



Sustainability flash report
2024

Naturgy 

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2024 Milestones

General magnitudes



Adapting to the new regulatory framework sustainability reporting

The 2024 Sustainability Report has been adapted to the European Sustainability Reporting Standards (ESRS), covered by the Corporate Sustainability Reporting Directive (CSRD) and, pending its transposition into Spanish law, it has also been aligned with the requirements of Law 11/2018.



Double materiality assessment

In 2024, Naturgy carried out a double materiality assessment to determine which environmental, social and governance (ESG) issues affect the company's strategy and business model, and how its activity impacts on the environment.



Company Policy update

to adapt them to the evolution of business and corporate governance and to the regulatory context in the field of sustainability. The new regulatory framework is based on the Statement of Principles and Policies (SPP) which replaces the current Corporate Responsibility Policy.



Closure of the Sustainability Plan 2021-2025 and elaboration of a new plan

With the drawing up of a new Strategic Plan 2025-2027 in 2024, the Sustainability Plan hitherto in force for the period 2021-2025 has been closed and the new objectives that make up the new Sustainability Plan 2025-2027 have been defined.

Environmental magnitudes



Naturgy remains committed to making progress in the energy transition

In 2024, investments grew by 6% compared to the previous year, reaching a record 2,265 million euros, 70% in renewable energies and electricity distribution networks, equivalent to 76% eligibility and 69% alignment according to the EU Taxonomy.



Increase of the installed renewable capacity up to 40%

Naturgy already has 7.3 GW of installed capacity from renewable sources.



0.35 TWh renewable gas production and injection capacity

Naturgy is the leader in the distribution of biomethane in Spain. A carbon-neutral gas that can replace natural gas, with no abatement costs for the end user.

Social magnitudes



Climate Transition Plan

In 2024, a new Climate Transition Plan has been developed with intermediate targets to 2030 and targets to 2050.



27% reduction in carbon footprint (scopes 1, 2 and 3) compared to 2017

emissions, one year ahead of the 2025 target for carbon footprint reduction compared to the base year 2017.



368 biodiversity initiatives underway in Naturgy's Group

15 more initiatives than in 2023, exceeding the 2025 target of 350 biodiversity protection and restoration initiatives.



Signature of the new Equality Plan for the period 2023-2027

The development of labour relations based on equal treatment and opportunities and non-discrimination are fundamental pillars of the company.



Naturgy continues to make progress on gender parity

39.6% of management positions in Spain are held by women.



Satisfaction of own workforce

54% of employees say they are satisfied or very satisfied with their job and the company.



Developing a new customer service model

Through the NewCo project, a new technological solution has been implemented that seeks personalization and excellence in the services provided to the customer.



Commitment to the responsible value chain

With the aim of extending the company's sustainability principles and policies to the value chain, 88% coverage of ESG audits has been achieved on the volume of purchases with a high risk in this area.



Definition of a new Affected communities Policy

The policy defines a Social Relationship Model to adequately manage the impacts on groups that live or work in the same area where activities with company assets are located.

2024 Figures

Economic magnitudes

Net turnover

€19,267 M

€22,617 M in 2023

Gross operating profit

€5,365 M

€5,475 M in 2023

Total investments

€2,265 M

€2,136 M in 2023

Net profit

€1,901 M

€1,986 M in 2023

Indebtedness

51.1%

50.3% in 2023

Net Debt/Ebitda

2.3x

2.2x in 2023

Dividend paid

€1,357 M

€1,454 M in 2023

Share price ^{31/12/24}

€23.38

€27.00 in 2023

Earnings per share

€1.98

€2.07 in 2023

Operative magnitudes

Distribution

Gas

392,953 GWh

378,390 GWh in 2023

Networks

137,567 km

136,970 km in 2023

Supply connections

11,066 in thousands

11,060 en miles in 2023

Electricity

42,660 GWh

43,888 GWh in 2023

Networks

157,165 km

156,232 km in 2023

Supply connections

4,913 in thousands

4,868 in thousands in 2023

Electricity generation

Total installed capacity

17,929 MW

17,142 MW in 2023

7,254 MW renewable capacity
6,416 MW in 2023

Net total production

42,660 GWh

43,888 GWh in 2023

Production from renewable sources

14,094 GWh

12,409 GWh in 2023





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2024

Letter from the Chairman

Naturgy 



This year **marks the conclusion of our 2021-2024 strategic plan**, and we have consolidated the historic results achieved in 2023”.



Francisco Reynés (Executive Chairman)

Dear readers,

I am pleased to present the key milestones achieved by Naturgy during the 2024 fiscal year. This year marks the conclusion of our 2021-2024 strategic plan, and we have consolidated the historic results achieved in 2023.

These accomplishments have been made possible by the constant and effective work of our entire team, demonstrating the company's resilience and commitment to addressing the three major challenges of the energy trilemma: i) ensuring a high-quality, uninterrupted energy supply, ii) providing affordable energy for citizens and competitive prices for businesses, and iii) promoting a fair and effective transition, contributing to decarbonization and environmental sustainability.

In this regard, the company has maintained its investment momentum, with 2024 investments amounting to nearly 2.3 billion euros, primarily allocated to the development of renewable generation and the reinforcement of distribution networks. As a result, our installed renewable generation capacity reached nearly 8 GW of electric generation power by the end of the year, with approximately 2 GW under construction to be operational in 2025. It is noteworthy that approximately 75% of these investments are eligible, and nearly 70% are aligned with the EU Taxonomy, demonstrating the soundness of a sustainable business model and the creation of long-term value for people and the planet.

At Naturgy, we understand sustainability as a key lever to successfully face future challenges. Over the past few years, the group has had a Sustainability Plan aligned with its business objectives for the 2021-2024 period.

Naturgy's environmental strategy primarily focuses on the progressive reduction of greenhouse gas emissions from its activities. Notably, in 2024, total carbon emissions were almost 30% lower than those emitted by the company in 2017, the base year for the start of our Sustainability Plan.

We also believe that climate change mitigation should be linked to the promotion of natural capital and biodiversity restoration through initiatives aligned with the prevention, reduction, and compensation of impacts, to advance our commitment to preserving biodiversity and enhancing the value of natural environments. In 2024, the company developed 368 biodiversity initiatives, nearly 30% of which were voluntary.

None of this would have been possible without the efforts of everyone involved in this business project. Naturgy maintains a strong commitment to its people, especially to their personal and professional development, through the promotion of inclusive leadership, a dynamic and rewarding professional experience, a flexible organizational framework, a transformative culture, and a firm commitment to diversity. It is noteworthy that the presence of women in managerial positions in Spain reached nearly 40% in 2024, in line with the company's own objectives. To all those who are part of this project, my sincere thanks and congratulations for their dedication, effort, and achievements.

Naturgy, a company that began its activities in 1843, over 180 years ago, continues to look to the future with enthusiasm. We continue to move forward with determination, committed to our core values, balancing responsible and profitable investment, adequately rewarding our shareholders, and meeting the expectations of our stakeholders by providing solutions to the energy trilemma mentioned earlier. I am confident that with everyone's support, we will continue to reach new milestones and make this company a solid project for the future.

Thank you all for your support and trust in us,

Francisco Reynés

Madrid, March 2024.

A handwritten signature in blue ink, appearing to read 'Francisco Reynés', is positioned on a light gray rectangular background.



01

Sustainability flash report
2024

International presence

International presence

Dominican Republic

Generation (198 MW fuel).



USA

Generation (302 MW solar) and renewable generation projects (4.5 GW solar and batteries storage).



Mexico

Gas distribution (15 states and 1.6 million clients) and generation (2,446 MW combined-cycles and 234 MW wind).



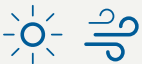
Panama

Electricity distribution (central and western Panama, central provinces, Chiriquí and Bocas del Toro and 0.8 million clients) and generation (22 MW hydropower).



Costa Rica

Generation (50 MW hydraulic).



Chile

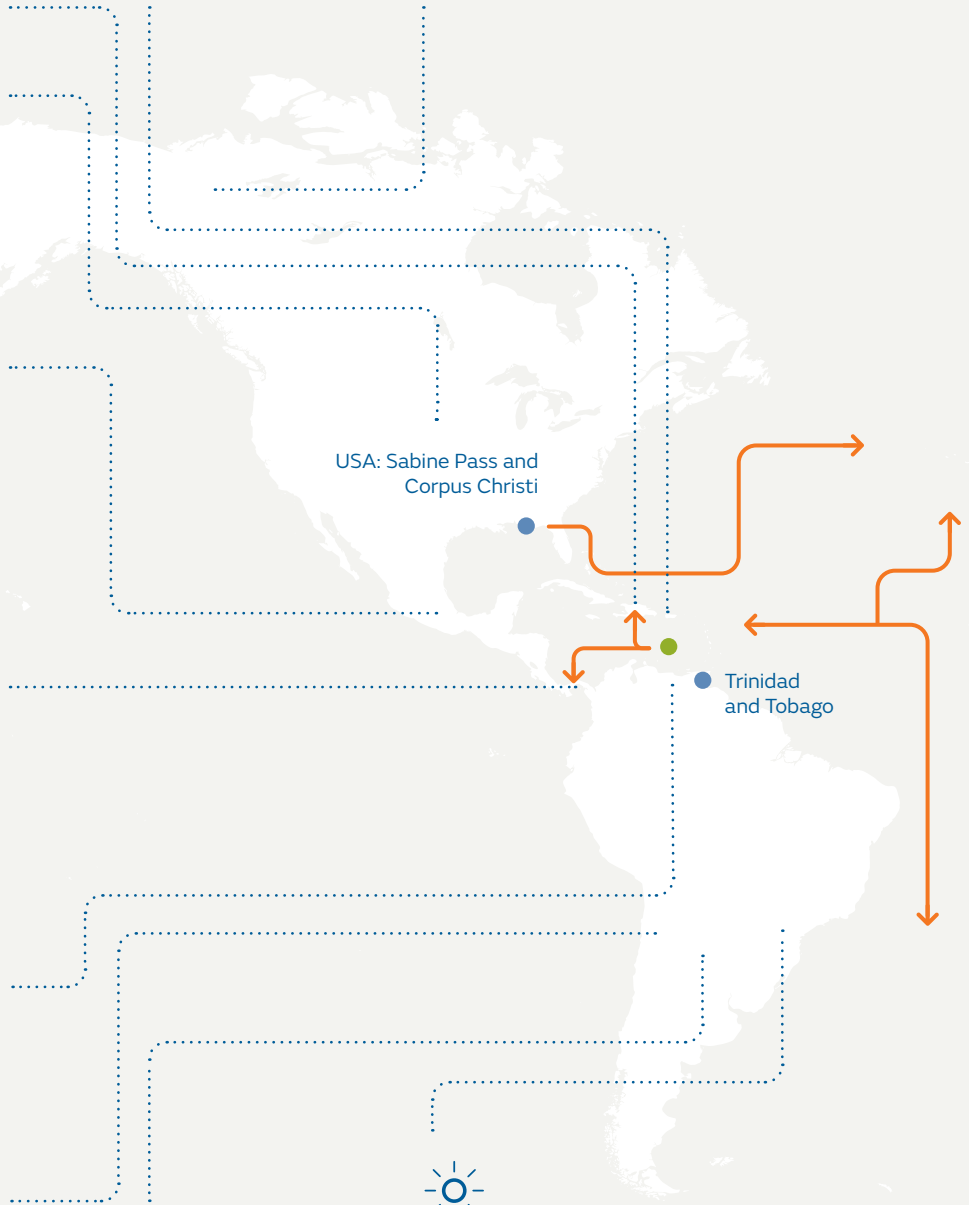
Gas distribution (4 regions and 0.7 million clients), NG/LNG commercialisation and generation (206 MW wind and 162 MW solar).

Puerto Rico

NG/LNG infraestructura (regasification plant).

Canadá

NG/LNG commercialisation.



USA: Sabine Pass and Corpus Christi

Trinidad and Tobago

Argentina

Gas distribution (4 provinces and 30 districts of Gran Buenos Aires and 2.3 millions clients) and electricity distribution (1 province and 0,3 millon clients).

Brasil

Gas distribution (Rio de Janeiro State, South Sao Paulo and 1.2 million clients), NG/LNG commercialisation and generation (154 MW solar).



Solar energy



Hydraulic and mini-hydraulic energy



Wind energy



Renewable gases

Irlanda

NG/LNG commercialisation.

Francia

NG/LNG commercialisation. Montoir regasification.

Italia

Renewable generation projects (0.8 GW).

● Norway

● Rusia Yamal

China

NG/LNG commercialisation.

India

NG/LNG commercialisation.

Oman

NG/LNG supply and Qalhat liquefaction plant.

● Nigeria



Australia

Generation (758 MW wind, 128 MW solar and 65 MW batteries storage) and renewable generation projects (1.9 GW wind, solar and batteries storage).

Argelia

NG/LNG supply and Medgaz gas pipeline.

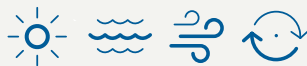
Portugal

NG/LNG commercialisation and electricity commercialisation.

España

Gas and electricity transport, distribution and commercialisation. Generation (combined-cycle, nuclear, hydropower, wind, solar, cogeneration and small hydro). Renewable gases with biomethane and green hydrogen projects.

- Gas flow.
- Medgaz gas pipeline.
- Liquefaction plant.
- Regasification plant.
- Leased regasification plant.
- Long-term gas contracts.





Naturgy

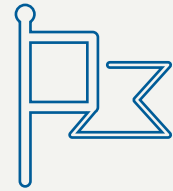
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02 •

Boosting the governance model



Adaptation to the new ESG regulatory framework

In terms of ESG, Governance has been the main protagonist of the year 2024, specifically due to the entry into force of the European Sustainability Reporting Standards (ESRS), in accordance with Delegated Regulation (EU) 2023/2772, which establishes the requirements that European companies of a certain size must report in their annual sustainability reports. Despite not having transposed into Spanish law the Corporate Sustainability Reporting Directive (CSRD) that covers these standards, Naturgy has followed the joint recommendation of the CNMV and the ICAC to report following the ESRS and at the same time complying with the Spanish Law 11/2018 on non-financial information and diversity.

In this sense, the Consolidated Statement of Non-Financial Information and Sustainability Information 2024 has been prepared with the aim of disclosing, with full transparency, to all stakeholders, the most relevant facts and milestones related to Environmental, Social and Governance (ESG) aspects that occurred during the year, while responding to all these new regulatory requirements. This report is part of Naturgy's Consolidated Annual Financial Report 2024.



In terms of ESG, **Governance has been the main protagonist** of the year.

Updating of the company's policies

In 2024, progress was made in adapting the internal regulatory model, taking into account the environment, the evolution of business and corporate governance, as well as the new requirements of the ESRS in environmental, social and governance topics. In this way, the Corporate Responsibility policy is replaced by the Statement of Principles and Policies (DPP), which expresses the principles, purpose, values and commitments that guide the company's activities to establish trusting, stable, solid and mutually beneficial relationships with its stakeholders, contributing to building a sustainable economic model in the regions where it operates. In it, the Board of Directors establishes and undertakes to fulfil and enforce twelve commitments, focused on generating profitability and creating value in the long term through the company's general strategy, in an ethical and socially responsible manner, and preserving the environment and biodiversity.

The commitments set out in the DPP are further developed in the Code of Ethics (last reviewed and approved in FY2024), the Internal Audit Charter (last reviewed and approved in FY2023), the Global Policies and those specific thematic policies that emanate from these and require further development.

The DPP and the policies apply to all companies in which Naturgy has a majority shareholding and in those in which it is responsible for their operation and/or management. Likewise, the knowledge and application of these by those persons or companies that collaborate with Naturgy throughout its value chain is encouraged.



Double materiality assessment

To determine which environmental, social and governance (ESG) issues are related to the company's activity, its strategy and its business model, Naturgy has carried out, in 2024, a double materiality assessment that has taken into account the operations carried out by its business partners throughout the value chain, thus obtaining a holistic view of Naturgy's relationship with the environment and society as a whole, as well as an assessment of the degree of implementation of its corporate culture.

The process of determining material impacts, risks and opportunities 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 identified risks and opportunities may affect value creation and how these issues are perceived by financial stakeholders.

To determine the materiality of the different impacts, risks and opportunities identified, the perspectives of the company's stakeholders have been integrated.

Results of the dual materiality analysis

As a result, Naturgy has identified a total of 26 material sub-issues, 9 of which are considered to be of particular relevance to the company, and material from both an impact and financial perspective:



Subtemas materiales relevantes

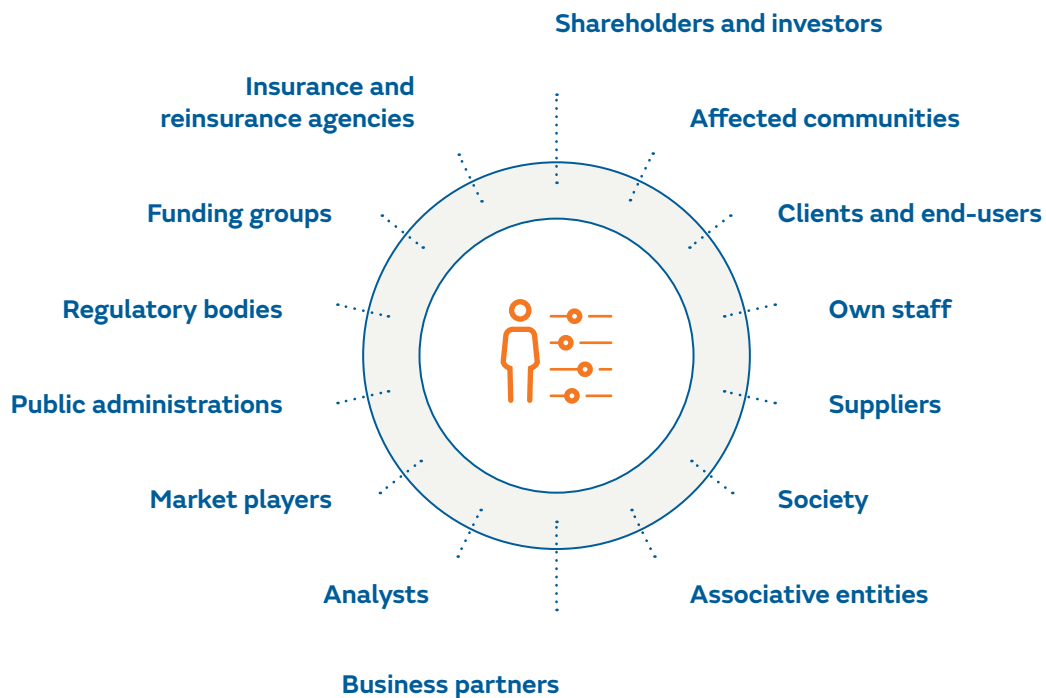
- Energy.
- Mitigation of changeo.
- Adaptation to climate change.
- Impacts on species status.
- Resource inputs, including resource utilisation.
- Information-related impacts on consumers and/or end users.

- Corporate culture.
- Corruption and briber .
- Cybersecurity.

Stakeholders

The development of Naturgy's business activity generates an impact on people, the correct management of which is essential to avoid or mitigate the possible damage that the company may generate, as well as to favor the different opportunities arising from its activity.

As part of sustainability management, Naturgy systematically incorporates the vision of stakeholders in its decision-making, through the establishment of two-way relationship and disclosure 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.



Closure of the Sustainability Plan 2021-2025 and development of the new plan 2025-2027

In Naturgy, sustainability is integrated into the business strategy and is specified in objectives and metrics that make up a sustainability plan aligned with the commitments assumed in the company's policies. Thus, with the approval of the 2021-2025 Strategic Plan, the 2021-2025 Sustainability Plan was approved in turn, and again, with the preparation, in 2024, of the 2025-2027 Strategic Plan, the 2021-2025 Sustainability Plan has been closed in advance and the new 2025-2027 Sustainability Plan has been drawn up, which was approved on 18 February 2025 by the Board of Directors.

The achievement of the main objectives of the Sustainability Plan 2021-2025 is shown below:



	Target 2025	2024	2022	
Environment				
Reduction of GHG emissions.	27%	27%	16%	Reduction of tCO ₂ eq (scopes 1+2+3). ⁽¹⁾
Biodiversity.	350	368	265	Projects (#).
Social				
Enhancing diversity.	40%	39.6%	27%	Women in management positions in Spain.
Extending ESG policies in the value chain.	95%	88%	70%	Suppliers audited in ESG.
Governance				
ESG objectives as part of management incentives.	20%	20%	3%	Variable ESG-linked remuneration.
Climate Change Risk Reports and Taxonomy.	100%	90%	Partial	Implementation of TCFD and EU Taxonomy.

⁽¹⁾ Vs. 2017. Scopes 1+2 aligned with 1.5°C scenario and Scope 3 aligned with WB2D scenario.

The new Sustainability Plan 2025-2027, which stems from the company's strategy, is aligned with the identified material issues and the ESRS and has taken into account international benchmark initiatives such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD).



In Naturgy, **sustainability is integrated into the business strategy and is specified in objectives and metrics** that make up a sustainability plan aligned with the commitments assumed in the company's policies.





Naturgy 

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In Environment terms

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03 • In Environment terms



The new Declaration of Principles and Policies (DPP) and the new Global Sustainability Policy, which applies to all countries and businesses, define the principles and commitments of Naturgy's environmental action around six lines of action:



lines of action

- Environmental management and governance.
- Climate change and energy transition.
- Pollution.
- Water resources.
- Biodiversity and ecosystems.
- Resource use and circular economy.

In this sense, 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 objectives of the Paris Agreement. Therefore, the company is committed to achieving net zero emissions by 2050, considering all the scopes of the carbon footprint and prioritising the 1.5°C reduction pathways where feasible, subject to the energy and regulatory policy of each of the countries where it operates, establishing intermediate emission reduction targets and minimising the use of compensation mechanisms.

Developments and results

The conclusion of the 2021-2025 sustainability plan culminates with results that consolidate an improvement in the reduction of total GHG emissions of 27%, in the use of water resources with a 41% reduction in water consumption and a commitment to the circular economy by reducing waste generation by 85%, with respect to the base year established for the plan. Additionally, Naturgy ensures environmentally friendly processes with 96.8% of the activity certified under the international standard ISO 14001.

	Target 2025	2024	2023	Base year 2017
Activity with ISO 14001 environmental certification ⁽⁴⁾ (%)	95	96.8	97.2	87.7
Calculation of physical climate and energy transition risks at corporate level (50%) and at business unit level (100%) (%)	100	90	75	n.a.
Eligible Capex according to European Taxonomy (%)	80	75	79	n.a.
Absolute GHG emissions Scope 1 and Scope 2 (million tCO ₂ eq) ⁽²⁾	11.0	11.9	12.9	21.8
Absolute GHG emissions scope 3 (million tCO ₂ eq) ⁽²⁾	109.4	107.5	101.7	142.6
CO ₂ intensity of electricity generation (tCO ₂ /GWh) ⁽²⁾	199	234	247	388
Emission-free capacity (%) ⁽¹⁾	51.1	44	41	26
Renewable installed capacity (%) ⁽²⁾	48	40	37	22
Renewable gases (TWh) ⁽²⁾	0.52	0.35	0.30	n.a.
Water consumption (hm ³) ⁽²⁾	14.7	16.5	17.0	28.0
Water consumption intensity in generation (hm ³ /TWh) ⁽¹⁾	0.31	0.39	0.39	0.60

Continues ...

⁽¹⁾ Targets have been introduced in 2023 in the revision of the Strategic Plan to 2025.

⁽²⁾ Targets revised in 2023 in the revision of the Strategic Plan to 2025.

⁽³⁾ Task Force on Nature-related Financial Disclosures (TNFD).

⁽⁴⁾ Percentage of certified Ebitda. The Ebitda used to calculate this percentage corresponds to the end of November.

	Target 2025	2024	2023	Base year 2017
Waste produced (kt)	110	106	115	824
Waste recycled/recovered (%) ⁽²⁾	93	92	95	33
Atmospheric emissions of SO ₂ (kt) ⁽¹⁾	0.9	0.7	0.7	19.2
Atmospheric NO _x emissions (kt) ⁽¹⁾	8.8	7.6	8.2	29.3
Biodiversity enhancement initiatives (number)	350	368	353	n.a.
Implement TNFD recommendations ⁽³⁾ at corporate level (%) ⁽⁴⁾	100	60	25	n.a.

⁽¹⁾ Targets have been introduced in 2023 in the revision of the Strategic Plan to 2025.

⁽²⁾ Targets revised in 2023 in the revision of the Strategic Plan to 2025.

⁽³⁾ Task Force on Nature-related Financial Disclosures (TNFD).

⁽⁴⁾ Percentage of certified Ebitda. The Ebitda used to calculate this percentage corresponds to the end of November.

Climate change

Climate change and its consequences are considered priority issues for Naturgy's strategic planning process. The urgent need to involve all actors in the sector, administrations and civil society to achieve the goal of zero net emissions in 2050, in line with the Paris Agreement, through a clean, fair and competitive energy transition, is a driver of innovation and investment with the ultimate aim of mitigating the effects of climate change and finding new solutions to reduce the human impact on the environment.

For this reason, Naturgy has drawn up a Climate Transition Plan in the process of defining the new strategic plan, establishing intermediate targets for reducing GHG emissions to 2030 and commitments to 2050 that form part of the company's Sustainability Plan.

In line with the provisions of the Climate Transition Plan, Naturgy continues to promote and lead a business model, and an investment plan fully aligned with the energy trilemma: security of supply, accessibility and affordability of energy and mitigation of environmental impact.



Naturgy continues
to **promote and lead a business
model, and an investment plan** fully
aligned with the energy
trilemma.



Main lines of climate action

- Promote solar and wind renewable energies in electricity generation together with the necessary growth of electricity grids, with the back-up energy provided by natural gas combined cycle plants guaranteeing security of supply.
- Developing renewable gases as a lever for the decarbonisation of natural gas through biomethane produced from organic waste and, in the medium/long term, green hydrogen generated from surplus renewable electricity. This promotes decarbonisation at the lowest possible cost for the consumer, the circular economy with the use of waste or surpluses and the economy in rural areas.
- Offer products and services that promote efficiency and are carbon neutral at competitive prices to consumers and end-users.
- Increased electrification of final demand in those uses where it is most efficient.

Managing climate change risks and opportunities

Taking into account the international framework Task Force on Climate-related Financial Disclosures (TCFD), the following climate change risks and opportunities have been identified for each of the company's activities:

• Identification of physical risks and opportunities

Classification	Type of risk/opportunity	Potential impacts for Naturgy	Businesses with material impact
Acute physical risks	Extreme winds (cyclone, hurricane, gale)	Damage to facilities, loss of production and/or prolonged business interruption caused by an increased frequency of extreme events associated with strong wind gusts.	RE/GT/GS
	Extreme rainfall-flooding	Damage to facilities, loss of production and/or prolonged business interruption caused by increased frequency and intensity of extreme events associated with rainfall and flooding.	GH
	Forest fires	Damage to facilities, loss of production and/or prolonged business interruption caused by an increased incidence of extreme events associated with forest fires.	RE
Chronic physical risks	Sustained temperature increase effects	Damage caused by a gradual and sustained increase in global's average temperature over time. Reduction in demand, distribution and commercialisation of gas, inducing profit and earnings losses.	GT/A/RG/Com
	Increase in insurance premiums	Increased expenses due to higher insurance premiums associated with higher occurrence of extreme events.	Corp

Corp: Corporation; RE:Electricity grids; GS: Solar generation; GE: Wind generation; GH: Hydropower generation; GT: Thermal generation; A: Procurement; RG: Gas networks; Com: Commercialisation; GRen: Renewable gases.

● Identification of transition risks and opportunities

Classification	Type of risk/ opportunity	Potential impacts for Naturgy	Businesses with material impact
Riesgos de transición	Natural gas phase-out due to climate policies and regulations (taxes, emissions trading systems, carbon pricing).	Decline in gas demand due to energy transition, changes in consumption habits and customers' predisposition towards more sustainable technologies and products affecting LNG distribution, commercialization and trading businesses, resulting in a decrease in revenues and a loss of long-term value of distribution assets.	A / RG / Com
	Market risk affecting thermal power generation.	Decline in thermal electricity generation due to a phase-out of thermal generation by a higher share of renewable energies may impact the results and the value loss of thermal generation assets.	GT
	Litigation and sanctions related to alleged liability of the company or sector for climate change effects.	Derived financial penalties and negative reputational impact.	Corp
Transition opportunities	Regulatory impulse for the development of biomethane and green hydrogen.	Revenues associated with new business lines (renewable gases). Exploitation of existing natural gas infrastructures.	GRen / RG
	Regulatory impulse for the improvement of electricity grids through their digitalization	Increased electricity demand due to increased electrification rate. Revenues associated with increased electricity distribution and commercialization.	RE
	Regulatory impulse for the development of renewable electricity generation projects.	Revenues associated with renewable electricity generation, and increased provision of electricity guarantees of origin.	GE / GS/ GH
	Regulatory impulse of new business models and services based on energy efficiency, distributed generation, sale of decarbonized energy, etc.	Optimization of costs associated with national final energy savings obligations through CAEs management. Increased benefits from self-consumption and distributed generation services.	Com

Corp: Corporation; RE:Electricity grids; GS: Solar generation; GE: Wind generation; GH: Hydropower generation; GT: Thermal generation; A: Procurement; RG: Gas networks; Com: Commercialisation; GRen: Renewable gases

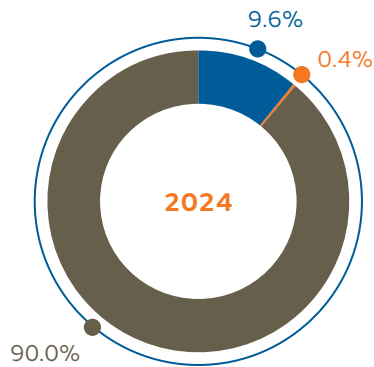
Carbon footprint at a glance

Naturgy has reduced its carbon footprint by 27% compared to 2017, bringing forward to 2024 the achievement of the target set in the 2021-2025 Sustainability Plan.

Carbon footprint 2024

119.4 million tCO₂eq

- Scope 1.
- Scope 2.
- Scope 3.



Carbon footprint reduction between 2017 and 2024

↓ **45%**

Emissions scopes 1 and 2

↓ **27%**

Total Footprint (Scope 1, 2 and 3)

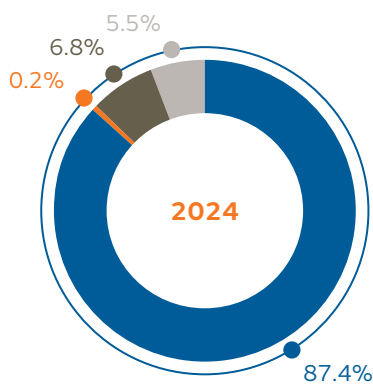


Scope 1
Direct emissions

11.5 mill tCO₂eq

↓ **44%**

Scope 1 reduction between 2017 and 2024

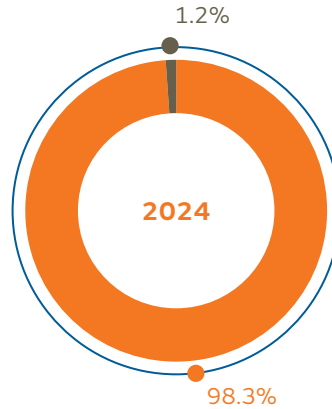


Scope 2
Indirect emissions

0.5 M tCO₂eq

↓ **65%**

Scope 2 reduction between 2017 and 2024

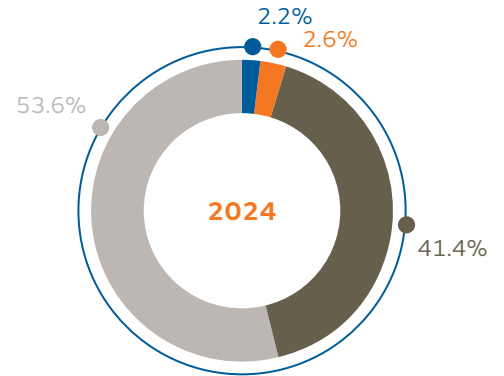


Scope 3
Other indirect emissions

107.5 M tCO₂eq

↓ **25%**

Scope 3 reduction between 2017 and 2024



● Electricity generation. ● Electricity distribution. ● Gas distribution. ● Gas supply, LNG and gas trading.



87%

Fossil-fuel **power plants.**



98%

Losses in **electricity** distribution networks.



95%

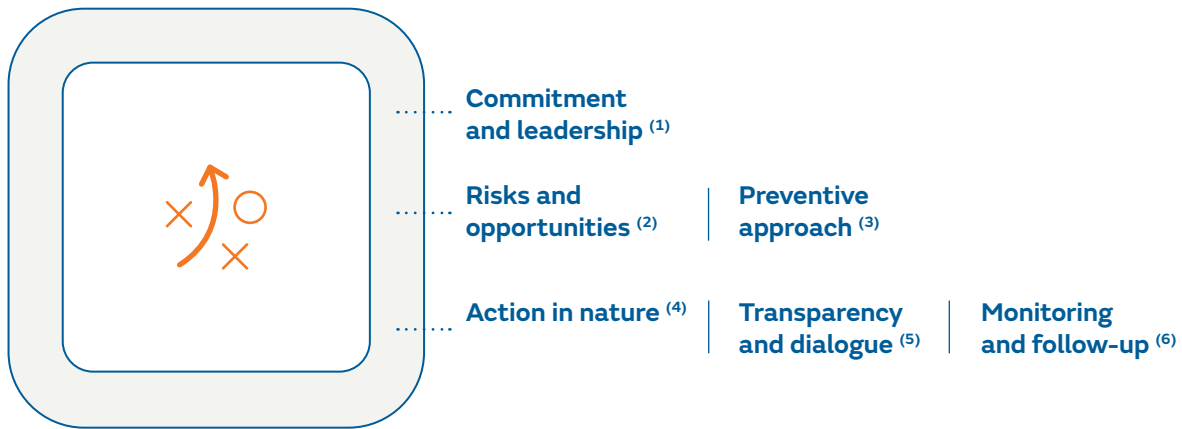
Customer emissions of distributed and supplied gas.

355,216 tCO₂eq Total offset emissions in 2024

Biodiversity and ecosystems

Strategy

Naturgy integrates biodiversity in a comprehensive way with the pillars of the energy transition towards decarbonization: climate, nature and people. Given that they are complementary and mutually influential realities, this approach takes a holistic view, focusing on the creation of natural capital and the restoration of ecosystems to maximize CO₂ capture and the neutralization of emissions, ensuring the protection of native fauna and flora and maximizing the benefits for local communities. Biodiversity is therefore integrated into strategic management as presented below:



Strategic management

⁽¹⁾ Objective: to move towards no net loss of biodiversity by implementing best practices and promoting the creation of natural capital.

⁽²⁾ Naturgy assesses and manages impacts, dependencies, risks and opportunities related to nature in all its operations and activities.

⁽³⁾ In construction, operation and decommissioning, applying the mitigation hierarchy.

⁽⁴⁾ GHG emissions reduction, circular economy and biodiversity initiatives.

⁽⁵⁾ Constructive engagement with stakeholders on nature issues.

⁽⁶⁾ The scorecard with objectives and key indicators, using specialized tools.



Naturgy **integrates biodiversity in a comprehensive way** with the pillars of the energy transition towards decarbonization: **climate, nature and people**. Given that they are complementary and mutually influential realities, this approach takes a holistic view.

Assessment of impacts, risks and opportunities

LEAP methodology

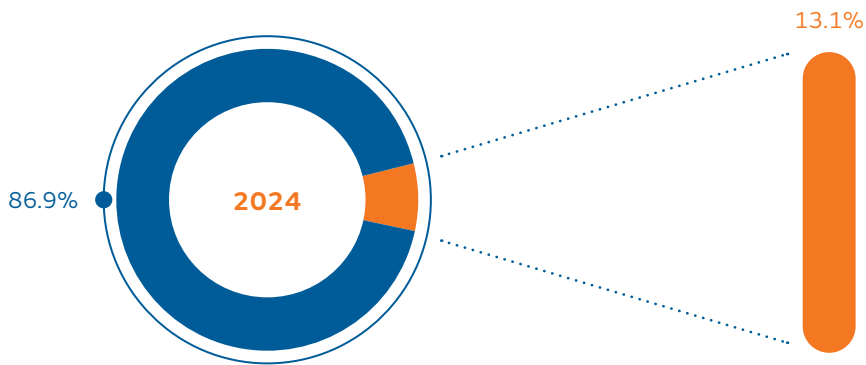
During 2024, Naturgy has determined the impacts, risks and opportunities related to biodiversity and ecosystems for its own operations by applying the LEAP methodology, which includes four phases:

- **Locate Phase (L):** identification of key activities and interaction with nature through the analysis of the business model and its value chain. Material dependencies and impacts were detected, mainly upstream. Due to the lack of complete information, the LEAP analysis has been limited to installations under own control.

The Geographic Information System geolocated all the company's facilities in order to subsequently identify the sensitive areas where the sites are located, including their areas of influence, so that their proximity to areas of importance for biodiversity can be determined. For those located in sensitive areas, the conservation status of the ecosystems has been assessed.

- **Evaluate Phase (E):** evaluation of impacts and dependencies associated with Naturgy's operations, considering the various types of facilities throughout the stages of the life cycle of the assets. Specific matrices developed for each type of asset have been used, based on the ENCORE tool (Exploration of Opportunities, Risks and Exposure of Natural Capital). As a result, a matrix of potential material impacts and dependencies has been developed for each type of technology and each stage of the life cycle of direct operations.
- **Assessment phase (A):** assessment of the nature-related risks, which depend on the environment in which the activities are carried out, since if they are not properly managed they can generate potential risks.
- **Prepare Phase (P):** the preparation and reporting of information.

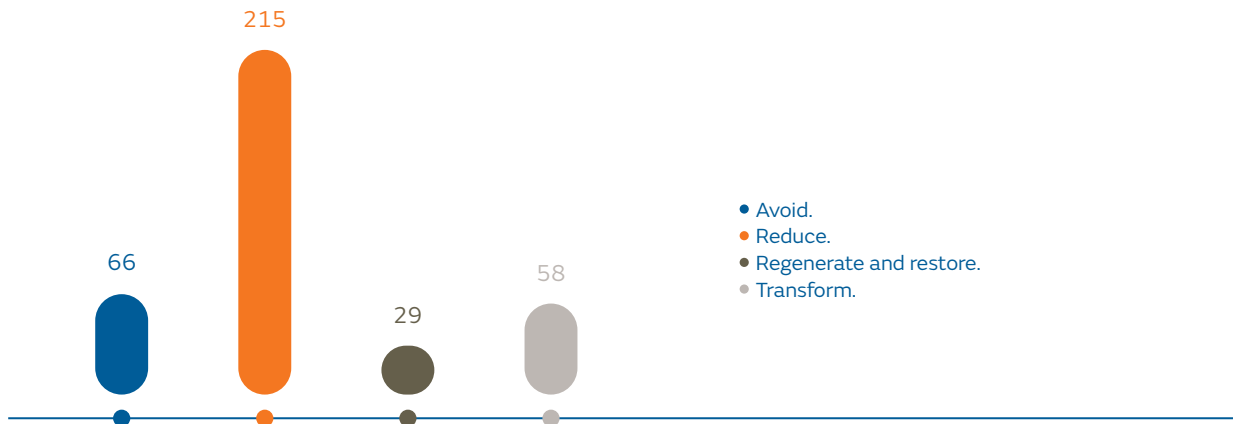
• Affecting areas of high biodiversity or protected natural areas



• Surface area of sites that do not affect protected areas.

• Surface area of sites within or adjacent to protected areas.

• Biodiversity initiatives carried out



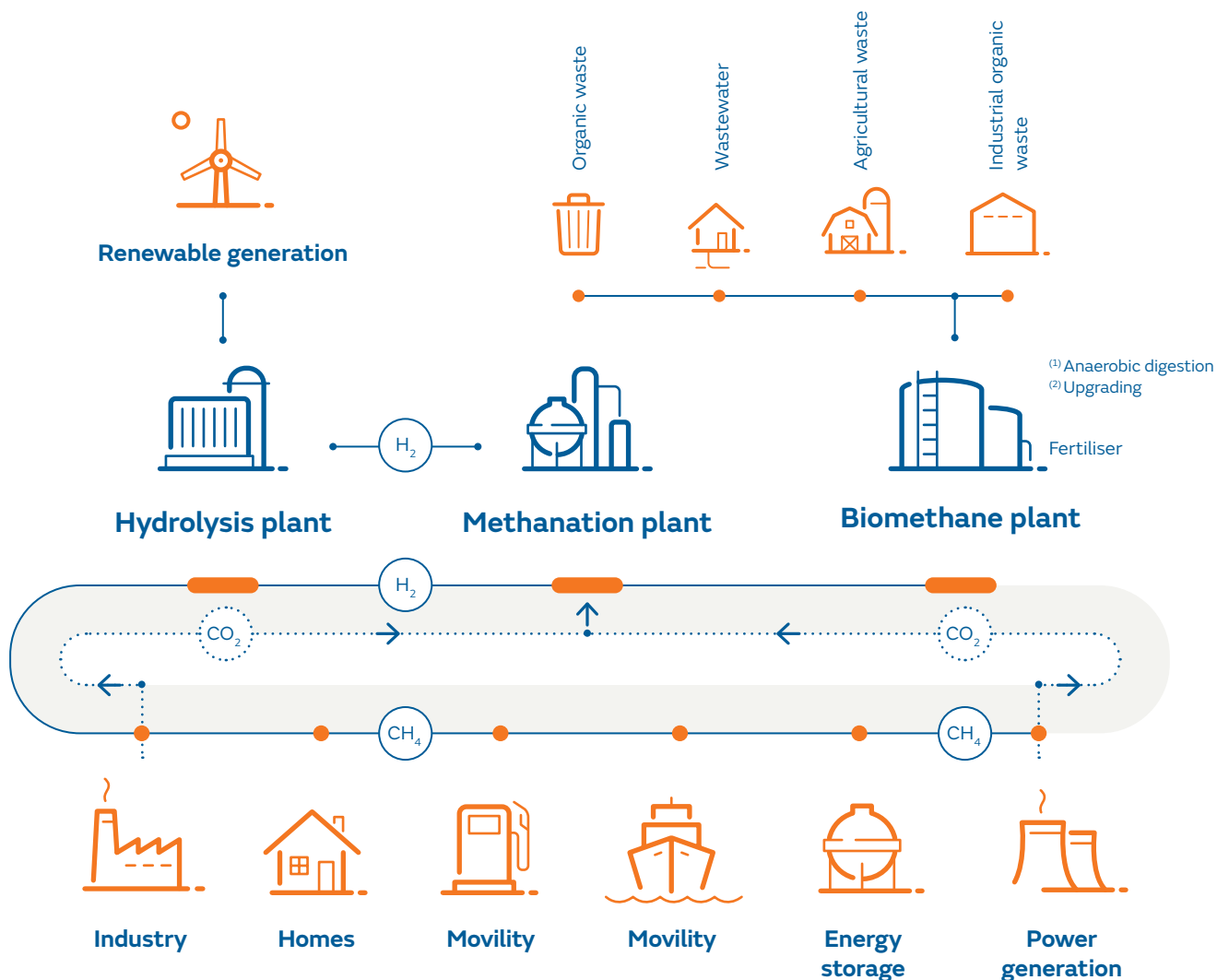
In 2024, Naturgy had developed 368 biodiversity initiatives, surpassing the target of 350 that it had set by 2025.

These are improvement initiatives that take place throughout the life cycle of the facility (construction, operation, decommissioning) in order to reduce and offset negative impacts on biodiversity. These actions can be classified according to the mitigation hierarchy.

Resource use and circular economy

Renewable gas

Renewable gases are gaseous fuels that come from or are produced from renewable sources. Within the energy sector, these include biomethane, renewable hydrogen or synthetic gas produced from surplus renewable energy.



A highlight of 2024 was the creation of the new renewable gases division. Created to accelerate the development of these gases and thus contribute to the energy transition and the circular economy through carbon-neutral energy generated from organic waste (biomethane) or surplus renewable energy (green hydrogen). In addition, the gas distribution business promotes the injection of biomethane produced by other companies. In 2024, production capacity and injection into own networks was 0.35 TWh.



Highlighted projects

Biomethane

Project portfolio

The company manages an extensive portfolio of projects throughout Spain at different stages of development and already has three of its own production plants in operation in: the Bens WWTP (A Coruña), the organic waste landfill in Cerdanyola del Vallès (Barcelona) and the Vila-Sana livestock industry (Lleida).

Alliance with Hispano Silva

- By the end of 2024, Naturgy has signed a strategic alliance with Hispania Silva, a company specialized in waste recovery with extensive experience in the livestock sector, for the construction of a minimum of 20 biomethane production plants, which could reach up to 30.
- The plants will be operational by 2030 to supply the equivalent consumption of 500,000 homes and avoid the emission of around 450,000 tCO₂ per year by injecting 2.5 GWh/year into the gas distribution network.

Hydrogen

Hydrogen production project in Meirama (Galicia)

Naturgy, together with Repsol and Reganosa, have planned a renewable hydrogen hub of up to 200 MW in Meirama. In the initial phase of the project, which is scheduled to come on stream in 2026, 30 MW of power will be achieved. At full development, 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 Repsol's refinery and other consumers, and being in a Just Transition zone will promote the creation of stable employment and highly qualified training.

Innovation and new business development

Naturgy conceives innovation as an indispensable tool in the development of new energy solutions that enable progress in the energy transition and mitigation of climate change and evolve towards technological solutions that promote the simplification of processes, cybersecurity and data management, with digitization also being a fundamental pillar for achieving the company's objectives.



Pillars of the innovation model

- Innovation is collaborative and open.
- Innovation is a key lever for growth.
- The generation of renewable gases such as renewable hydrogen or biomethane.
- Optimization of renewable energy generation.
- The use of energy.
- The answer to increasingly fragmented markets.

To achieve the objectives 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 portfolio, start-up incubator, investment vehicle, etc.



Naturgy conceives **innovation as an indispensable tool in the development of new energy solutions** that enable progress in the energy transition.

• **Developments and results**

	2024	2023
Investment and expenditure on innovation (€M)		
Totex for Open Innovation and Technological Innovation	98	85



Highlights of the year

- Naturgy and IREC develop a methanation technology to maximize biomethane production. After successful laboratory tests and a pilot in Tarragona, they are designing a multi-reactor system to be tested in 2025.
- 26 second-life batteries from Mercedes-Benz electric vehicles with a total capacity of 480 kWh are installed for energy storage.
- In the Canary Islands, a project is being launched with Hesstec hybrid batteries that combine lithium and ultracapacitors, improving the efficiency and stability of the energy supply with grid-forming converters.
- In the corporate building in Barcelona, the Indoorclima software is implemented to manage the air conditioning efficiently, optimizing energy consumption and guaranteeing comfort through real-time monitoring.



Naturgy and IREC develop a **methanation technology to maximize biomethane production**. After successful laboratory tests and a pilot in Tarragona, they are designing a multi-reactor system to be tested in 2025.





Sustainability flash report
2024

In Social terms

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04 • In Social terms



Commitment and talent

Naturgy maintains a firm commitment to people and their development, promoting their leading role at the centre of decisions, based on the company's strategy, purpose and value proposition. In its commitment to the well-being of people, it 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 people with an interest in continuous learning, with professionalism, motivation, innovative spirit and commitment to the company's objectives.

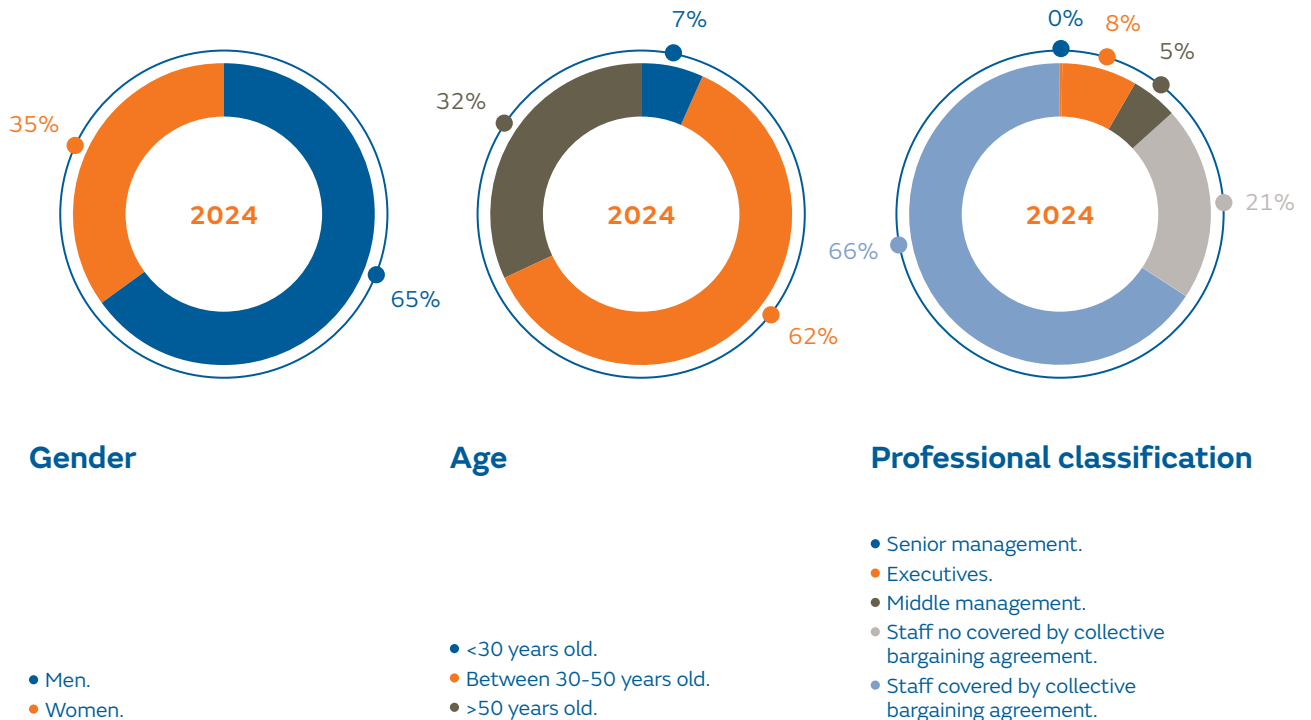


Highlights of the year

- Naturgy's Equality Plan 2023-2027 has implemented measures such as: training actions, increase of women in management positions and adaptation of the standard "Identification, evaluation and control of occupational risks" of health and safety, among others.
- Renewal of the EFR Global certification for three years, obtaining a proactive B rating, according to the updated standard.

- Development of Naturgy’s Action Plan on psychosocial risks for the period 2024-2025, which has more than 150 specific actions, divided into primary and secondary actions, to address psychosocial factors in a comprehensive manner.
- Launch of a new health and safety plan 2024-2025 that will contribute to the achievement of the health and safety commitments and objectives assumed by the Board of Directors.
- 404 talent development interviews have been conducted
- Incorporation of the “Happiness Academy”, “STEAM Women’s Community”, “Focused Leaders Cycle Program” and “AI and AIGen School” programs in the Corporate University catalogue.

● **Developments and results**





Template

6,812

employees⁽¹⁾



Ages

7.1%

under 30 years
of age



Women managers

39.6%

women in management
positions. Spain



Promoters

54%

employee promoters



Training

291,391

hours

⁽¹⁾ Consolidated workforce 2024 Group: 6,941= 6,812 managed workforce - 141 people in Spain of companies that consolidate by consolidation through consolidation equivalence+ 12 people from coal-fired power plants.



Health and safety

With a comprehensive vision, Naturgy maintains a strong commitment to the safety, welfare and health of people, focusing its policies and actions to preserve, prevent and promote this responsibility. It highlights the leadership and prominence of the members of the company, individual and collective commitment, extensible to the collaborating companies.

● Developments and results



Lost time accidents

–

12

9 accidents in 2023



Days lost due to accidents

383

392 days in 2023

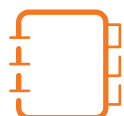


Deceased

–

0

0 deceased in 2023



Lost time injury frequency rate

per 1M hours worked

0.89

0.66 in 2023



Severity rate of lost time accidents

per 1M hours worked

32.00

28.10 in 2023

The new Health and Safety Plan 2024-2025, aims to address the new forms of work organization and the transformation of processes through adjustments to the safety model, a refocusing of leadership and global communication actions that reinforce a unique culture around wellbeing and prevention in the physical and emotional health of the people who work in the company and their families.

• **Risk assessment and management mechanisms**



Preventive safety **observations**

8,640



Preventive work **stoppages**

1,665



Accident **investigation**

–

100%



Documented safety **inspections** at work

24,371



The new Health and Safety Plan 2024-2025, aims to address **the new forms of work organization and the transformation of processes.**

Customer experience

Naturgy, as a group integrated along the energy value chain, understands customer experience as a fundamental pillar of its activity. Naturgy seeks to be the benchmark energy company, and to this end it accompanies, cares for and advises its customers with the aim of ensuring that they receive the best service at the lowest possible price.

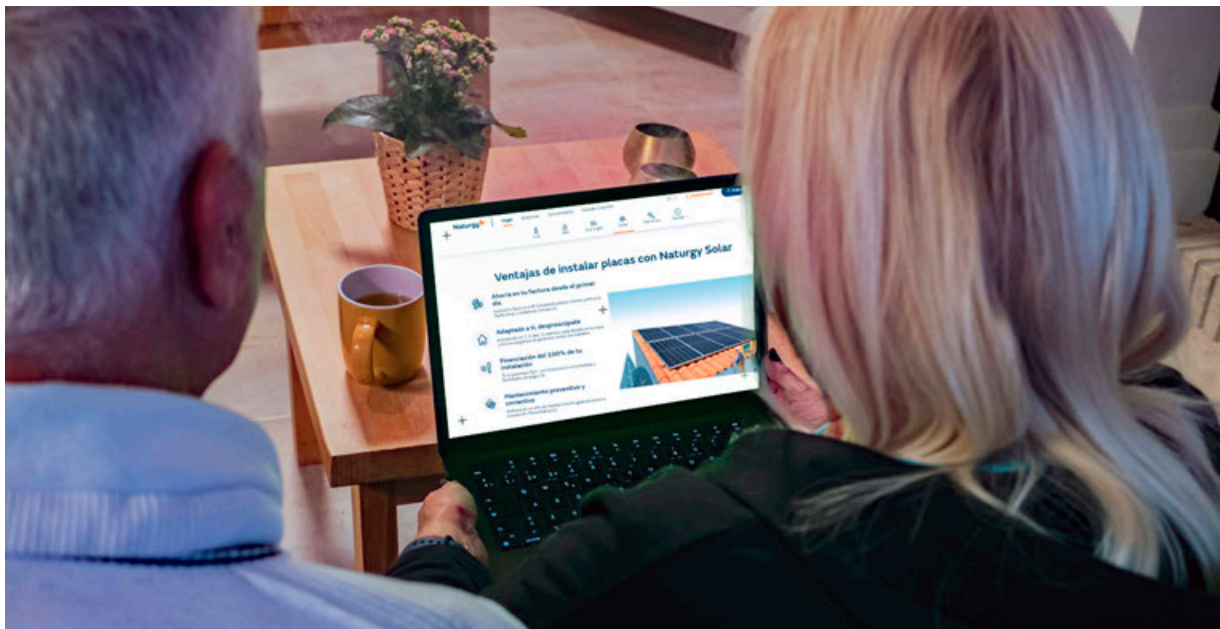


Highlights of the year

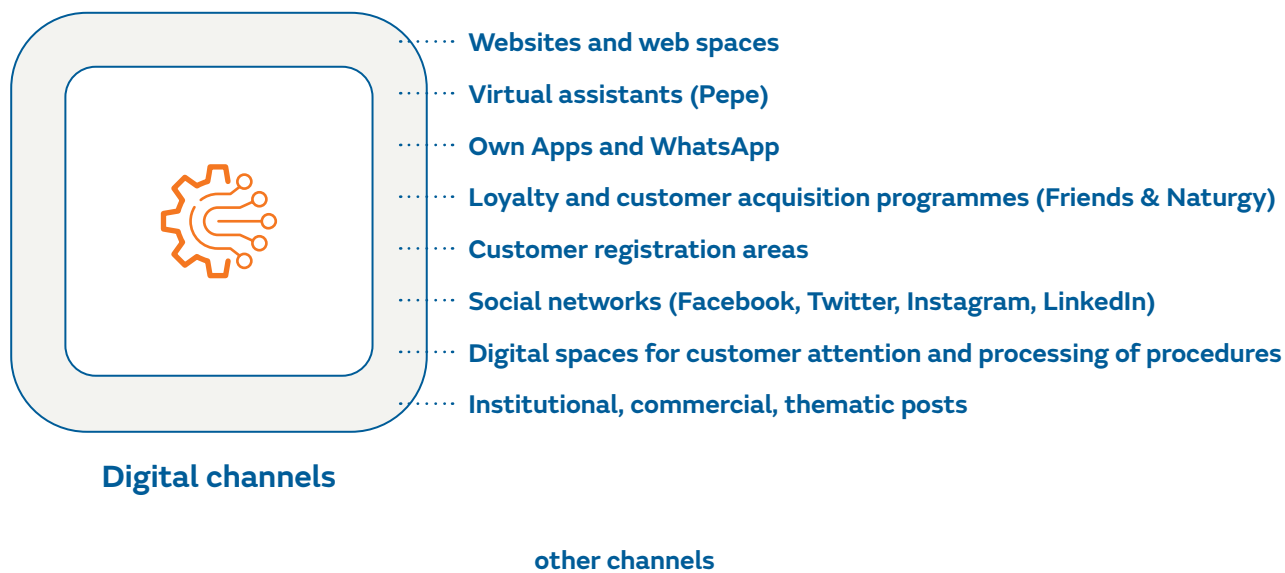
- The company has developed the Newco Project in Spain to position itself as a benchmark marketer in customer service through the transformation of its operating model.
- New virtual office in Spain aimed at meeting the specific needs of industrial customers and enhancing their experience.
- More than 90,000 vulnerable customers have been dealt with through the Vulnerability Plan in Spain.
- An aid plan has been developed for those affected by the Valencia DANA, with aid of 300€ for all affected residential customers, 600€ to and for utility companies, and 2,000€ for all customers with solar panels for the replacement and/or repair of their equipment.
- Naturgy has improved the Commercial Information Protection Management System in Spain, mitigating commercial fraud and complaints from residential customers for misuse of personal information.
- In Latin America, the actions taken to improve customer service have focused on improving digital channels, increasing customer interaction through this via by more than 58%.

Customer relations

For Naturgy, customers are at the center 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 to ensure that it is agile and efficient and a benchmark in the sector, in addition to complying with legal and profitability requirements. To this end, it is essential to establish an active dialogue that allows to know the needs and solve doubts, claims and complaints in the most satisfactory way for the customer.



Naturgy's customer relationship model is based on proximity, simplicity and multi-channeling.



Telephone channel / Face-to-face channel / Personal management /
Canal presencial / Stores / Guarantee office management

Customer service

Overall satisfaction with the quality of service

The main indicators for evaluating customer satisfaction are the NPS (Net Promoter Score) index, which assesses the degree to which customers would recommend Naturgy, and the satisfaction index, which assesses customers' overall satisfaction with the company.

	2024	2023
Net Promoter Score (NPS) Spain marketing (overall) (%)	29.7	27.0
Net Promoter Score (NPS) Argentina BAN (global) (%)	59.2	57.4
Net Promoter Score (NPS) Argentina NOA (global) (%)	63.1	64.1
Net Promoter Score (NPS) Brazil (global) (%)	59.7	58.7
Net Promoter Score (NPS) Chile Metrogas (global) (%)	58.0	68.0
Net Promoter Score (NPS) Mexico (global) (%)	79.0	73.0
Net Promoter Score (NPS) Panama (customer service) (%)	-27.0	7.0
Overall satisfaction with the quality of service (1-10)	7.9	8.0

● Complaints management by business and country

	2024	2023
No. incoming complaints/No. contacts (%)	3.33	4.57

Protection of personal data and cybersecurity measures

Naturgy defined a Global Personal Data Protection Policy and lines of action that not only guarantee the protection of personal data by means of an adequate management system, but also reduce the risk of infringements related to this matter.

In 2024, Naturgy received 74 requests for information from the Spanish Data Protection Agency (110 requests in 2023), which have been duly dealt with and, at the date of preparation of this report, none of them has resulted in a sanction.

On top, Naturgy has a Cybersecurity Plan updated in 2024 that implements new strategies and initiatives for the transformation of cybersecurity in the company, in a context where it is a priority to continue strengthening the measures already taken in previous cybersecurity plans and maintaining proactivity in the face of new demands and threats.

Responsible value chain

Naturgy, aware that the impacts, risks and opportunities related to the activity it carries out and the integrity of the company go far beyond its operations, works together with the value chain to promote and apply environmental, social and governance principles in the responsible management of the collaborating companies that supply products and provide services to the company.

In order to minimize risks in terms of the environment, health and safety, human rights, labor practices and corruption, and to ensure proper management, Naturgy has mechanisms in place to evaluate and select suppliers. In turn, the **Supplier Code of Ethics** ensures compliance with the principles established in the company's Code of Ethics.

• Developments and results

	2024	2023
Total number of suppliers	5,284	5,678
Volume of purchases awarded to local suppliers (%)	91	90
Level of ESG audit coverage of purchase volume with high ESG risk (%)	88	84
Supplier evaluation ESG ⁽¹⁾ (number)	5,333	5,837
Suppliers suspended from approval (number)	0	0

⁽¹⁾ Environmental, Social and Governance (ESG). The ESG evaluation of suppliers is carried out in the main subsidiaries of the Group where the Achilles tool is implemented, by means of which the business classification of suppliers is carried out. The number of suppliers evaluated ESG includes both awarded suppliers and potential suppliers that complete the classification to be able to participate in a Naturgy tender.

The health and safety of workers in the value chain is also a priority for Naturgy, which is why the company has an Occupational Health and Safety Management System (OHSMS) with numerous processes and tools to ensure a safe working environment and proper management of operational activities. To this end, it carries out the following measures, among others:

- **Supplier classification:** assessment of supplier compliance through questionnaires and request for evidence using the Achilles-Repro platform.
- **Approval by activity:** audits of all suppliers that carry out critical activities - because they are defined as high risk in one of the ESG, quality and health and safety risk factors - for their approval.

- **Performance monitoring:** evaluations that measure the degree of satisfaction of the operating units and assess aspects of quality of services provided, health and safety, operational and ESG aspects.
- **ESG audits:** assessment of suppliers' management systems and performance in relation to sustainability issues, which are conducted on-site and managed by external consultants (Achilles) using protocols, standards and procedures defined by the utilities community in Southern Europe and South America.

Social responsibility

Naturgy is committed to the economic and social development of the regions in which it operates, providing knowledge and management capacity, and allocating part of the profits to social investment. The commitment to society involves offering a quality and continuous supply, as well as helping to address the challenges associated with access to energy, such as those affecting vulnerable groups; or minimizing 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.



• Developments and results



Total social investment

€10 M

€11 M in 2023



Total tax contribution

€3,056 M

€2,781 M in 2023



Highlights of the year

- Development of the Social Relationship Model (MRS) in several territories in Spain, such as the Canary Islands, Andalusia, Extremadura, Castilla La Mancha, Castilla y León and Galicia.
- Promotion of employment and training through scholarships to courses developed at national level - with the International University of Andalusia (Huelva) and the University of Almeria - and at international level - in Australia.
- Development of actions to reduce the potential risk to indigenous communities such as Zapoteca (Zaragoza, Oaxaca) and Quilombolas (Piauí, Brazil).
- Inclusion in the labor market of the most vulnerable groups in Argentina through skills development programs and personalized, systematic and continuous support.
- Promoting the economic and social development of the communities where Naturgy operates by providing equipment, improving infrastructures and making donations.
- Approval of the Affected communities Policy, updating the Relationship Model.
- Establishment of channels and processes for collaboration with the groups, highlighting complaint mailboxes, group chats or regular meetings.



The commitment to society involves **offering a quality and continuous** supply, as well as helping to address the challenges associated with access to energy.

Relations with affected communities and groups

Social Relationship Model

Framework for action for the integration of social management throughout the project life cycle.



Principles of community relations

- Naturgy is one more in the territory.
- Communicating as equals.
- Generates shared value.
- Offers opportunities.

The MRS 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 rooting.

- 1 Determining the area of influence and environment of the activity.
- 2 Stakeholder mapping and characterization.
- 3 Risk and opportunity analysis.
- 4 Social Relations Plan (PRS).
- 5 Interlocution with Affected communities.

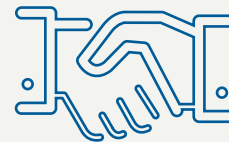


Sustainability flash report
2024

Business conduct

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05 • Business conduct



Integrity and trust

One of Naturgy's guiding principles is to be a company where integrity and trust are the foundations of the business model. To this end, the company has various policies, procedures and governing bodies that enable it to aspire to be responsible, transparent and committed to all stakeholders.



Highlights of the year

- Communication campaign called "It's not a joke, it's Compliance" starring the members of this unit.
- Naturgy has received 74 requests for information from the Spanish Data Protection Agency, all of which have been duly dealt with and, at the date of preparation of this report, none of them has resulted in a penalty.
- Carrying out simulation exercises of response to cybersecurity incidents in each of the businesses and countries of operation on an annual basis and monthly analysis of vulnerabilities in cybersecurity measures.

- It has been made mandatory to have a carbon footprint certificate in tenders for services or products with a high risk of climate change or with a large volume of purchases. For the rest of the tenders, the possibility of voluntarily including a certificate verifying the measurement of its carbon footprint by an accredited entity is maintained, and that this is positively valued by Naturgy in the award decision.
- Naturgy contractually requires suppliers categorized as high climate change risk and with a large volume of contracted purchases to report annually through questionnaires on the CDP Supply Chain platform their degree of performance in terms of climate. A total of 254 Naturgy suppliers have been invited to report their information through CDP Supply Chain.

Compliance

For proper risk management, Naturgy has a body of regulations whose cornerstone is the Code of Ethics, which is developed in policies that establish the behaviour and management of the company by administrators, employees and suppliers. In addition, Naturgy has safeguards in place, such as internal audits and the whistleblowing channel.

• Developments and results

	2024	2023
Reported cases of discrimination including harassment	15	5
Participating interests in associates	200	216
Average supplier payment period	22	21
Payments within the usual timeframe (60 days)	99.5%	99.4%
Complaints received in the field of human rights	0	0



Naturgy's policies, codes, standards and procedures

- Compliance Policy.
- Internal Information System Policy.
- Counterparty Due Diligence Procedure.
- Institutional Relations Policy.
- Supplier Code of Ethics.
- Anti-corruption policy.
- Crime Prevention Model.
- Business Services Policy.
- Prevention of Money Laundering and Terrorist Financing Policy.
- Conflicts of Interest Policy.

Certifications

- ISO 14001.
- ISO 45001.
- ISO 9001.
- ISO 37001.
- ISO 45005.
- UNE 19601.
- ISO 50001.



Naturgy **has a body of regulations whose cornerstone is the Code of Ethics**, which is developed in policies that establish the behaviour and management of the company.

Presence in associative entities

The enormous challenge represented by the energy transition cannot be addressed unilaterally; getting other actors involved, such as business associations, represents a relevant element in achieving the company's objectives. Under this premise, Naturgy prioritizes participation in initiatives that support the company's values and purpose in general, and that defend positions consistent with the Paris Agreement in particular.



● Institutional Relations Policy



Major participations in 15 countries

+220



Investment equal

€2,911,550



Monetary or in-kind contributions of a political nature

€0

Indexes and acknowledgements

Badges



EFR Global Certification



Top Employer Spain 2024 Certification



Diversity Leading Company



CLIP Certification



Top Employer Brazil 2024 Certification



European Company for Health and Sport



Healthy Organisation



Best Woman Talent Company



MITRADEL Recognition



Great Place to Work

Rankings and monitors



Top 50 Diversity Company



Merco Talento Ranking



Top EXcompany



Wellbeing Company

Awards



50th Aberje Prize 2024. Brazil



Excellence in Human Resource Management Award



Naturgy

News corner



Indices



Note: In February 2024, Naturgy has been removed as a constituent of several MSCI indices. However, the ESG rating has been updated in June 2024. The exclusion is based on the market value of Naturgy's free float, which has fallen below the minimum thresholds for MSCI's inclusion criteria.

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