



Naturgy 

Sustainability Report
and Non-Financial
Information Statement
(ISEINF) at a glance

2021



About the ISEINF

The ISEINF sets out Naturgy's non-financial information, with the purpose of disclosing, with total transparency to all stakeholders, the most relevant facts and milestones occurred during the year, related to Environmental, Social and Governance (ESG) aspects of the company, forming part of Naturgy's Consolidated Annual Report. For this reason, it is an essential tool to calibrate and improve our performance around sustainability.

The ISEINF takes into account the company's business model, strategy, material issues, stakeholders and Corporate Responsibility Policy and is organised around the Sustainability Plan, which includes the roadmap set by the 2025 Strategic Plan to achieve the ESG challenges that contribute to the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda.

Thus, the six levers of action embodied in the Sustainability Plan make up the most relevant sections of the ISEINF:

- Integrity and trust.
- The opportunity of environmental challenges.
- Customer experience.
- Commitment and talent.
- Innovation and new business development.
- Social responsibility.

In its extensive content, the ISEINF also includes three annual reports with their own identity for the company's ESG governance: the Carbon Footprint Report, the EU Taxonomy Report (to be applied for the first time in 2021) and the Green Bond Report. All of them have taken into account the applicable Global Reporting Initiative (GRI) standards, the AA1000AP (2018) standard, Law 11/2018 on non-financial information and diversity and, as a novelty, this year the Sustainability Accounting Standards Board (SASB) and the approved EU Taxonomy regulation have been included. As a guarantee of good governance, all information has been verified by independent experts.

In this executive summary, you will find highlights and key information of the Sustainability Report and Non-Financial Information Statement.



Access the
2021
Annual Reports



Transforming together



Dear readers,

During 2021 we have witnessed how the world tried to heal the human, social and economic damage caused by the health crisis and to recover the usual pace of pre-COVID-19 times in a context of great uncertainty about the evolution of the pandemic.

These last few years have shown us that there is a global will to accelerate recovery and the commitment to move towards a truly sustainable development model. Governments, regulators, markets, companies and, in short, individuals are increasingly united in the face of challenges such as climate change, the circular economy and inequality.

The commitment to the fight against climate change is increasing at regulatory level, as demonstrated by the European Union's goal of becoming the first climate-neutral continent by 2050, which will lead to a sweeping transformation of all productive sectors, with an especially significant impact on the energy sector.

A company that transforms

In this context, at Naturgy we continue to work on the company's future, adapting to the changing environment. Our answer is the Strategic Plan 2021-2025, unanimously approved by the Board of Directors, which will boost our role in the energy transition and decarbonisation. It is a challenging roadmap aligned with the transformation that Naturgy has been introducing over the last four years.

This Strategic Plan, with an investment of Euros 14 billion, has growth as its primary objective, while maintaining financial discipline, consistent with the energy transition and which should help us to accelerate this transformation.

In addition, the company has also presented investment opportunities worth a further Euros 14 billion, for the Next Gen EU programme. in six strategic areas: renewable gases, renewable electric energy, sustainable mobility, Just Transition, energy efficiency and digitalisation.

Additionally, at Naturgy we want to consolidate our position as a best-in-class operator in all the businesses in which we operate - generation, distribution and commercialisation of energy - and we want to achieve this through the continuous improvement of our operations, relying on greater digitalisation and reinventing our relationship with our customers.

This ambitious Plan is supported by two more fundamental pillars: the commitment to Environmental, Social and Governance (ESG) aspects and the consolidation of a corporate culture driven by a transformational purpose that puts people at the forefront of all our goals.

We have structured this firm commitment in our Sustainability Plan 2021-2025, which defines 6 drivers with 21 lines of action and 74 objectives committed to and aligned with the Sustainable Development Goals of the 2030 Agenda.

We are aware that executing this strategy requires a cultural evolution, which mainly involves strengthening employee passion for the project, consolidating core values and aligning everyone with our stakeholders. To this end, we have defined our purpose: “Transforming together”.

“Transforming together” means that at Naturgy we are convinced that together we can transform the world through energy, tackling with determination the challenges of the energy transition and the demands of society and our customers, working with excellence, transparency and the talent of a committed team.

At Naturgy, we want to address this transformation collectively and under four fundamental values: from an innovative, proactive and adaptive vision, facing the challenges and driving the opportunities of the energy transition, new business models and digitalisation (Forward Vision); through leadership, determination and continuous improvement, focused on generating value from each of the businesses and markets, and responding rigorously to the expectations of all stakeholders (Excellence Driven); from the most human side, taking into account the needs of people (People Oriented) and to contribute to a more sustainable world (One Planet).

A company that grows

During 2021, Naturgy has made progress in the fulfilment of its roadmap.

Although the year was marked, especially in the second part of the year, by volatility in the international gas markets and regulatory uncertainty, Naturgy experienced a recovery in demand and ended the year with a net ordinary profit of Euros 1,231 million.

The most important ordinary performance measures showed:

- Net turnover amounted to Euros 22,130 million.
- Gross operating profit was Euros 3,983 million.
- Cash-flow generation stood at Euros 2,113 million.
- Total net debt came to Euros 12,831 million.
- Growth Capex amounted to Euros 952 million.
- We paid Euros 1,140 million in direct taxes, and Euros 1,120 million in mainly VAT.

A company focused on climate neutrality

In 2021, we learnt from the IPCC's Sixth Assessment Report that human activity has unequivocally warmed the global climate since pre-industrial times. Naturgy, as a company present in multiple regions, is increasingly committed to the fight against climate change, which we also see as a strategic opportunity. That is why we want to play a leading role in this transformation of the energy sector. Proof of this is that more than 60% of the estimated investment in the strategic plan will be used to triple the company's installed renewable generation capacity to 14 GW by 2025.

In addition, we are committed to the promotion of renewable gases such as biogas or green hydrogen as a way to decarbonisation. During the second quarter of 2021, Naturgy became the first company in Spain to inject renewable gas into the gas distribution network, placing us at the forefront of innovation in the development of this new energy vector, which will contribute significantly to decarbonisation of the energy system and, consequently, to the reduction of carbon emissions and the promotion of the circular economy. In our strategy we estimate the injection of more than 1 TWh of renewable gas into the gas grid in Spain by 2025. Presently, 95% of Naturgy's gas distribution networks are already prepared for renewable gas and hydrogen.

Naturgy looks to be a key player in the energy transition, so it is committed to becoming carbon neutral by 2050, reducing total emissions, scopes 1, 2 and 3, by 24% in 2025 compared to the base year 2017, as reflected in the Strategic Plan and our Sustainability Plan.

In this regard, during 2021 we have continued to take firm strides towards achieving our goals. Proof of this is the evolution of direct Scope 1 emissions, which were 13 MtCO₂eq, representing 37% less than in 2017, our base year, or the total carbon footprint, which also incorporates indirect emissions, which was 150 MtCO₂, 9% lower than in 2017.

One notable milestone in the regulatory field has been the final approval at the end of 2021 of the Delegated Regulations with the technical criteria for the selection of sustainable economic activities in accordance with the EU Taxonomy and the contents, presentation and methodology for their disclosure. This year Naturgy has undertaken the classification of its activities in accordance with the Taxonomy in a rigorous and uniform way, 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.

In this way and in anticipation of the 2022 disclosure requirements, the company has conducted a preliminary analysis of the proportion of eligible and aligned activities in accordance with the European Taxonomy. Eligibility results for turnover, Opex and Capex indicators are 10%, 37% and 61% respectively. Additionally, 10 of the 11 eligible activities are 100% aligned.

However, the company's environmental commitment is not limited to climate change. Biodiversity protection is also closely linked to the climate challenge and requires urgent action by everybody. Naturgy allocates resources and collaborates with entities and experts with the aim of minimising the impact on biodiversity and achieving no net loss of biodiversity, promoting the net creation of natural capital whenever possible. By 2025, we are committed to more than 350 activities per year. We are on track to achieve this goal, as by 2021 the company has carried out 302 biodiversity actions.

A company focused on excellence

In an increasingly demanding environment, with high competitiveness and in a challenging context, we are unable to comprehend transformation without excellence. Excellence that implies leadership, determination and continuous improvement.

Leadership, because in a year in which the price of electricity has broken records on a daily basis, Naturgy has thought about people and has taken a step forward by launching the Commitment initiative. The initiative allocates all available infra-marginal installed capacity to supply electricity at a competitive price of Euros 65/MWh, which will be held for three years and will be applied automatically for current and new customers. Thus, the company wants to help households, companies and SMEs to cope with a situation never seen before.

During 2021, the company has continued to adapt its products, processes and channels to suit customer needs, making them more digital, simple, understandable and sustainable. Good examples of these premises are our Zen tariff, a flat rate that provides peace of mind to residential customers; or our Naturgy Solar product, which provides customers with a worry-free self-consumption installation. We are aware that there is still a long way to go, but we are making steady progress with our customers always in mind.

The excellent service that Naturgy provides to its customers would not be possible without a supply chain that is committed and aligned with our business values and purpose. During 2021, Naturgy worked with more than 6,000 suppliers and contractors. We have audited more than 70% of our purchase volume with high ESG risk and are working to increase this percentage to 95% by 2025.

A socially responsible company

The energy transition has also an impact on the changes that need to be undertaken to change our energy model. Although they represent an opportunity, they may also generate short-term collateral effects in some communities that are impacted by the changes in the economy and employability of their territories.

The closure of our coal-fired power stations is one example. To address this, Naturgy is implementing plans that seek to foster economic activity in these locations, consistent with the historical link the company has in these territories, as reflected in our Just Transition report published in July 2021. In this regard, I would like to highlight the project we are developing at the site where La Robla power station was located, in León, where we are planning to develop a project to produce renewable hydrogen from a photovoltaic plant and an electrolyser to cover local consumption and injection into the gas grid.

These are just examples of our commitment to society. This commitment is a fundamental part of the development of new infrastructure projects. Our vocation of permanence and rootedness in the territories means we accompany our developments with social impact assessments and maintain a constant dialogue and relationship with the communities affected by the company's activities.

In addition, during 2021, Naturgy, through its Foundation, has continued to implement the Energy Vulnerability Plan throughout Spain. The Plan has been consolidated as a priority and the core of the activities developed by the Foundation to alleviate the situation of vulnerability and energy poverty in Spain. This past year, we have collaborated with 18 entities and 769 rehabilitations have been carried out based on donations from individuals and contributions from the Foundation.

A people-focused company

We want to develop our transformative purpose together, working for and on behalf of people. That's why in 2021 we have committed to boosting young talent and gender parity, through new recruitment drives such as Flex & Lead and talent development initiatives such as Internal Lead Talent, with the goal of reaching 40% of women in management positions by 2025 and attracting young people under 30. We have also implemented a new model for measuring satisfaction and commitment among our professionals through the Happy Force platform.

In health and safety, we have approved the Health and Safety Action Plan 2021-2023; based on six transversal drivers and more than 30 action lines that have already had the first internal results, as reflected in the reduction of mortality in collaborating companies during 2021.

A company with integrity, reliability and transparency

As a responsible company with a deep conviction in ethics and integrity, in 2021 we amended the Code of Ethics to add explicit reference to the new policies and social concerns such as conflicts of interest and digital rights. The requirements and approval of these policies and other corporate governance regulations, as well as the impeccable performance of our business, comes from the Board of Directors. A body that not only demonstrates compliance with the highest standards of good governance, but also corroborates the commitment of the company's shareholders to sustainability as a fundamental driver for long-term value creation. Along these lines, part of the management team's variable compensation is linked to ESG aspects as a sign of everyone's commitment to sustainability.

The year 2021 has confirmed that digitisation is an essential element in the company's day-to-day business. The ability to adapt to the digital environment and to respond to cybersecurity incidents or attacks is a sine qua non condition for maintaining a competitive position in the market. Thus, the company has completed the implementation of the Cyberincident Response Plan in the group's global security operations centre.

And in terms of accountability, while Naturgy diligently complies with current non-financial disclosure obligations, during 2021 it has undertaken an exercise to prepare for future requirements by adopting the Sustainability Accounting Standards Board (SASB). With this work, the company adds a new reporting framework to the GRI Standards, the requirements of Law 11/2018, the United Nations Guiding Principles Reporting Framework and the recommendations of the TCFD regarding climate risks, and thus increases information transparency and responsible, truthful, effective and complete communication of financial and non-financial information on the company's actions. In addition, the report also includes our contribution to the Paris Agreement and to the United Nations Sustainable Development Goals, with our renewed commitment to sustainability for yet another year through the Global Compact.

A recognised company

The profound transformation we are carrying out as a company, under principles that contribute to constructing a fairer society, respectful of the planet and with people at the forefront, merits international recognition.

Naturgy has been recognised globally as the best energy company of the year in the 2021 edition of the Platts Global Energy Awards; a success that must be attributed to the entire Naturgy's human team.

Likewise, and once again, Naturgy has been valued for its environmental, social and good governance performance in the most relevant international sustainability indices and rankings. As examples of this, the company has continued to be awarded AAA by the MSCI index and is the only Spanish company included in the A-List of the Carbon Disclosure Project (CDP) for its water management -the highest distinction awarded to companies worldwide for their management of water resources- and, for the eleventh consecutive time, it is a world leader in the climate category for its action against climate change.

Lastly, I would like to take this opportunity to thank the trust, work and effort of all those people who make this company project possible. The support of our shareholders, the loyalty of our customers and suppliers, their trust and commitment and, especially, all the professionals involved in the Naturgy project. I am aware of the difficult situations that many of them have had to face, or are facing, on a personal level and the effort they have had to make to ensure continuity of operations and the level of excellence in service to which our customers are accustomed. All the achievements I mention in this letter, and those that appear throughout the report, belong to all of them. None of the results achieved would have been possible without everyone's individual contribution. To all of them, thank you very much for your commitment and your dedication.

I now invite you all to read this report in more detail about our business model, our strategy and our commitments, and to judge for yourselves the results of the 2021 financial year that has just ended.

Thank you all very much,



Francisco Reynés
Executive Chairman

Madrid, March 2022.

2021 Main milestones of the year



Approval of the Strategic Plan 2021-2025 with investments of Euros 14 billion consistent with the energy transition 80% will be eligible according to the EU Taxonomy.



Increase in installed renewable capacity to 33% thanks to the commissioning of renewable projects (562 MW globally).



Commitment to develop more than 350 activities on biodiversity with 302 actions in 2021 to achieve no net loss of biodiversity.



Definition of the Transforming together purpose and the engagement measurement model to empower employees and consolidate core values.



Adoption of the Sustainability Accounting Standards Board enhancing information transparency and responsible, truthful, effective and complete communication.



Approval of the 2021-2025 Sustainability Plan which reinforces the company's environmental, social and governance ambitions with 74 goals for 2025.



9% reduction of carbon footprint (Scopes 1, 2 and 3) with respect to 2017 which represents 37% less direct Scope 1 emissions.



Implementation of just transition agreements for the closure of coal-fired power stations in 2020 to ensure employment and economic revival in the affected areas after decommissioning.



Commitment to young talent and gender parity with recruitment (Flex & Lead) and internal development models (Internal Lead Talent)-.



Publication of the first report on European Taxonomy with a result of 61% of eligible and aligned Capex.



Announcement of commitment to achieve climate neutrality by 2050 with the reduction of total emissions, scopes 1, 2 and 3, by 24% in 2025 compared to 2017.



Injection of biomethane in the gas distribution network in Spain with a production capacity that has risen to 140 GWh by 2021.



Consolidation of the Energy Vulnerability Plan in Spain as a priority and backbone of the Foundation's activities with the completion of 769 rehabilitations.



Approval of the 2021-2023 Health and Safety Plan with the first results, such as the reduction of mortality in collaborating companies by 2021.

2021 in figures

Main economic indicators

Net turnover

€22,140M

€15,345M in 2020

Gross operating profit

€3,529M

€3,449M in 2020

Total investments

€1,484M

€1,279M in 2020

Net profit

€1,214M

€-347M in 2020*

* Includes impairment losses of €1,019M due to asset impairment

Indebtedness

59.1%

54.7% in 2020

Ebitda / Cost of net financial debt

3.6x

54.7% in 2020

Dividend paid

€1,290M

€1,370M in 2020

Share price 31/12/21

€28.63

€18,96 in 2020

Earnings per share

€1.26

3.9€ in 2020

Main operational figures

Distribution



Gas

449,435GWh

403,910GWh in 2020



Networks

135,640km

134,802km in 2020



Supply points

11,037 in thousands

11,052 in thousands in 2020



Electricity

41,754GWh

41,977GWh in 2020



Networks

153,981km

151,495km in 2020



Supply points

4,776 in thousands

4,727 in thousands in 2020

Commercialisation



Gas

105,106GWh

94,052GWh in 2020



Electricity

22,196GWh

22,267GWh in 2020

Electricity generation

Total installed capacity

15,896MW

15,864MW in 2020

5,170MW renewable capacity

(4,608MW in 2020)

Total net production

41,747GWh

41,977GWh in 2020

Production from renewable sources

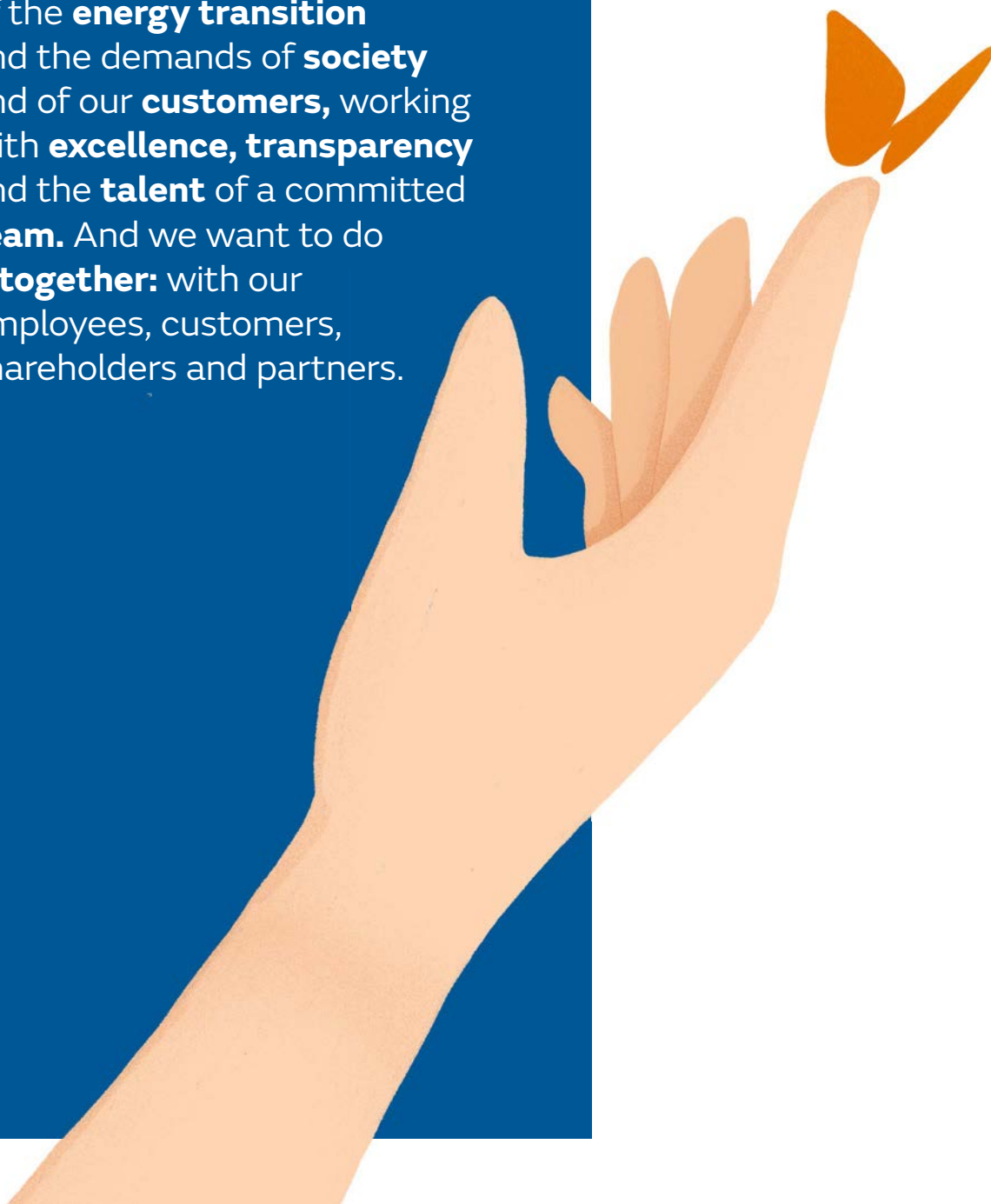
10,514GWh

9,516GWh in 2020

Naturgy

Transforming together

Naturgy's purpose is:
Transforming the world through energy, determinedly tackling the challenges of the **energy transition** and the demands of **society** and of our **customers**, working with **excellence, transparency** and the **talent** of a committed **team**. And we want to do it **together**: with our employees, customers, shareholders and partners.



Business model and sustainable strategy

Naturgy's history of more than 175 years shows that the company's permanence is the result of having been able to adapt its business model to the social, technological and economic changes that the world has experienced throughout this time, taking advantage at every moment of the opportunities that the environment has provided.

Once again, faced with a paradigm shift in the energy sector as a result of the global challenge posed by the fight against climate change, **Naturgy is transforming itself and refocusing its business model towards the energy transition.**

Achieving success in adapting to the challenges and opportunities of the environment is possible because the company has a solid and robust management model, which has been proven throughout history in different contexts, as well as a characteristic transformative culture.

Business model resilience

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 15.9 GW and we offer a diversified mix of electricity generation.

Naturgy is a relevant actor in the regulated and liberalised gas and electricity markets and operates chiefly in the following areas:

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

Naturgy's business model is implemented through a large number of companies mainly in Spain, Latin America (Argentina, Chile, Brazil, Mexico and Panama) and Australia.

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

Leadership in the gas business

	Networks	Gas
	Gas distribution	Infrastructure
	11 million supply connections. 135,640 km of network.	Long-term methane tankers. Medgaz gas pipeline.
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. Presence in Argentina, Brazil, Chile and Mexico and in five of the largest Latin American cities.</p>	<ul style="list-style-type: none"> - Nine methane tankers (1.43 Mm³). - 24.5% stake in the Medgaz gas pipeline. - Stake in the Ecoeléctrica regasification plant and the liquefaction plant of Qalhat. - 0.8 bcm of company-owned storage capacity and 0.8 bcm of leased capacity.

Our strength

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.

Investment and development of projects in new renewable, CO₂-neutral or even CO₂-negative gas technologies.

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.



Procurement

~ 29 bcm supply portfolio.

Business Model based on diversification and flexibility that have made Naturgy a global operator with a strong international profile.

Naturgy has procurement contracts with suppliers worldwide, both in a gaseous state (NG) and in the form of liquefied natural gas (LNG).

Commercialisation

372 TWh of gas supplied.

Access to **11 million** customers and LNG sales in numerous countries worldwide.

A global operator with the flexibility to tap markets offering attractive margins.

45.9% market share of gas contracts in Spain.

Competitive supply to combined-cycle power stations.

A diversified and flexible portfolio of procurement contracts, with review mechanisms in the event of price mismatches.

Naturgy has a diversified portfolio of end customers, and supplies gas both in Spain and internationally.

Naturgy is a leader in dual fuel supply and it offers a broad range of value-added services.



A key player in the electricity business

	Networks	Electricity
	Electricity distribution	Thermal generation
	<p>4.7 million supply connections. 153,981 of network.</p>	<p>10.6 GW of generation capacity.</p>
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 power stations 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 power stations (Mexico) and 0.2 GW oil-fired (Dominican Republic).</p>
	<p>Our strength</p> <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 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>



Renewable generation

5.2 GW of generation capacity

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%**.

International

1.1 GW capacity: 0.1 GW hydroelectric (Costa Rica and Panama), 0.7 GW wind (Mexico, Chile and Australia) and 0.3 GW solar (Brazil and Chile).

Commercialisation

23.9 TWh commercialised.

Leader in the mainstream consumer and residential segments, with a total market share of **10%** in Spain.

One of the main traders in the Spanish market.

A dual fuel supply and a broad range of value-added services.

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.

In 2021, Naturgy acquired a portfolio of 8 GW solar projects in the United States along with 4.6 GW energy storage projects.

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.



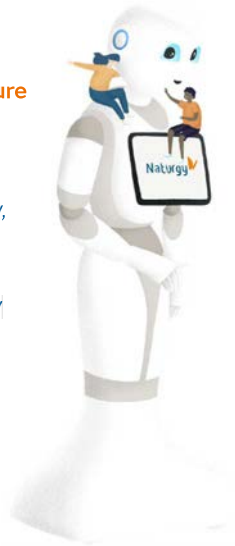
Naturgy's Strategy

Today, **Naturgy faces the global challenges** surrounding the energy transition and those that society must face in the coming decades, **through a transformative strategy and a business model that is sustainable and resilient** and that contributes to the social and environmental challenges facing humanity.

With this vision, the **company's new purpose**, developed during the process of preparing the Strategic Plan 2021-2025, has been designed to respond to the need to build a sustainable growth model that will enable us to meet the challenges of the energy transition in line with four key values:

FORWARD VISION innovating for a better future

We transform the world through innovation, proactivity and adaptability, facing the challenges and promoting the opportunities of the energy transition, new business models and digitalisation.



PEOPLE ORIENTED transforming from the most human side

We transform the world through proximity, transparency and trust, activating its firm commitment to people, employees, customers, shareholders and collaborators, transforming talent and passion into positive impact.



EXCELLENCE DRIVEN working with excellence

We transform the world through leadership, determination and continuous improvement, committed to generating value from each of its businesses and markets, and responding rigorously to stakeholders' expectations.



ONE PLANET for a more sustainable society

We transform the world through sustainability, respect and commitment to the environment, society and corporate governance, demonstrating that it is a responsible company that contributes significantly to the progress, well-being and future of the planet.



Naturgy's transformative purpose **represents a commitment to creating long-term value for all its stakeholders**. Constant dialogue with them allows us to know their expectations and to adapt the responses that the company can give.



01

Shareholders /
Investors



02

Suppliers



03

Business
partners



04

Employees



05

Analysts



06

Market
agents



07

Society



08

Administration



09

Regulatory
bodies



10

Financing
groups



11

Customers



12

Insurance
and reinsurance
agencies

Strategic Plan 2021-2025

With this purpose acquired with the stakeholders, Naturgy acts to maintain a solid and sustainable financial and business profile to face the global context. Meeting **the challenge of climate neutrality requires a transformation of the energy system**. It requires a cross-cutting vision that moves from the classic consideration of individualised energy uses (electricity, heating, industrial thermal uses, transportation) to **an integrated intelligent management that flexibly combines renewable generation, storage, demand management and the generation of renewable fuels to optimise energy resources**.

It is this vision that inspires the company’s **strategic lines** and business plan for the **next five years**.

Strategic Plan 2021-2025



Growth

Our growth is intended to be:

- Mainly organic, maintaining financial discipline.
- Consistent with the energy transition.
- Opportunistic asset rotation to accelerate transformation.

Focus

We focus on:

- Renewables and networks.
- Stable geographies and regulatory frameworks.
- Reduced volatility in procurement commitments.

Best in class

We are committed to:

- Continuous improvement.
- Increased digital footprint.
- Reinventing our relationship with customers.

ESG

We have a strong commitment to environmental and social issues. Our roadmap includes a Sustainability Plan with solid environmental, social and governance objectives, thus integrating ESG into the core of the company.

- Rooted in the essence of the company.
- Aligned with the Sustainable Development Goals (SDGs).
- Tangible objectives to meet commitments.

Culture

Thanks to our corporate culture.

- Driving passion in our employees.
- Consolidating fundamental values.
- Aligned with stakeholders.

Main investment objectives

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

The **main 2025** environmental, social and governance (ESG) objectives are as follows:

(A) Environment

Zero net emissions by 2050

- Reduce total CO₂ emissions by 24% (2025 vs. 2017).
- Protecting diversity, reaching a total of more than 350 projects to preserve ecosystems.

(S) Social

Gender parity by 2030

- Promote diversity, reaching more than 40% of women in management positions.
- Extend ESG audits in the supply chain to 95%.

(G) Governance

ESG-aligned management remuneration

- Establish a 10% remuneration aligned with ESG objectives.
- Implement climate change risk recommendations and methodology and EU Taxonomy to improve transparency and measurement of energy transition impacts.

Sustainability Plan

Placing **sustainability as the backbone** of the strategy allows Naturgy to reduce its **environmental impact**, increase the involvement and commitment of its stakeholders and endorse its responsibility with the energy transition.

To support the development of the strategy, Naturgy has defined a **Sustainability Plan for the period 2021-2025** which, **through 6 levers, 21 lines of action and 74 objectives**, aims to contribute to the achievement of the **Sustainable Development Goals (SDGs)** of the 2030 Agenda.

The Sustainability Plan helps to facilitate supervision of the Corporate Responsibility Policy and performance of the sustainable strategy within the Sustainability Committee. It defines a roadmap to continue to occupy leading positions in the management of ESG aspects; promotes compliance with the 2030 Agenda and allows Naturgy to define its medium-term ambition in response to the expectations of Naturgy's stakeholders.

Driver	Line of action	SDG	CR Policy commitment
Integrity and Trust	Governance and reporting. Risk management. Compliance.	8 10 12 16 17	Integrity and transparency. Responsible supply chain.
The opportunity of environmental challenges	Climate change and energy transition. Circular economy and eco-efficiency. Biodiversity and natural capital. Governance and environmental management.	3 6 7 9 11 12 13 14 15	Responsible environmental management.
Customer experience	Customer experience. Digitalisation. Services with value-added. Service quality.	7 9 11 12 17	Service excellence.
Commitment and Talent	Transformation. Talent management. Diversity. Health and safety.	3 4 5 8 9 10	Interest in people. Health and safety.
Innovation and new business development	New business. Optimisation. Innovation.	7 8 9 11 12 13 15 17	Commitment to results. Service excellence.
Social Responsibility	Energy vulnerability. Social contribution. Just Transition.	1 3 7 8 10 11 12 17	Social commitment. Responsible supply chain. Integrity and transparency.



The **key objectives of the Plan** are shown below:

	Target 2025 ⁽¹⁾	2021	2020
Driver 1. Integrity and trust			
Naturgy Energy Group BitSight International Index	790	690	680
Coverage level of ESG audits over purchase volume with high ESG risk (%)	95.0	72.2	69.6
Maintain and renew ISO37001 and UNE19601 Certification (anti-bribery and criminal compliance management)	Renew	Yes	Yes
Driver 2. The opportunity of environmental challenges			
Absolute GHG emissions Scope 1 and Scope 2 (million tCO ₂ eq)	11.4	13.5	15.5
Absolute GHG emissions Scope 3 (million tCO ₂ eq)	114.1	136.5	123.2
CO ₂ intensity in electricity generation (tCO ₂ /GWh)	171	261	297
Generation mix from renewable sources measured in installed capacity over the total of the group (%)	56	33	29
Driver 3. Customer experience			
Global satisfaction with service quality (1-10)	8.0	7.5	7.7
Interaction with digital channels (%)	53.8	48.7	41.4
Driver 4. Commitment and talent			
Women in management posts (%)	>40	21.2	22.6
Employee satisfaction (eNPS) - 0 to 100. Number of actions with an impact on overall satisfaction (%)	40	24	N/A
Own staff lost time accidents frequency rate (OSHA criterion)	*0.12	0.10	0.04
Own staff lost time accident severity rate (OSHA criterion)	*6.15	2.61	4.14
Driver 5. Innovation and new business development			
Renewable gas projects in service (number)	>30	2	2
Challenges and proofs of concept with start-ups in open innovation programmes (number)	>100	5	12
Driver 6. Social responsibility			
Total social investment ⁽²⁾ (million euro)	*>8	10	10

⁽¹⁾ The objectives marked with an asterisk (*) are objectives under review, since less information was available at the time of their definition than is currently available, which means that their level of ambition should be reconsidered.

⁽²⁾ 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.

Integrity and trust

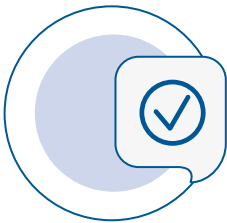
A company with integrity, reliability and transparency

At Naturgy, to create value and build trust, we consider it essential to maintain responsible conduct with our stakeholders, as well as promote sustainability and long-term vision. To ensure this, we have various policies, procedures and governing bodies, mainly:

- The cornerstone of this regulatory body is the Code of Ethics.
- A risk management model.
- Compliance and internal audit processes.
- A global cybersecurity governance system for the entire organisation.
- Supplier assessment and selection mechanisms, ensuring that the supply chain incorporates the principles established in the company's Code of Ethics.

These are the fundamental and intrinsic pillars of our **values and corporate culture**.

Our commitments



- **Reject, prevent and combat corruption, fraud and bribery.**
- **Comply with the group's internal regulations and laws in the countries of operation.**
- **Act with fiscal responsibility in management and comply with our fiscal obligations.**
- **Compete fairly on the market** and prevent malicious conduct.
- Promote **transparency in information** and **truthful communication**.
- **Maintain, at all times, permanent dialogue** with our stakeholders.

Our indicators

96

Communications received by the Ethics and Compliance Committee.

1.7

No. of notifications received per 200 employees.

6,948

Number of persons trained on the Human Rights Policy.



Naturgy's policies, codes, standards and procedures

Certifications

- ISO 14001
- ISO 27001
- NIST SP 500-53
- ISA 62441
- UNE 19601
- ISO 45001
- ISO 45005
- ISO 50001
- ISO 9001

- Code of Ethics.
- Supplier Code of Ethics.
- Crime Prevention Model.
- Compliance Policy.
- Anti-Corruption Policy.
- Corporate Hospitality Policy.
- Tax Risks Control and Management Policy.
- Human Rights Policy.
- Institutional Relations Policy.
- Counterparty Due Diligence Procedure.
- General Procedure of Sponsorship and Donations.
- Code of Good Tax Practices.
- Measures for the prevention of money laundering.


Risk management

The risks for the company extend beyond the end of its activity. Management of these risks is included in the overall supply chain management model.

Risk factors assessed

- Health and safety.
- Quality.
- ESG.
- Legal.
- Reputational.
- Financial.
- Cybersecurity.

Naturgy is in constant assessment of emerging risks that may have a significant long-term impact on the business. The following are considered to be of special relevance in 2021:

 <h3>Cybersecurity or digital information security</h3> <ul style="list-style-type: none"> ■ 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. 	 <h3>ESG investment and corporate reputation</h3> <ul style="list-style-type: none"> ■ 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.
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

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.



5,995

Total number of suppliers.



2,470

Total purchase volume awarded.



1,247

Number of critical suppliers.



6,101

Number of ESG suppliers assessed.



72%

Audited purchase volume under ESG high-risk criteria.



0

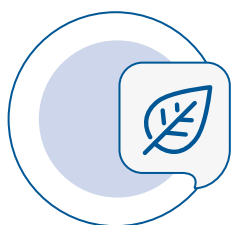
Number of official-approval suspended suppliers.

The opportunity of environmental challenges

Responsible environmental management

We believe that **transformation of the energy sector is essential to address climate change**, the great global challenge of the 21st century. For this reason, at Naturgy the energy transition is seen as a real opportunity, and is only understood as an opportunity for the company **business management linked to a commitment to sustainability**, with special attention on **environmental protection, efficient use of natural resources and protection of biodiversity**.

Our commitments



- Contribute to the **mitigation of and adaptation to climate change**.
- Promote **the circular economy and the efficient use of energy** and natural resources.
- **Minimise the adverse effects** on ecosystems and promote the **conservation of biodiversity**.
- Guarantee the **prevention of pollution**.
- **Integrate environmental criteria** in the company to promote sustainable environmental development.

Our indicators

	2021	2020
Activity with ISO 14001 environmental certification ⁽¹⁾ (%)	93.1	92.2
Capex eligible and aligned with European Taxonomy (%)	61	-
Absolute greenhouse gas (GHG) emissions - Scopes 1 and 2 (MtCO ₂ eq)	13.5	15.5
Absolute GHG emissions Scope 3 (MtCO ₂ eq)	136.5	123.0
CO ₂ intensity in electricity generation (tCO ₂ /GWh)	261.5	297.0
Installed capacity from renewable sources (%)	33	29
Renewable gas production or injection capacity (TWh)	0.14	0
Water consumption (hm ³)	15.2	20.3
Waste produced (kt)	98	159
Recycled or recovered waste (%)	57	61
Initiatives to improve biodiversity (nº)	302	265
Environmental investment (millones de euros)	599.0	532.1

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



Targets Main targets of the Strategic Plan 2021-2025

- Launch of a **95% certified industrial Ebitda** in 2025.
- Improve the **climate risk management methodology** according to TCFD.
- Achieve **80% of eligible investments aligned with the European taxonomy**.
- Reduction of **GHG Scope 1 and 2 emissions by 48%** vs. 2017.
- Reduction of **GHG Scope 3 emissions by 20%** vs. 2017.
- Reduction of **CO₂ intensity in electricity generation by 56%** vs. 2017.
- Exceed the **renewable power in electricity generation of 56%** vs. 2017.
- Reach **1 TWh of renewable gas production capacity**.
- Reduction of **water consumption by 44%** vs. 2017.
- Reduction of **waste production by 87%** vs. 2017.
- Achieve **75% of recycled or recovered resources** by 2025.
- Conduct at least **350 biodiversity initiatives** per year.

The commitment to transparency and dissemination of information related to climate change is materialised in our participation in international reference indices on climate change. It should be noted that Naturgy has been recognised for its climate management by the CDP Climate index, obtaining an A-list rating and, for the eleventh consecutive time, maintaining a leading position worldwide.

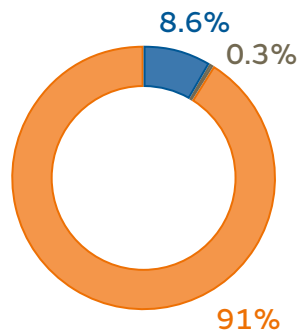
Moreover, Naturgy has voluntarily undertaken commitments to the fight against climate change by joining climate-related initiatives such as the **Carbon Pricing Leadership Coalition (CPLC)**, **Caring for Climate**, the Climate Change Trust and Disclosure Statement, the Statement of Support for the **Task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

The carbon footprint at a glance

Footprint 2021

(Emissions scopes 1 + 2 + 3)

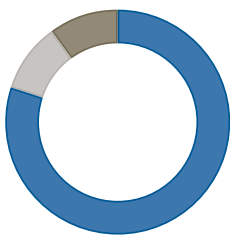
149.9 million
tCO₂eq



Carbon footprint reduction between 2017 y 2021

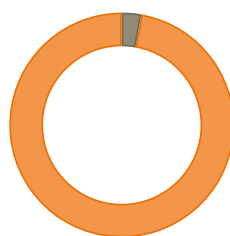
- ↓ **37%** Scopes 1 and 2
- ↓ **9%** Total carbon footprint (scopes 1, 2 and 3)

■ **Scope 1**
Direct emissions
13.0 tCO₂ eq



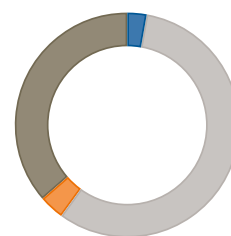
84% fossil
generation thermal power
stations.

■ **Scope 2**
Indirect emissions
0.5 tCO₂ eq



99% losses
in electricity distribution
networks.

■ **Scope 3**
Other indirect emissions
136.0 tCO₂ eq



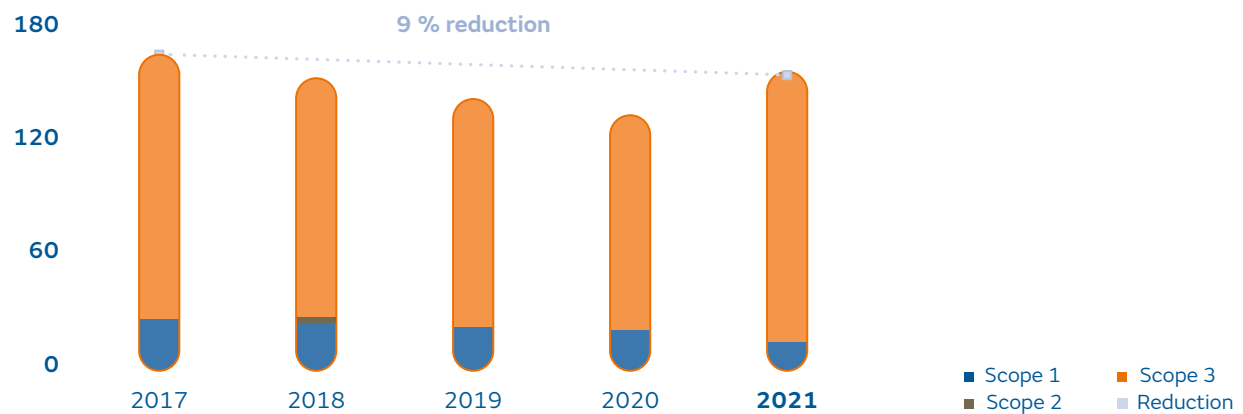
95% customer emissions
distributed and commercialised gas.

● Electricity generation ● Electricity distribution ● Gas distribution ● Procurement, LNG and gas commercialisation

Climate neutrality target by 2050

In the Strategic Plan 2021-2025, Naturgy has committed to achieving climate neutrality -net zero 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.

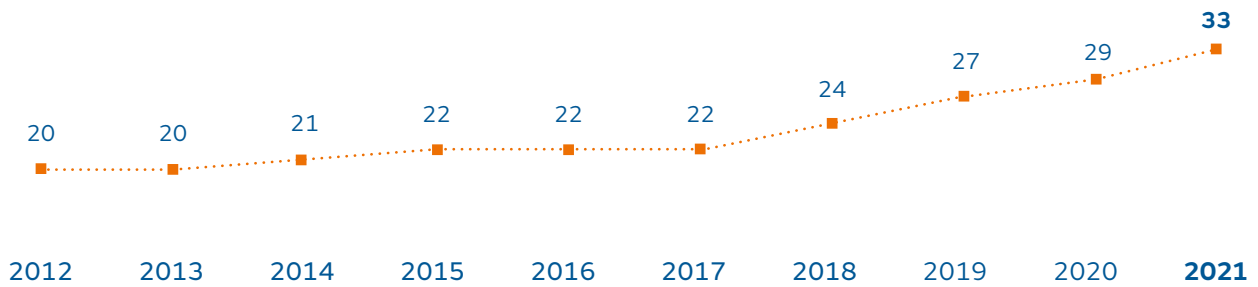
• Evolution of the carbon footprint (MtCO₂eq)



Renewable energy target

One of the strategic lines to achieve emissions reduction is the commitment to renewable energies.

• Renewable power (%)



Main risks linked to climate change at Naturgy

Naturgy uses the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to assess climate risks. According to the classification foreseen by this standard, the following are determined and assessed: physical risks (acute and chronic) and transition risks (regulatory, technological, market and reputation).

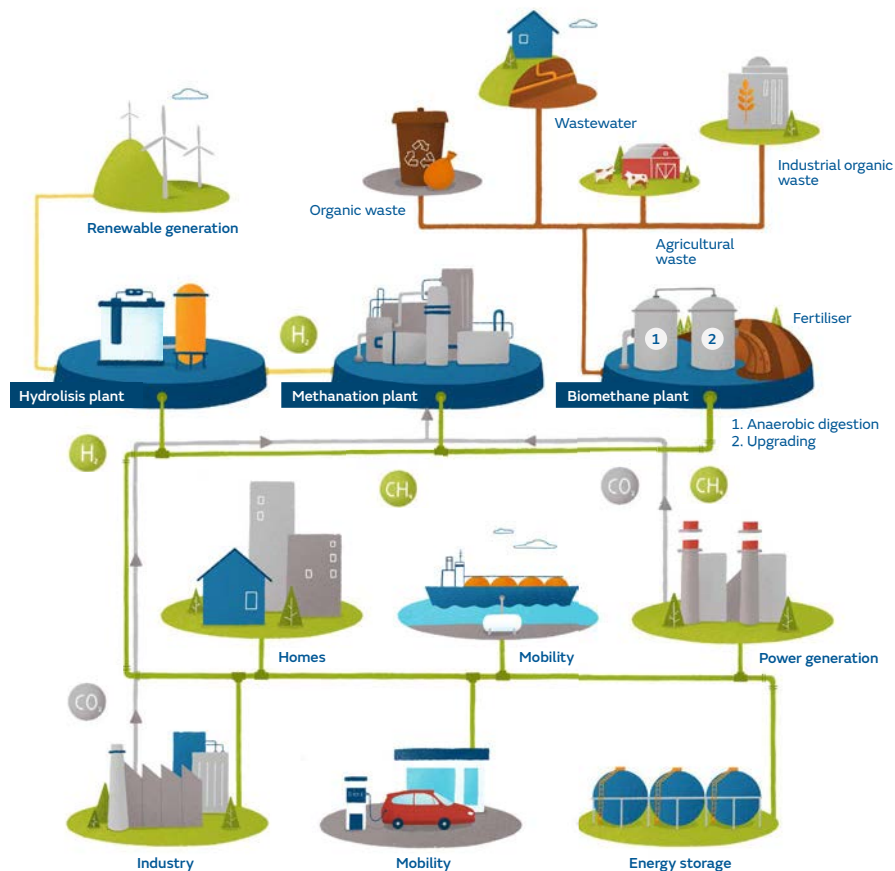
Type	Risk
Acute physical risks	Damage from extreme weather events. Increased frequency and severity of fires.
Chronic physical risks	Effects of increased temperature. Impacts of changes in rainfall patterns and extreme variability of weather patterns. Effects of rising sea levels.
Transition: policies and regulation	Regulatory changes of energy and climate policies to mitigate climate change.
Transition: market	Changes in traditional energy business models.
Transition: technology	Technological disruption in the energy transition.
Transition: reputation	Increased demand for transparency and climate action by stakeholders.

Renewable gas

Today's circular energy for a decarbonised future

Renewable gases are a key lever for the decarbonisation of Naturgy's gas business. Therefore, new projects are being promoted to increase its generation and injection into the networks. There are three types of renewable gases:

- **Green hydrogen** Produced from renewable electricity through water hydrolysis.
- **Synthesis gas or syngas:** Obtained by thermal gasification of lignocellulosic organic matter.
- **Biomethane:** From anaerobic digestion of organic waste.



Customer experience

At the centre of all Naturgy operations

Our customers are the focus of our activity. For this reason, we offer them a flexible and efficient service according to their needs, incorporating digitalisation and innovation in our processes, and seeking to simplify the portfolio of services and products to facilitate a simpler and more complete experience. To this end, we are committed to transparent and active communication that allows us to better understand our customers.

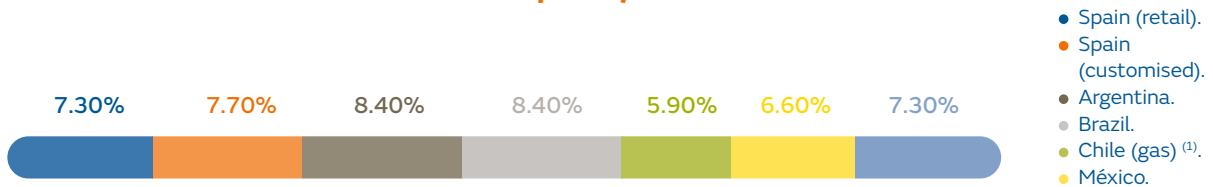
Our commitments



- Improve in **safety, ease of use and competitiveness** of all products and services.
- To be by our customers' side in difficult times, **by taking action in adverse situations**.
- Promoting **active and two-way communication**.
- Carry out a **simple and efficient operation**.
- Provide **sustainable products and services that promote energy efficiency**.
- Provide **products and services that are adapted to the needs** of customers.
- Innovate to **maintain an efficient, safe and sustainable supply**.

Our indicators

Overall satisfaction with service quality



⁽¹⁾ Chile has been calculated based on a 1-7 scale, unlike other countries which used a 0-10 scale.



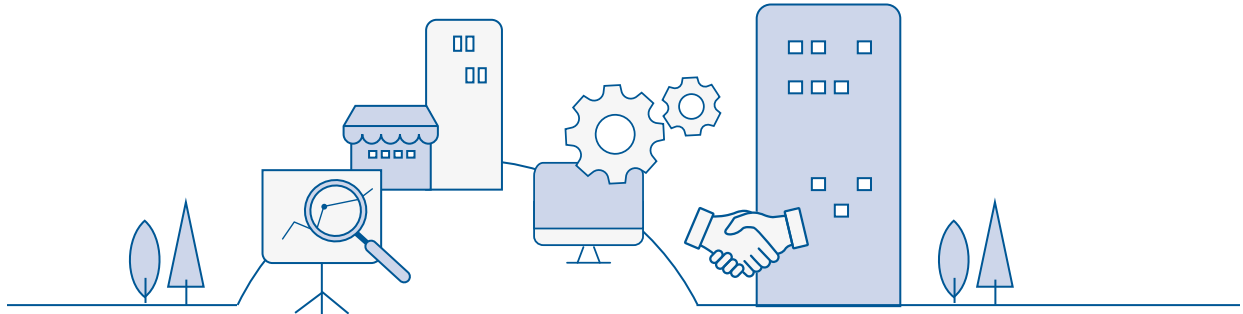
Our vision Customer Experience

- **“Customers are at the centre of everything we do”.**
- **“We treat our customers the way we would like to be treated”.**
- **“We like to innovate to make everyday life easier for our customers”.**

The **four value axes of the company** to adapt the company's business models to the new energy environment:

- 01.** Development of new green, sustainable and socially responsible products.
- 02.** Transformation through technology and innovation.
- 03.** Pioneering new, simple and scalable ideas.
- 04.** Transformation linked to cost reduction for customers.

Naturgy customer service model



Operational and training model

Seeks to anticipate the needs raised by customers.

Technological model

Committed to a technological and digital revolution.

Procurement and financial model

Supplier alliance model and alignment of win-win objectives.

New channels of communication



3.5x

Increase in digital sales.



41%

Increase in online invoicing.



New customer area

Improved digital environment.

Naturgy has made progress in consolidating the **Global Customer Experience Policy** through different actions:

- **Development and launch of the Corporate Application Form**, computer application specialised in reporting, allowing the collection of qualitative and quantitative data, and generating a repository for consultation.
- **Consolidation of a new customer relationship model**, based on a more proactive customer communication model (redesign of invoicing, evolution of customer's private areas, virtual assistant, new communication channels, etc.).

Customer complaint management



1,657,131

Complaints and grievances handled.



12.51 days

Overall average complaint resolution time.



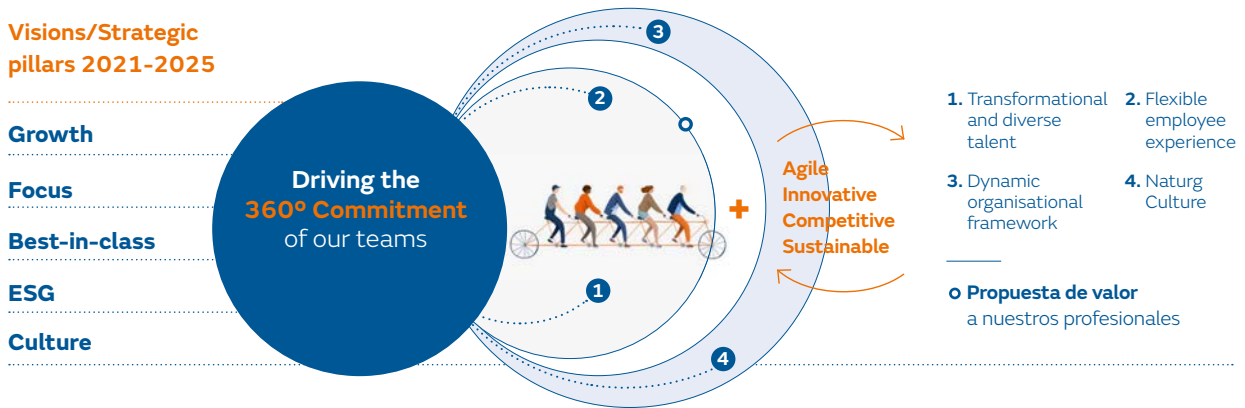
4.8%

Percentage of complaints out of total customer contacts.

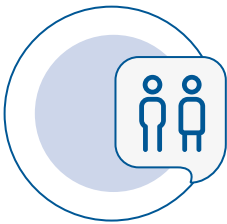
Commitment and talent

360° commitment of our teams

Our “360° Commitment” people strategy puts the **team experience at the centre of the company’s decisions and actions**. This means that at Naturgy we are committed to developing and improving the professional experience of our people, with a shared vision of the future through four specific axes:



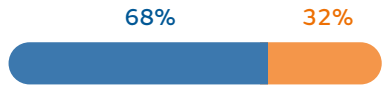
Our commitments



- Improve the identification, recruitment and retention of **talent**.
- Foster **professional development** through the talent management model.
- Promote a **motivating work environment** that rewards effort.
- Ensure **mechanisms to reconcile** professional and personal life.
- Promote **diversity, equality, respect, understanding and ongoing dialogue**.
- Foster constant liaison between the company and **workers’ representatives**.

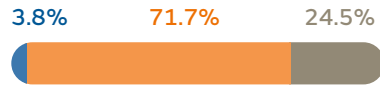
Our indicators

Gender



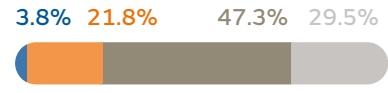
● Men ● Women

Age



● <30 ● 30-50 ● >50

Professional category



● Management team ● Middle managers
● Technicians ● Operators

7,231
No. of employees.

21.2%
Women in management posts.

97.5%
Indefinite-term contracts.

5M€
Annual investment in training.

70.0%
Employees covered by collective bargaining agreements.

Diversity objectives acquired in **the Strategic Plan 2021-2025:**

40%
Female presence at management levels.

10%
Employees under 30 years of age.

Naturgy uses **business intelligence tools** to better manage its staff:



People Analytics

The function, created in 2021, centralises and enhances the exploitation of information, contributing to **optimal and agile processes** for decision making in the area of people.

Naturgy measures **company morale** to improve the employee experience:



Happyforce

In 2021, Naturgy implemented a new satisfaction and commitment model among professionals through the Happyforce tool. It provides engagement, recommendation and happiness metrics that are then analysed by a working group to design and implement improvement actions.

Employee **satisfaction** (NPS) **target:**

24%
NPS in 2021

40%
NPS in 2025

A safe and healthy environment

Naturgy plans and carries out its activities with the firm belief that **nothing is more important than health, safety and well-being of people.**



8

Lost time accidents
(4 in 2020)



201

Days lost due to accidents
(438 in 2020)



0

Deaths
(0 in 2020)



Safety Plan 2021-2023

In the first quarter of 2021, Naturgy's Management Committee approved an ambitious plan with six transversal axes materialised in more than 30 specific lines of action with the aim of reducing the accident rate of its own employees and collaborating companies:

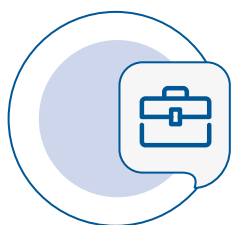
- **Visible leadership and safety culture:** strengthen leadership and awareness actions.
- **Collaborating companies (CCs):** to improve control and reduce the associated fatality rate.
- **Digitalisation and reporting:** improving safety through innovation and technology.
- **Operational discipline and effort metrics:** ensure compliance with legal requirements and the goals defined in the safety management model.
- **Safety in large works and projects:** guarantee the integration of safety in all phases of the decommissioning works, and in new generation projects.
- **COVID-19:** to ensure the availability of COVID-19 protocols in all the company.

Innovation and new business development

Innovation as a cornerstone for the ecological transition

As a **key lever for growth**, the incorporation of new or better practices, business models and technological solutions is essential. Naturgy's innovative products and activities provide a wide range of value-added services and boost **sustainable innovation as a driver of economic development**; all this while **placing the customer at the forefront and guaranteeing the company's long-term competitiveness**.

Our commitments



- Innovating towards **digitalisation, automation y optimisation** of processes.
- Ensuring the **security, operational improvement and easy access to information** for decision making.
- Optimising the **renewable energy generation** efficiency.
- Using energy through **manageable and flexible power consumption**.
- Generating **renewable gases** such as green hydrogen or biomethane.

Our indicators

(million euro)	2021	%	2020	%
Investment in innovation by process	39	66.1	26	72.0
Investment in product innovation	11	18.6	6	15.8
Investment in marketing innovation	4	6.8	0	1.1
Investment in innovation in the organisation	5	8.5	2	5.7
Investment in social innovation	0	0.0	2	5.4
Total I+D+i	59	100.0	37	100.0

Lines of action in biomethane



Major projects

- **Elena project** (Barcelona). Start-up of the first facility to inject renewable landfill gas into the gas distribution network. It has involved an investment of Euros 2.2 million and will produce 12 GWh/year of biomethane.
- **Second phase of the renewable gas mixed unit project** (A Coruña). This research project has already achieved remarkable results, such as the start-up of a membrane-based purification plant in a wastewater treatment plant and the first biological methanation plant in Spain.
- **Valencia Rice Straw Project** (Valencia). Agreement to promote a circular economy project. 87 GWh/year of renewable gas will be produced from rice straw, preventing atmospheric emissions of 150,000 tonnes of CO₂.

Lines of action in hydrogen



Main initiatives carried out by Naturgy

- Development of renewable hydrogen production hubs linked to just transition zones, especially in areas affected by the closure of the group's coal-fired power stations.
- Development of a green hydrogen plant in La Robla (León), which will favour greater penetration of renewable energies in sectors that are difficult to electrify.
- Other similar projects of hydrogen production from renewable energy in Galicia and Asturias.
- Onsite hydrogen production projects linked to the electro-intensive industry.

Lines of action in storage systems

The penetration of renewable energies poses a challenge for the energy system to equip itself with the tools for flexibility to manage production, match generation and consumption. Therefore, energy storage is key to the security and quality of supply, and Naturgy is working on the development of several related initiatives:



Hybridisation projects in wind and photovoltaic generation, which will allow renewable energy to be incorporated into the electricity system in a manageable way.



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.



Development of a new storage model that enables the technical and economic optimisation of the implementation of hybridised systems with storage in small and geographically close farms.



Other key projects

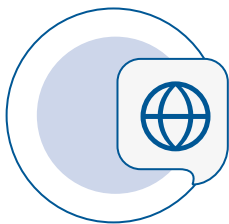
- **DALI (Drone AI Line Inspection).**
Use of drones to inspect overhead lines and artificial intelligence for automatic image analysis.
- **Earth monitoring in transformer stations.**
Optimisation of the regulatory periodic verification of networks.
- **Darwin.**
Development of a new digital platform for energy sales.
- **Hybridisation of an energy storage system.**
Analysis of the impact of the storage system in hybridisation with other technologies.
- **Integration of technologies in residential buildings.**
Installation of an absorption heat pump, achieving greater efficiency by integrating it with other technologies.
- **SM@RT.**
Transformation of Naturgy's corporate and business processes.

Social responsibility

Committed to economic and social development

Naturgy is committed to the **economic and social development of the regions where it operates**, providing knowledge and management capacity, and allocating part of the profits to social investment in the territories. As a company committed to society and supplier of a basic good such as energy, our commitment is to offer a **quality and continuous supply**, as well as to understand and contribute **to confront and solve challenges associated with access to energy such as those affecting vulnerable groups**; or to minimise the effects that the energy transition has on some territories through just transition initiatives. In addressing these challenges, the role of the Naturgy Foundation is key.

Our commitments



- **Guarantee fluid and two-way dialogue** and encourage involvement in local communities, respecting the culture, rules and the environment.
- **Assess the social impact** that the company's activity could cause.
- **Develop initiatives to create shared value** and to have a positive social impact in energy projects.
- **Promote education, health, research and inclusion.**
- **Transfer knowledge and values** to society.

Our indicators



€10.1M

Total social investment



€2,769M

Total tax contribution

Economic value generated

€23,441M

Economic value withheld

€947M

Economic value distributed

€22.494M

Suppliers

Other stakeholders



Employees

Public Admin.

Shareholders

Financial expenses

Social action



Energy Vulnerability Plan in Spain

Through its Foundation, Naturgy continues to develop this Plan as a priority and backbone of activities to alleviate the situation of vulnerability and energy poverty.

The targets 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.

The following initiatives have been introduced during 2021:

- Awarding of the prize of the **II Edition of the Award for the Best Social Initiative in the Energy Field**.
- Consolidation of the **Energy Rehabilitation Solidarity Fund**, with the aim of financing energy efficiency improvements in vulnerable households. **The signing of agreements with 18 entities has enabled the rehabilitation of 769 homes** based on donations from individuals and contributions from the Foundation.
- Continuity of energy volunteering with informative workshops on energy efficiency and advisory reports to improve comfort conditions in the home and achieve economic savings in the bill. **2,110 vulnerable families have been assisted**.
- Continuation of the workshops at the **Energy School** to support public administrations and the third sector in the fight against energy poverty. **236 workshops were held for 3,861 attendees. 46% of vulnerable families received training and 54% of professionals received training**.
- Continued participation in two **European projects**, Social Watt and EPIU (Energy Poverty Intelligence Unit), financed by the EU, aimed at identifying energy poverty, defining indicators, and developing measures against energy vulnerability.
- Active participation in the advisory council of the **Chair of Energy and Poverty** at the University of Comillas.



Agreement for a Just Energy Transition

Linked to the Agreement established with the Spanish government and unions, Naturgy has drawn up accompanying plans for each of the closed plants.

The priority areas of action are:

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

Decommissioning evolution in 2021:

Having obtained the necessary administrative authorisations, Naturgy has completed the process of closing the coal-fired power stations of Anllares (Castilla y León), La Robla (Castilla y León), Meirama (Galicia) and Narcea (Asturias) that started in 2018.

Indices and acknowledgements

Awards



Family Responsible Company Certification



Top Employer Spain 2021 Certification



Generational diversity Principal Code Certification



Bequal Certification



Equality in Employment Seal (DIE)



Corporate Learning Improvement Process



Healthy Company

Rankings, monitors and awards



Ranking Merco Talento Spain



Top 30 companies committed to diversity and equality



Universum Ranking



Ranking Actualidad Económica



My Company Is Healthy (MEES)



Best Energy Company and Best CEO of 2021 in the Platts Global Energy Awards

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Naturgy's purpose is:

Transforming the world through energy, determinedly tackling the challenges of the **energy transition** and the demands of **society** and of our **customers**, working with **excellence, transparency** and the **talent** of a committed **team**.

And we want to do it **together**: with our employees, customers, shareholders and partners.

Naturgy 
Transforming together

Naturgy 

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