



Global Environmental Policy

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1. Purpose

To regulate and establish the guidelines that will govern the development of all the Group's activities in the area of environmental management, in order to fulfil the commitments made in the Corporate Responsibility Policy, in accordance with the Paris Agreement and the UN Sustainable Development Goals.

2. Scope

It is applicable to all the group's companies with a majority shareholding and to those companies or entities in which the group has operational and/or management responsibility.

3. Commitment to the environment

Naturgy is voluntarily making a commitment to be a key player in the energy transition towards a circular and decarbonised economic model that is consistent with the goals of the Paris Agreement. As such, the company has committed to becoming carbon neutral by 2050 at the latest, reducing total Scope 1, 2 and 3 emissions in line with the 1.5°C - 2°C pathways of the Paris Agreement.

Naturgy will focus on four strategic environmental areas to achieve this goal:

- Governance and environmental management
- Climate change and energy transition
- Circular economy and eco-efficiency
- Natural capital and biodiversity

Naturgy's **basic principles** of operations in these areas are as follows:

Governance and environmental management

1. Ensure compliance with environmental legislation and more demanding voluntary requirements; anticipate and adapt to new regulations.
2. Prevent pollution and reduce environmental impacts throughout the entire value chain, by training employees and promoting their involvement as well as that of collaborating companies and stakeholders.
3. Integrate the environment into risk and opportunity management, strategic decision-making, and mergers and asset acquisitions through environmental due diligence.
4. Set targets to continuous improvement in environmental performance.
5. Have an externally audited and certified environmental management system that meets the criteria of the Global Integrated Management Systems Policy.
6. Promote transparency in line with international reporting standards to facilitate communication with our stakeholders.
7. Support the dissemination of knowledge and awareness of energy and environmental issues and promote constructive dialogue with public administrations, NGOs, universities, customers and other stakeholders.



Climate change and energy transition

8. Achieve climate neutrality by 2050 at the latest by reducing total Scope 1, 2 and 3 emissions, setting interim targets aligned with the Paris Agreement reduction pathways of 1.5°C - 2°C.
9. Align new investments with the Paris Agreement targets by promoting renewable and decarbonised energy, energy savings and efficiency, and climate adaptation.
10. Annually publish the carbon footprint in all its scopes, verified by an independent third party by establishing systems to monitor and reduce emissions.
11. Integrate the climate variable into risk and opportunity management and strategic planning, in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).
12. Support international climate change negotiations and market mechanisms that foster the development of the most appropriate technologies at each stage of the energy transition.
13. Promote, directly and through alliances with other actors, climate policies aligned with the Paris Agreement, ensuring permanence only in the trade associations that meet this criterion and publish an annual list of them.
14. Promote decarbonisation in line with the principles of just transition and involve the supply chain by boosting measures that reduce the carbon footprint of collaborating companies.

Circular economy and eco-efficiency

15. Promote the circular economy through the efficient use of resources (energy, water, etc.) and waste management to reduce environmental impact.
16. Promote renewable gas as an energy and storage medium to facilitate the transition to a circular and carbon neutral economic model.

Natural capital and biodiversity

17. Respect natural capital, biodiversity and cultural heritage in the environments where the group's activities take place, and identify, assess and monitor biodiversity impacts and dependencies during the life cycle of the facilities.
18. Integrate biodiversity into the planning and operation of projects to progressively reduce negative environmental impacts, avoiding as far as possible the development of the activity near areas of high value for biodiversity, especially protected areas, implementing a preventive approach based on the mitigation hierarchy (avoid, mitigate, restore and compensate) and promoting the development of nature-based solutions.
19. Prevent as far as possible the alteration of the vegetation, avoiding deforestation in the operating environments and promoting the mitigation of significant impacts on forests throughout the value chain.
20. Achieve zero net loss of biodiversity, promoting the creation of natural capital wherever possible.



4. Responsibilities

The following responsibilities and governing bodies are defined:

- **Sustainability Committee** of the Board of Directors: oversees the company's role in the energy transition and progress in terms of environmental, social and governance performance.
- **Management Committee**, under the direction of the company's CEO and senior management, regularly reviews proposals, monitors performance and validates environmental and sustainability action plans.
- **Sustainability, Reputation and Institutional Relations**, through the unit in charge of **Environment and Social Responsibility**, is tasked with:
 - Establishing policies, strategic axes, environmental indicators, targets, methods and global environmental management tools in consultation with the business units.
 - Participating in the strategic plans by contributing environmental indicators and targets.
 - Establishing, in coordination with the business units, the environmental and climate guidelines to be taken into account by the units when assessing risks and opportunities.
 - Monitoring the correct development of the annual audit plan and the actions of the business units to comply with environmental objectives.
 - Providing a centralised and efficient system for the collection, monitoring and reporting of indicators in key processes for the business units; acting as single point of contact for their design and development.
 - Centralising the reporting of environmental indicators for submission to the company's governing bodies.
 - Reporting to sustainability indices, analysts and investors on environmental issues.
 - Coordinating the establishment and development of the sustainability and environmental committees and Centres of excellence.
 - Reporting to the Sustainability Committee and the Management, Sustainability and Environmental Committees on relevant environmental issues.
 - Promoting environmental and social innovation, sharing of best practises and transversality between business units.
- The **Business** units are responsible for:
 - Ensuring the implementation of this policy using global environmental management methods and tools.
 - Proper development of environmental activities and processes, providing technical, human and financial resources.



- Maintaining the environmental management system and prepare and implement the audit plan.
- Establishing measures to meet environmental objectives, allocating the necessary resources.
- Integrating the environment into the risk and opportunity management systems, with particular attention to climate change and the energy transition.
- Conducting the necessary environmental and social studies to minimise the negative impacts of the life cycle of the facilities, from planning to decommissioning.
- Providing the necessary data for reporting on indicators to the company's governing bodies, sustainability index questionnaires, analysts and investors, ensuring their quality and consistency, analysing their evolution and implementing the necessary measures to improve environmental performance.
- Actively participating in the Sustainability and Environment Committees and provide qualified resources for the operation of the Centres of excellence.
- Identifying and providing the necessary environmental training.
- Integrating environmental criteria into the supply chain.

The **Service areas** take on the tasks assigned to the business units in their area of responsibility.

- **Sustainability Committee:** monitors all indicators and defines and promotes the projects and corrective actions necessary to ensure compliance with the objectives of the Sustainability Plan, including the environmental objectives.
- **Environment Committee:** coordinates the activities of the various departments and regions and ensures uniform implementation of the criteria and dissemination of best practises.
- **Centres of excellence:** these centres will be dynamic and set up to meet specific needs. They will be composed of multidisciplinary teams responsible for monitoring cross-domain processes. They will have fixed objectives, deadlines and commitment.

5. Reporting and tracking

Environmental indicators and targets will be integrated into the Sustainability Plan.

The **Business** units will regularly report the required environmental information in the corporate applications (environmental indicator system, etc.) or through the designated channels.

The **Environment and Social Responsibility** unit will consolidate the information to produce the necessary monitoring reports for the Board, sustainability indices and rating agencies.

The **Business** units will determine the necessary measures to measure and monitor the indicators and to meet the environmental targets.



6. Approval

The Global Environmental Management Policy has been approved by the Director of Sustainability, Reputation and Institutional Relations in July 2022.