “Electric Utilities & Power Generators” and “Oil & Gas” sectors.
- b) The NFIS of Naturgy Energy Group, S.A. and subsidiaries for the year ended 31 December 2022, included in the Report, has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in the “GRI Content Index” of the Report.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment stipulates the obligation to disclose information on how and to what extent the undertaking’s activities are associated with economic activities aligned to the objectives of climate change mitigation and climate change adaptation, in addition to the information related to eligible activities. The Directors of the Parent have included information on the criteria that, in their opinion, best allow them to comply with the aforementioned obligations, which are defined in the “Taxonomy of sustainable finance” section of the NFIS included in the accompanying Report. Our conclusion is not modified in respect of this matter.

Use and Distribution

In accordance with the terms of our engagement letter, this report has been prepared for Naturgy Energy Group, S.A. in relation to its Sustainability Report and Non-Financial Information Statement and for no other purpose or in any other context.



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(Translation from the original in Spanish. In the case of discrepancy, the Spanish language version prevails)

In relation to the Consolidated NFIS, this report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Aseores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

20 February 2023

Independent Verification Statement on the Emission of Greenhouse Gases



INDEPENDENT VERIFICATION STATEMENT

This Independent Verification Statement is an extract from the Verification Report of verico SCE, number LK-2022-09-HC-NATURGY, prepared as a result of the verification process of Naturgy's Greenhouse Gas Emission Inventory 2022.

Naturgy has commissioned **verico SCE** to carry out the verification of the Greenhouse Gas Emissions Inventory for the year 2022, contained in the document "Carbon Footprint Report 2022", corresponding to the corporate carbon footprint for the period 2022.

During the verification process of the Greenhouse Gas Emission Inventory 2022, the following elements are reviewed:

- Consistency of the report with previous reports and the emission allocation procedure.
- Implementation of monitoring processes
- Compliance with measures to ensure the accuracy of the required measurements and their quality.
- Information on fuels and raw materials
- Data management
- Completeness and correctness of manual and electronic data flow
- Internal quality control

The verification process checks and confirms the correctness, by an independent third party, of the information given in the annual emissions report, and also examines the annual emissions and the implementation of internal control and management procedures.



Scope:

Naturgy is present in more than 20 countries serving more than 16 million customers. **Naturgy** operates in the regulated and deregulated gas and electricity markets, mainly in the following areas:

- Gas and electricity distribution
- Electricity generation and trading
- Gas infrastructure, supply and marketing

The organization has decided to include scopes 1, 2 and 3 in its Greenhouse Gas Emission Inventory..

- Scope 1:
 - Direct GHG emissions, understood as those coming from sources that are controlled by the company itself.
 - These are mainly due to CO₂ emissions from thermal generation of electricity and CH₄ emissions as diffuse emissions from natural gas distribution networks.
- Scope 2:
 - Indirect emissions due to electricity generation that is purchased by the company for its own consumption but is not generated by the group.
 - These are mainly due to CO₂ emissions associated with losses in electricity distribution.
- Scope 3:
 - Indirect emissions, not included in Scope 2, arising from the value chain of activities, including upstream and downstream emissions, over which the group does not have direct control or influence. Within the categories defined by the GHG Protocol, emissions with a weighting of less than 1% have been excluded, provided that the sum of all of them does not exceed 5%.
 - These are mainly due to CO₂ emissions in the combustion of natural gas from the end use of the natural gas distributed and marketed.

Inventory coverage groups the entire corporate activity, differentiating the following business segments

1. Generation
2. Electricity Distribution
3. Gas Distribution
4. Gas (infrastructure, supply and marketing of natural gas)
5. Administrative buildings

The Greenhouse Gases contemplated in this carbon footprint calculation are:

- CO₂
- CH₄
- N₂O
- SF₆
- HFC



Inventory Result 2022:

The aggregate result of the Greenhouse Gas Emissions Inventory 2022 is as follows:

Naturgy GHG Emissions Inventory 2022	
	tCO ₂ e
Scope 1	14.741.483
Scope 2	363.489
Scope 3	110.079.558
1. Goods and Services purchased	
2. Capital goods	
3. Activities associated with fuels and energy upstream	28.990.579
6. Business travels	1212
7. Worker mobilization	5.489
8. Upstream leased assets	243.491
9. Downstream transport and distribution	
10. Processing of products sold	
11. Use of products sold	80.838.787
12. End-of-life treatment for products sold	
13. Downstream Leased assets	
14. Franchises	
15. Investments	



Verification Statement

verico SCE has carried out the verification of the Greenhouse Gas Emissions Inventory of the year 2022, contained in the document "Carbon Footprint Report 2022", corresponding to Naturgy's corporate carbon footprint for that monitoring period, in accordance with the requirements established in the UNE-ISO 14064 and GHG Protocol standards (for the definition of sectoral scopes), and the other rules applicable to Naturgy's Greenhouse Gas Emissions Inventory.

The verification team of verico SCE has reached the opinion that naturgy's Greenhouse Gas Emissions Inventory 2022, is prepared in accordance with the requirements defined in the Standard, complies with the greenhouse gas quantification methodology, and the monitored data and the calculation of emissions are evaluated and confirmed as substantially correct. Verico SCE therefore hereby confirms that the emissions reported during the monitoring period for 2022 amount to **125.184.530 tCO₂e**

Madrid, 01/02/2023

A handwritten signature in blue ink, appearing to read "Jose Antonio Gestó", written over a light blue horizontal line.

JOSE ANTONIO GESTO
Lead Verifier

VERICO SCE is a European Cooperative Society accredited by the Accreditation Body in Germany, DAkkS (D-VS-19003-01-00), for the verification of Greenhouse Gas emissions, according to ISO 14065 (translated as UNE EN ISO 14065 in Spain and DIN EN ISO 14065 in Germany) and EU Regulation n° 600/2012. Likewise, VERICO SCE is accredited for the verification of non-regulated schemes, such as EN ISO 14064-1; IN ISO 14064-2; and EN ISO 14064-3.

Inventory Certificate on the Emissions of Greenhouse Gases



Certificate

The Greenhouse Gas Emissions Inventory for the year 2022 of

NATURGY

meets the requirements according to UNE ISO 14064-1

Verification carried out in January 2023 at Naturgy's Headquarters (Spain).

GHG emissions amount to:

Scope 1:	14.741.483	tCO _{2e}
Scope 2:	363.489	tCO _{2e}
Scope 3:	110.079.558	tCO _{2e}

Total Emissions 2022:

125.184.530 tCO_{2e}

Certificate N° LK-2022-09-HC-NATURGY



Acreditación n°:
D-VS-19003-01-01

Langenbach, 1st February 2023

Javier VALLEJO DREHS

verico SCE, Hagenaustrasse 7, 85416 Langenbach, Alemania

verico SCE is accredited by DAkkS according to DIN EN ISO 14065: 2013.
Accreditation applies to the scopes detailed in the
certified D-VS-19003-01-.

Green Bond Independent Review Report



KPMG Asesores S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Independent Limited Assurance Report on the “Report on the Green Bond for 2022” of Naturgy

(Translation from the original in Spanish. In the case of discrepancy, the Spanish language version prevails)

To Management of Naturgy Energy Group, S.A.

Pursuant to our engagement letter of January 2023, we have performed an independent limited assurance review of the “Report on the Green Bond for 2022” (hereinafter, the Report), included in the accompanying Sustainability Report and Non-Financial Information Statement for 2022 prepared by Naturgy Energy Group, S.A. (hereinafter, Naturgy), in accordance with Naturgy’s Green Bond Framework and the criteria set out in the 2021 Green Bond Principles (and the update of Appendix 1 in June 2022), published by the International Capital Market Association (ICMA).

We have likewise examined, with the same level of assurance, whether the environmental benefit indicators included in the Report have been prepared and presented in accordance with the criteria set out in the “Glossary of indicators; Environmental benefit indicators” of the Report and are measurable, can be externally verified and are comparable.

Responsibilities of Naturgy’s Management

Naturgy’s management is responsible for the preparation and presentation of the Report in accordance with Naturgy’s Green Bond Framework and the 2021 Green Bond Principles (and the update of Appendix 1 in June 2022), published by the ICMA. It is also responsible for the selection of the environmental benefit indicators presented in the Report.

This responsibility encompasses the design, implementation and maintenance of such controls as management determines are necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.



(Translation from the original in Spanish. In the case of discrepancy, the Spanish language version prevails)

Our Responsibility

Our responsibility consists of examining the Report and issuing an opinion thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). This standard requires that we plan and execute our procedures to obtain limited assurance on whether the Report complies, in all material respects, with the criteria set out in the 2021 Green Bond Principles (and the update of Appendix 1 in June 2022), published by the ICMA, and whether the environmental benefit indicators included in the Report have been prepared and presented, in all material respects, in accordance with the criteria set out in the "Glossary of indicators; Environmental benefit indicators" of the Report and are measurable, can be externally verified and are comparable.

Our firm applies prevailing international quality standards and accordingly maintains a quality system including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our limited assurance work consisted of making inquiries of management and persons responsible for the preparation of the information presented in the Report and applying analytical and other evidence gathering procedures. These procedures included:

- Reviewing the consistency of the Report with the Green Bond Framework and the criteria and guidelines of the 2021 Green Bond Principles framework (and the update of Appendix 1 in June 2022), published by the ICMA.
- Analysing the evidence gathering procedures and internal control over quantitative data related to the environmental benefit indicators reflected in the Report, as regards the reliability of the information, by using analytical procedures and review testing based on sampling.
- Assessing the relevance of the environment benefit indicators with respect to Naturgy's activity, its sustainability strategy and the commitments it has undertaken in this respect.
- Reading the information included in the Report to determine whether it is in line with our overall knowledge and experience as regards Naturgy's sustainability strategy and targets.
- Contrasting the remaining non-financial information reflected in the Report against that included in Naturgy's Non-Financial Information Statement and Sustainability Report.

Our multidisciplinary team included specialists in social and environmental performance of companies.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



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(Translation from the original in Spanish. In the case of discrepancy, the Spanish language version prevails)

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- a) The Report has not been prepared, in all material respects, in accordance with the criteria set out by Naturgy's Green Bond Framework and the 2021 Green Bond Principles (and the update of Appendix 1 in June 2022), published by the International Capital Market Association.
- b) The environmental benefit indicators included in the Report have not been prepared and presented, in all material respects, in accordance with the criteria set out in the "Glossary of indicators; Environmental benefit indicators" of the Report and are measurable, can be externally verified and are comparable.

Use and Distribution

In accordance with the terms of our engagement letter, this Independent Assurance Report has been prepared for Naturgy in relation to its Report on the Green Bond included in its Sustainability Report and Non-Financial Information Statement for 2022 and for no other purpose nor for use in any other context.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

20 February 2023