

2018 Green Bond Report



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Report on the green bond

Indicators of use of funds

As at 31 December 2018, the total number of projects assigned to Green Bonds issued on 15 November 2017 was 63, representing a total investment of Euros 446.34 million. These assigned funds represent 55.79% of the total amount obtained through the issuance of Green Bonds, with Euros 353.66 million yet to be assigned.

Technology	Location	Project name	Year launched	Status	Assigned Green Bond financing (euros million)	% Financed with Green Bonds	Prevented emissions (tCO ₂)
Wind	Spain	P.E. Balcón de Balos	2018	Operation	6.09	50%	17,465.82
Wind	Spain	P.E. DORAMÁS	2018	Operation	1.14	50%	4,254.26
Wind	Spain	P.E. FUERTEVENTURA II	2018	Operation	2.72	50%	7,159.81
Wind	Spain	P.E. LA HARÍA	2018	Operation	1.97	50%	4,729.37
Wind	Spain	P.E. LA VAQUERÍA	2018	Operation	1.93	50%	4,907.52
Wind	Spain	P.E. MONTAÑA PERROS	2018	Operation	1.89	50%	5,200.33
Wind	Spain	P.E. TRIQUIVIJATE	2018	Operation	3.40	50%	9,415.37
Wind	Spain	P.E. VIENTOS DEL ROQUE	2018	Operation	3.42	50%	10,580.28
Solar	Spain	C.F. CARPIO DE TAJO	2019	Construction	25.33	100%	24,870.11
Solar	Spain	C.F. LA NAVA	2019	Construction	27.13	100%	27,903.09
Solar	Spain	C.F. PICON I	2019	Construction	19.08	100%	29,554.70
Solar	Spain	C.F. PICON II	2019	Construction	18.01	100%	29,554.70
Solar	Spain	C.F. PICON III	2019	Construction	5.86	100%	29,554.70
Wind	Spain	P.E. AMPLIACION EL HIERRO	2019	Construction	12.84	100%	39,049.51
Wind	Spain	P.E. BARASOAIN	2019	Construction	23.99	86%	35,311.74
Wind	Spain	P.E. MERENGUE	2019	Construction	32.00	100%	45,270.35
Wind	Spain	P.E. MIRABEL	2019	Construction	15.14	100%	25,434.18
Wind	Spain	P.E. MONCIRO	2019	Construction	10.68	100%	39,779.13
Wind	Spain	P.E. PEÑAFORCADA - CATASOL II	2019	Construction	6.75	100%	8,324.33
Wind	Spain	P.E. PILETAS I	2019	Construction	9.18	50%	26,914.83
Wind	Spain	P.E. SAN BLAS	2019	Construction	24.58	100%	35,000.95
Wind	Spain	P.E. TESO PARDO	2019	Construction	20.67	100%	30,321.81
Wind	Spain	P.E. TESORILLO	2019	Construction	20.18	100%	24,075.45
Wind	Spain	P.E. TIRAPU	2019	Construction	9.35	87%	12,612.85
Wind	Spain	P.E. MONTEJO DE BRICIA (AMPLIACIÓN)	2019	Construction	5.45	90%	5,829.63
Wind	Spain	P.E. CARRATORRES	2019	Construction	14.44	75%	35,406.33
Wind	Spain	P.E. FRÉSCANO	2019	Construction	7.85	100%	23,550.17
Wind	Spain	P.E. SAN AGUSTÍN	2019	Construction	5.25	100%	32,683.10
Wind	Spain	P.E. MONTE TOURADO - EIXE	2019	Construction	29.14	100%	42,147.08
Wind	Spain	P.E. PASTORIZA - RODEIRO	2019	Construction	10.42	100%	44,451.04
Wind	Spain	P.E. SERRA DO PUNAGO - VACARIZA	2019	Construction	8.67	100%	32,696.13
Wind	Spain	P.E. TOROZOS A	2019	Construction	14.68	100%	38,913.76
Wind	Spain	P.E. TOROZOS B	2019	Construction	11.51	100%	33,182.57
Wind	Spain	P.E. TOROZOS C	2019	Construction	13.99	100%	38,892.52
Wind	Spain	P.E. MOURIÑOS	2019	Construction	6.73	100%	11,670.00
Wind	Spain	INFRAESTRUCTURAS COMUNES	2019	Construction	8.81	70%	-
					440.27		866,667.49

Technology	Location	Project name	Year launched	Status	Assigned Green Bond financing (euros million)	% Financed with Green Bonds	Prevented emissions (tCO ₂)	
Solar	Spain	C.F. CANREDONDO	2021	Development	0.08	100%	454,691.40	
Solar	Spain	C.F. LAS JARAS	2021	Development	0.27	100%		
Solar	Spain	C.F. MIRAFLORES	2021	Development	0.16	100%		
Solar	Spain	C.F. PUERTO DEL ROSARIO	2021	Development	0.07	100%		
Solar	Spain	C.F. SALINETAS	2021	Development	0.02	100%		
Solar	Spain	C.F. TABERNAS I	2022	Development	0.26	100%		
Solar	Spain	C.F. TABERNAS II	2022	Development	0.26	100%		
Solar	Spain	C.F. EL ESCOBAR I	2021	Development	0.07	100%		
Solar	Spain	C.F. EL ESCOBAR II	2021	Development	0.07	100%		
Solar	Spain	C.F. SURESTE SOSTENIBLE I	2021	Development	0.05	100%		
Solar	Spain	C.F. SURESTE SOSTENIBLE II	2021	Development	0.05	100%		
Solar	Spain	C.F. SURESTE SOSTENIBLE III	2021	Development	0.05	100%		
Solar	Spain	C.F. SURESTE SOSTENIBLE IV	2021	Development	0.05	100%		
Solar	Spain	C.F. AGUAYRO SOLAR I	2021	Development	0.05	100%		
Solar	Spain	C.F. AGUAYRO SOLAR II	2021	Development	0.05	100%		
Solar	Spain	C.F. AGUAYRO SOLAR III	2021	Development	0.05	100%		
Solar	Spain	C.F. AGUAYRO SOLAR IV	2021	Development	0.05	100%		
Solar	Spain	C.F. ALDEA BLANCA	2021	Development	0.02	100%		
Wind	Spain	P.E. PICATO	2021	Development	1.33	100%		
Wind	Spain	P.E. EL MORALITO	2022	Development	0.00	50%		
Wind	Spain	P.E. LA TABLADA	2022	Development	0.01	50%		
Wind	Spain	P.E. PUNTA REDONA	2021	Development	0.02	60%		
Wind	Spain	P.E. TRES TERMES	2021	Development	0.02	60%		
Wind	Spain	P.E. LOS BARRANCS	2021	Development	0.02	60%		
Wind	Spain	P.E. AGÜIMES	2021	Development	0.14	100%		
Wind	Spain	P.E. PUERTO DEL ROSARIO	2022	Development	0.38	100%		
Wind	Spain	P.E. TOROZOS II	2021	Development	2.45	100%		
					6.07			

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

* The nine controversial activities defined by Vigeo Eiris are: alcohol, animal abuse, weapons, dangerous chemicals, gambling and betting, genetically modified organisms in food and feed, nuclear energy, sex industry and tobacco.

Environmental benefit indicators

The estimated environmental benefit of the green bond is expected to be 1,321,358.89 tCO₂/year avoided, based on a total of approximately 1,419 MW of power that is expected to be installed with green bond financing, with associated production of about 3,988 GWh/year.

Actions in environmental and social matters

In the projects, sustainability has been considered throughout its life cycle, in partnership with the competent administrations, with participation of the different stakeholders.

In the design stage, an environmental study has been carried out in all the projects, where information has been gathered about the environment (physical, biological, socio-economic and cultural). This study has served as a baseline to define the most environmentally and socially sustainable project alternatives, identify and assess the associated impacts and define the necessary prevention, mitigation and, if necessary, compensation measures.

During the construction phase, a thorough environmental and archaeological follow-up is carried out in order to ensure that the project is executed with the established environmental and social guarantees.

During the operation stage, the facilities are covered by the Naturgy's environmental management system, which is certified and externally audited pursuant to the UNE-EN ISO 14001, which ensures control and compliance with environmental requirements, the prevention of environmental accidents and the ongoing improvement in the reduction of our impacts.

Glosary of indicators

Indicators for use of proceeds	
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 the closing date
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 millions of euros), at the closing date
% Financed with Green Bonds	Percentage of project investment attributable to Green Bonds, at the closing date
Number of projects	Number of projects with financing attributable to funds from Green Bonds, at the closing date
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 the closing date
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 the closing date, according to the "Naturgy Green Bond Framework"
Environmental benefit indicators	
Greenhouse gas (GHG) emissions prevented	CO ₂ emissions (tCO ₂ /year) expected to be avoided 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 allows 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