

# Sustainability Report and Non-Financial Information Statement at a glance

**2023**



# About SRNFIS

The Sustainability Report and Non-Financial Information Statement (SRNFIS) includes Naturgy's non-financial information, with the aim of informing all stakeholders and with total transparency of the most relevant facts and milestones related to Environmental, Social and Governance (ESG) aspects that occurred during the year. This report is included in Naturgy's Consolidated Annual Report.

The SRNFIS sets out the company's vision for the future and its business model in line with its relationship with its stakeholders. Thus, within the framework of the Corporate Responsibility Policy, and based on the levers of the company's Sustainability Plan, the report describes the identification and management of its potential and real, negative and positive impacts on the economy, the environment and people, including impacts on human rights in all activities.

The SRNFIS also includes three annual reports with their own identity for the company's ESG governance:

- › **The Green Bond Report.**
- › **The EU Taxonomy Report.**
- › **TCFD Report.**

The applicable standards of the Global Reporting Initiative (GRI), Law 11/2018 on Non-Financial and Diversity Reporting, the Sustainability Accounting Standards Board (SASB) and the EU Taxonomy regulation have been taken into account in the preparation of all of them.

As a guarantee of good governance, all information has been verified by independent experts.

This executive summary provides a synthesis of the highlights and key information from the SRNFIS.



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# 2023 Main milestones of the year



**Naturgy remains committed to making progress in the energy transition.** In 2023, investments grew by **12%** year-on-year to **Euros 2.136 billion**, mainly in renewables and distribution networks.



**Increase in installed renewable capacity to 37%.** Naturgy already has 6.4 GW of renewable energy capacity in operation, of which 1 GW came into operation in 2023.



**Production and injection of renewable gas into the gas distribution network of 0.3 TWh.** Naturgy is the leader in the distribution of biomethane in Spain. It has a portfolio of more than 60 projects at different stages of development for the production and/or injection of biomethane or agreements for its commercialisation.



**Solvency of the business model vis-à-vis EU Taxonomy.** The turnover indicator shows 23% eligibility, the Opex indicator rises to 51% and the Capex indicator reaches 79%. The latter also has an alignment level of 74%.



**30% reduction of the carbon footprint (Scopes 1, 2 and 3) vs. 2017.** In 2023 there is a reduction of the total carbon footprint (scopes 1, 2 and 3) of 8% compared to 2022.



**353 biodiversity initiatives in course on an international level, 22% of which are voluntary.** Naturgy has carried out restoration actions on 336 hectares, 22% of which correspond to protected areas, habitats or species.



**More than 2 million customers benefit from the Electricity and Gas Commitment Tariffs.** 1.5 million residential and SME customers have benefited from a reduction of more than 30% in the variable energy price.



**Implementation of the Social Relationship Model in several territories in Spain.** During 2023, it was deployed in Canary Islands, Andalusia, Extremadura, Castilla La Mancha, Castilla y León and Galicia, and has continued to be developed in the rest of the countries with generation projects.



**Commitment to the responsible supply chain.** An 84% coverage of ESG audits has been achieved over the purchase volume with high ESG risk.



**Naturgy signs the new Equality Plan for the 2023-2027 period.** 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.** 36% of executive and managerial positions in Spain are held by women.



**Flex&Lead programme with the goal of incorporating 300 young people with diverse profiles by 2025.** During the term of the programme, more than 150 people have joined, 81% of whom are women.

# 2023 Figures

## Main economic indicators

Net turnover

**€22,617M**

€33,965M in 2022

Gross operating profit

**€5,475M**

€4,954M in 2022

Total investments

**€2,136M**

€1,907M in 2022

Net profit

**€1,986M**

€1,649M in 2022

Indebtedness

**50.3%**

54.7% in 2022

Net Debt/Ebitda

**2.2x**

2.4x in 2022

Dividend paid

**€1,454M**

€1,164M in 2022

Share price 31/12/23

**€27.00**

€24.31 in 2022

Earnings per share

**€2.07**

€1.72 in 2022

## Main operational figures

### Distribution



Gas

**378,390GWh**

386,464GWh in 2022



Networks

**136,970km**

136,272km in 2022



Supply connections

**11,060 in thousands**

11,050 in thousands in 2022



Electricity

**43,888GWh**

47,029GWh in 2022



Networks

**156,232km**

155,060km in 2022



Supply connections

**4,868 in thousands**

4,827 in thousands in 2022

### Electricity generation

Total installed capacity

**17,142MW**

16,188MW in 2022

**6,416MW renewable capacity** (5,462MW in 2022)

Total net production

**43,888GWh**

47,029GWh in 2022

Production from renewable sources

**12,409GWh**

9,353GWh in 2022

# Letter from the Chairman

"Naturgy has established itself as **one of the main players** in the energy evolution not only in Spain, but also in many other countries."



## Dear readers,

In 2023 we celebrated our 180th anniversary, an achievement we are proud of.

The story of Naturgy is the story of change. A metamorphosis on a grand scale, fuelled by an unwavering entrepreneurial spirit and an enduring commitment to social service that continues to this day.

Throughout this time, Naturgy has established itself as one of the main players in the energy evolution not only in Spain, but also in many other countries where it has brought technological advances that have improved the lives of millions of people, have contributed to the competitiveness of thousands of companies and have promoted the welfare and economic growth of diverse societies on five continents.

Today, almost two centuries later, Naturgy is still a company that is changing and responding to the challenges of the present. It is once again demonstrating its pioneering spirit by boosting the use of renewable gas as a key vector of the energy transition and decidedly championing the generation of electricity through carbon-free renewable technologies.

Naturgy thus faces the future with the focus on solving, with its firm commitment, the energy trilemma represented by continuous progress in sustainability, achieving reasonable energy costs that allow us to serve our customers at reasonable prices, and ensuring security of supply to society. As a committed company, we are steadfast in our commitment to provide energy solutions that safeguard the environment, while ensuring affordability and maintaining security of supply. This approach is crucial for effectively navigating the energy transition and ensuring that no one is left behind in the process.

## Naturgy, a key player in the energy transition

With this conviction, Naturgy wants to be a relevant player in the evolution of the sector towards a realistic energy transition that is compatible with our environment, and we have therefore continued to develop the roadmap set out in its strategic plan.

"In 2023, Naturgy continued to play a leading **role as a driving force** in the development of the value chain for renewable gases such as biomethane and hydrogen."

In 2023, total investments have grown by almost 12%. Of the total invested, more than 60% has been allocated to growth, mainly to the development of renewable generation projects and networks. In terms of sustainability, it is worth noting that 79% of the investments are eligible and 74% are aligned under the EU Taxonomy, thus demonstrating the soundness of a sustainable business model and the creation of long-term value for the planet and people.

At the end of 2023, Naturgy had reached more than 6.4 GW of renewable electricity generation capacity in operation, of which 4.9 GW were operational in Spain.

Outside Spain, the first energy output from the 7v Solar Ranch photovoltaic plant, Naturgy's first renewable energy plant in the United States, which has a peak capacity of 300 MW and will generate 560 GWh of electricity per year, took place at the end of 2023. It has also started construction of the Grimes project (269 MW) in Texas, which will be its second photovoltaic installation in the country.

In Australia, Naturgy began operating its third wind farm, BerryBank II, increasing the company's total installed capacity to 386 MW. 10 MW of battery storage capacity have also been incorporated.

In 2023, Naturgy continued to play a leading role as a driving force in the development of the value chain for renewable gases such as biomethane and hydrogen. In the biomethane field, the company has a portfolio of more than 60 projects under development, of which 37 are for the production of biogas and subsequent enrichment to produce biomethane for injection into the natural gas grid, and the remainder are based on marketing agreements. As for hydrogen, the company is working on the development of large renewable hydrogen production hubs linked to just transition zones, especially in areas affected by the closure of thermal power stations.

The company has also stepped up investment in its electricity distribution networks, which are necessary not only to bring the product of these technologies closer to the end user, but also to guarantee security of supply and day-to-day operations. The aim is for the transformation of the grid to make a very significant contribution to the move towards decarbonisation of the economy, while at the same time strengthening the security of supply for all citizens.

Naturgy wants to be a key player in the energy transition reducing total Scope 1, 2 and 3 emissions by 27% by 2025 compared to the 2017 baseline, as outlined in the Strategic Plan and our Sustainability Plan. In this respect, we took further decisive steps to achieve our goals in 2023. This fact is evident in the significant reduction of direct emissions (scopes 1 and 2), totalling 12.9 MtCO<sub>2</sub>eq, marking a 41% decline compared to our base year of 2017. Similarly, our total carbon footprint, which encompasses both direct and indirect emissions, amounted to 114.6 MtCO<sub>2</sub>eq, reflecting a 30% decrease from the levels recorded in 2017.

Naturgy recognises that the fight against climate change must be combined with the promotion of the restoration of natural capital and biodiversity through initiatives aimed at preventing, reducing and offsetting impacts, in order to advance the commitment to no net loss of biodiversity and the enhancement of the value of natural environments. Thus, in 2023 alone we implemented 353 biodiversity initiatives, 22% of which were voluntary, as well as environmental restoration actions on 336 hectares, more than 22% of which corresponded to protected areas, habitats or species.

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

In 2023, energy prices have normalised after the spike in 2021, which was exacerbated in 2022 following the conflict in Ukraine.

In this context, the company has kept its commitment to its customers and extended the price reduction initiative started in 2021 via the Commitment Tariffs, both in electricity and gas. More than 2 million customers have benefited from them.

As part of its commitment to the fight against climate change, Naturgy also reached an important milestone in 2023 by reaching more than 1,600,000 contracts with green electricity certificates via a mechanism of guarantees of origin and 580,000 contracts with green gas certificates via emission reduction certificates.

As a company committed to the communities and the environment in which it operates, I would like to highlight the progress made in the last financial year in the implementation of the social engagement model in several territories where the company is developing the construction and operation of renewable energy facilities. This model concretises Naturgy's social commitment in the territories where the company operates, through actions focused on education and awareness-raising for different target groups, the promotion of training actions to create local jobs and the adoption of agreements and alliances with different local groups.

## Naturgy, goals achieved

During 2023, the company presented the strategic review with a 2025 horizon following the execution of the first half of the Strategic Plan 2021-2025 and exceeding all committed targets to date. Investments for the five-year period 2021-2025 would amount to more than 13.2 billion, an increase of more than 5 billion compared to the previous strategic period.

The results achieved in 2023 confirm that adequate progress is being made in the implementation of the strategy. Specifically, in 2023, Naturgy has posted an Ebitda of Euros 5,475 million with a net result of Euros 1,986 million.

**"In 2023, total investments have grown by almost 12%. Of the total invested, more than 60% has been allocated to growth, mainly to the development of renewable generation projects and networks."**

The Networks combined business in both Spain and Latin America grew compared to 2022 due to both the tariff update and improved operating performance. The good global performance of businesses in Latin America was partially offset by a negative impact of exchange rates, mainly by the depreciation of the Argentine peso.

Liberalised activities continued to adapt to the volatile energy environment during the year. Most of the Ebitda growth was contributed by the Energy Management, Renewable Generation and Retail Supply segments.

These results have enabled the company to undertake investments and meet its shareholder remuneration commitments, improve the ratio of net financial debt to Ebitda to 2.2x, and maintain a high level of tax contribution with Euros 2,229 million generated for public administrations.

Beyond financial results, our sustainability management has also been recognised by the market. As an example of this, the company has been recognised by Ecovadis with the Gold medal, ranking Naturgy among the top 5% of all the companies scored by this rating platform. In addition, we have been recognised once again as a world leading company for our action against climate change and water management by the prestigious Carbon Disclosure Project (CDP) index and for another year, uninterruptedly for two decades, Naturgy continues to appear on the FTSE4Good index.

## **Naturgy, a team of people up to the challenge**

None of this would have been possible without the trust, work and commitment of all the people who are part of this corporate project, with whom Naturgy maintains a strong commitment to their development, evidenced by the 14% increase in the number of hours devoted to training in 2023.

Naturgy maintains a firm commitment to the health and safety of people, supported through policies and actions aimed at preserving and promoting responsibility in this area. Consequently, in 2023 the Management Committee approved a new health and safety plan for the 2024-2025 period, which will contribute to the achievement of the commitments and targets in health and safety assumed by the Board of Directors.

The company considers essential the promotion of diversity and equal opportunities among all company employees. Thus, in 2023, the Naturgy Equality Plan was signed, which enhances the strengths in this area and introduces a catalogue of specific measures and actions to maintain, correct and prevent deviations in terms of equality.

Lastly, I would like to thank the trust, work and effort of all those people who make Naturgy's success possible: the support of the shareholders, the loyalty of our customers and suppliers and, especially, the trust and commitment of all the professionals linked to the company. The achievements I mention in this letter and those that appear throughout the report belong, without a doubt, to all of them.

Thank you very much,

A handwritten signature in blue ink, appearing to read 'Francisco Reynés', with a stylized, cursive script.

**Francisco Reynés**  
Executive Chairman

Madrid, February 2024.

# Geographical presence

**USA**   
 Generation (300MW, solar) and renewable generation projects (8.8GW, solar).

**Puerto Rico**  
 NG /LNG infrastructure (regasification plant).

**Dominican Republic**  
 Generation (198 MW, fuel-oil).

**Mexico**   
 Gas distribution (15 states and 1.6 million customers) and generation (2,446MW, combined cycles and 234MW, wind).

**Costa Rica**   
 Generation (50MW, hydraulic).

**Panama**   
 Electricity distribution (Panama central, west, inland, Chiriqui and 0.8 million customers) and generation (22MW, hydraulic).

**Chile**    
 Gas distribution (4 regions and 0.7 million customers), NG/LNG commercialisation and generation (206MW wind and 149MW solar).

**Canada**  
 NG/LNG commercialisation.

**Portugal**  
 NG/LNG and electricity commercialisation.

**Spain**      
 Transportation, distribution and commercialization of gas and electricity. Generation (combined cycles, nuclear, hydraulic, wind, solar, co-generation and mini-hydraulic). Renewable gases (biomethane and green hydrogen projects).

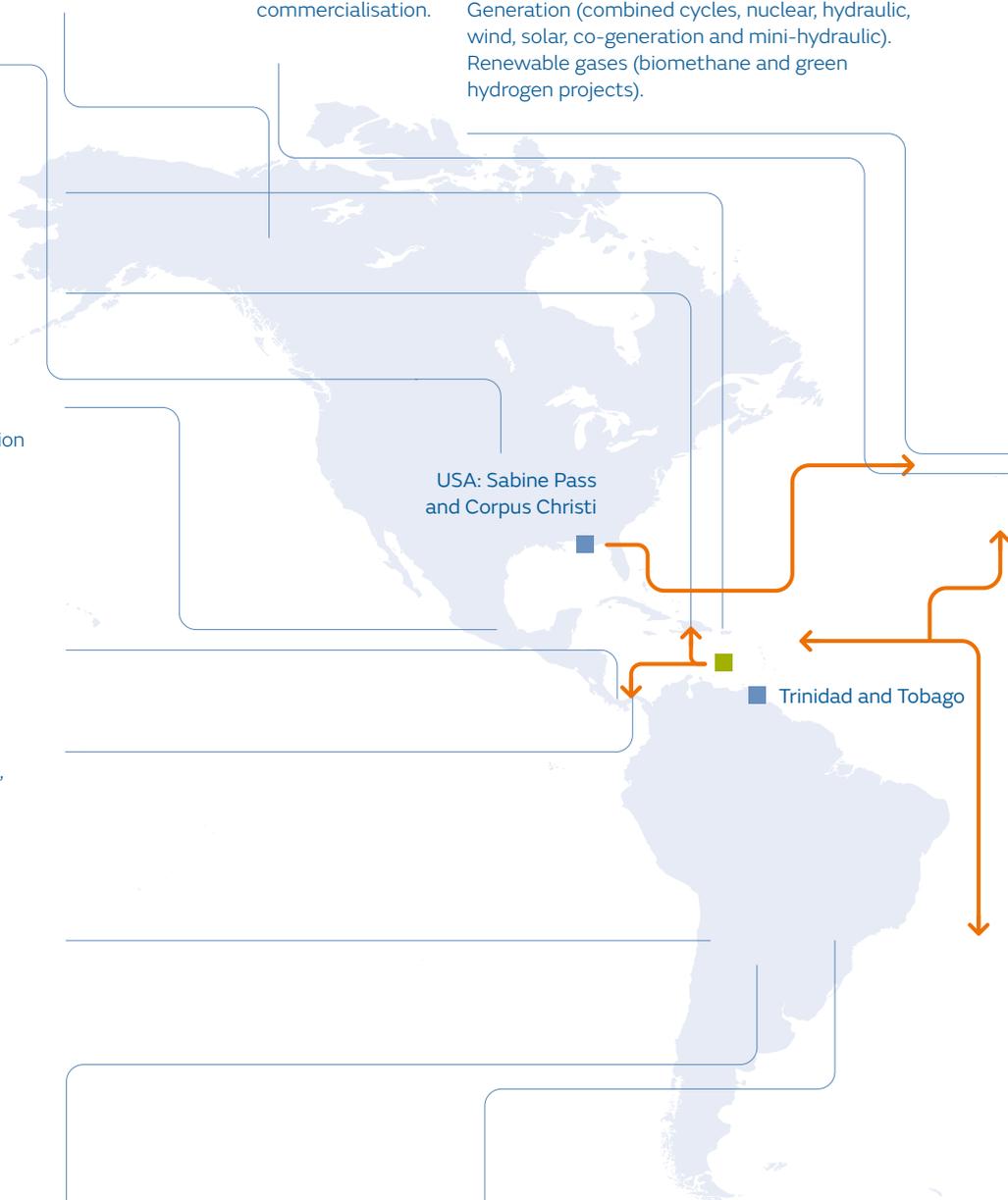
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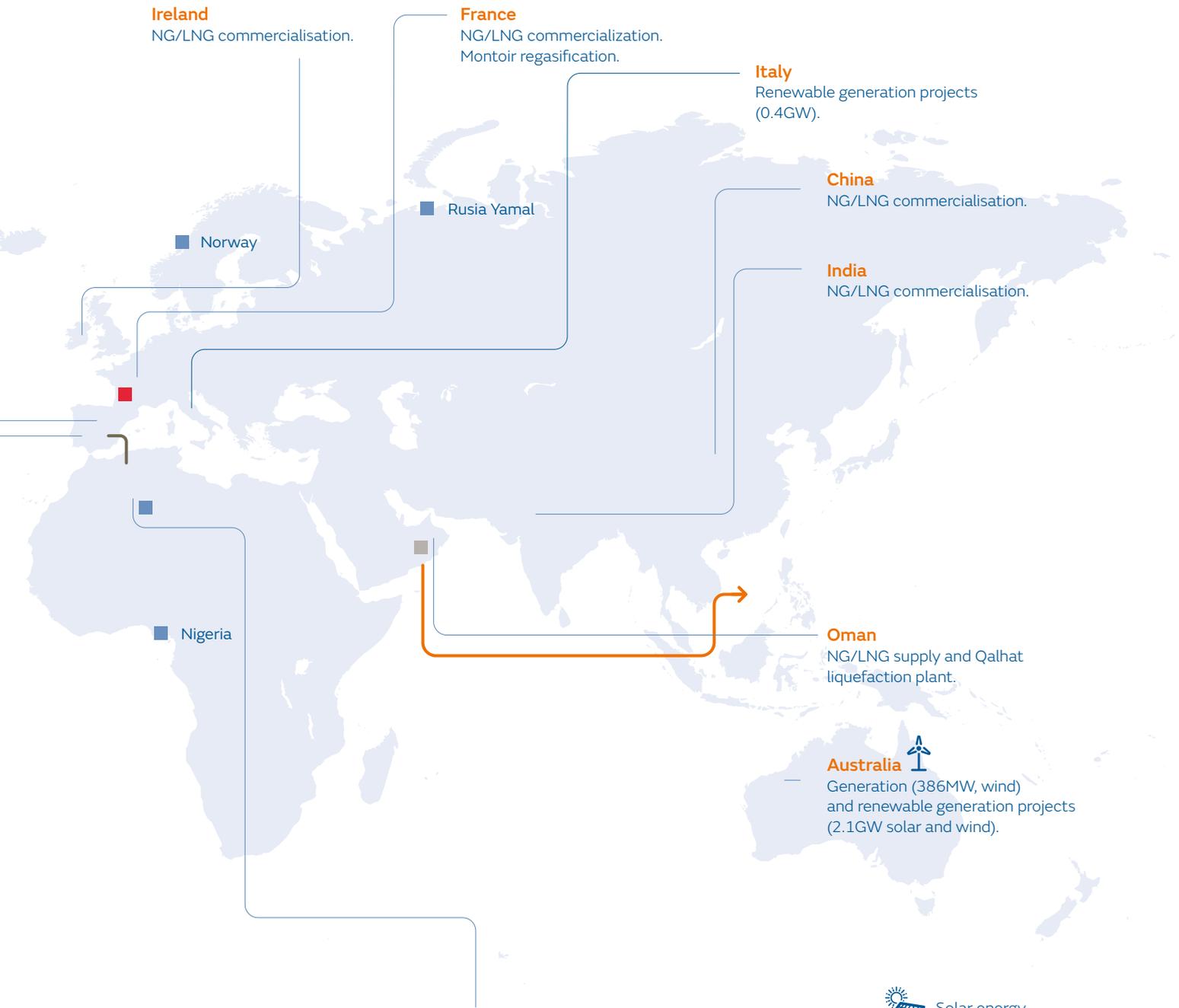
Trinidad and Tobago

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

**Argentina**  
 Gas distribution (5 provinces including Buenos Aires and 2.3 million customers) and electricity distribution (0.3 million customers).

**Brasil**   
 Gas distribution (Rio de Janeiro state, Sao Paulo south and 1.1 million customers), NG/LNG commercialisation and generation (153MW, solar).





**Argelia**  
NG/LNG supply and Medgaz gas pipeline.

 Solar energy.

 Wind energy.

 Hydraulic and mini-hydraulic energy.

 Renewable gases.

# Naturgy’s vision for the future

## Purpose and strategy

On the company’s 180th anniversary, Transforming together, Naturgy’s purpose, retains its values and DNA to define the company’s direction and future. A future that involves transforming the world through energy, tackling with determination the challenges of the energy transition and the demands of society, working with excellence, transparency and the talent of a committed team and together with stakeholders.

In 2023, the macroeconomic scenario influenced by high inflation and the resulting high interest rates that add uncertainty to the economic outlook, the unprecedented volatility in the energy sector, regulatory changes accompanied by an acceleration of energy transition plans in both Europe and the United States, not to mention the prominence of ensuring security and affordability of supply, made it advisable to analyse the evolution of the 2021-2025 Strategic Plan in light of these trends.

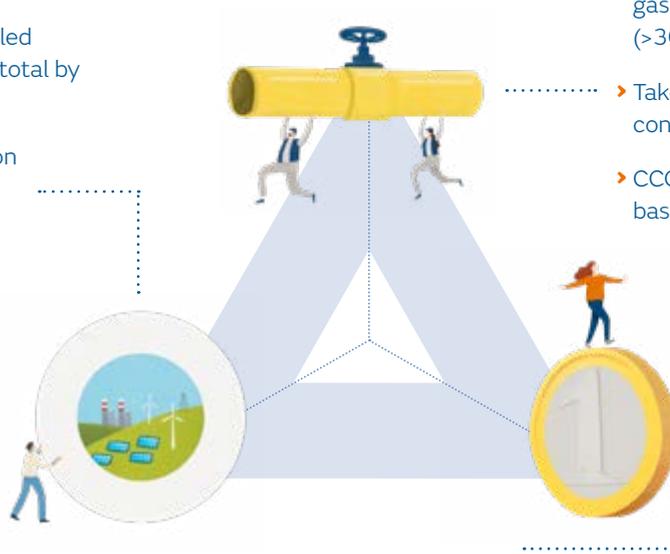
This review, carried out halfway through the plan, incorporates and highlights the role that Naturgy will continue to play as a key player in providing a balanced solution to the energy trilemma.

## The energy transition must balance the trilemma

Naturgy will continue to play a key role in addressing the energy trilemma.

### Sustainability

- › Renewable installed capacity as % of total by 2025: 50%.
- › Increased focus on renewable gases.



### Security of supply

- › Essential role in procuring gas to the Spanish economy (>30% of imported gas).
- › Take or pay risk in gas procurement contracts.
- › CCGTs increased activity/higher baseload needs.

### Competitive and affordable prices

- › 60% of customers benefited from Naturgy’s longterm price initiatives in 2022.
- › Measures to support shift to gas regulated tariffs.

## Who are we?

### Our business model

Naturgy Energy Group, S.A. and its subsidiaries (hereinafter Naturgy) is a group dedicated to the generation, distribution and commercialisation of energy and services in over 24 countries. It supplies gas and electricity to almost 16 million customers. Its installed capacity is 17.1 GW and offers a diversified mix of electricity generation. A resilient model to meet the challenges of the energy transition.

## What are we like?

### Our values

- › **Forward Vision:** innovating for a better future.
- › **People Oriented:** transforming from the most human side.
- › **Excellence Driven:** working with excellence.
- › **One Planet:** for a more sustainable society.

## What do we seek to achieve?

### Our purpose

**Transforming together:** transforming the world through the energy transition and responding to the demands of society and customers. Naturgy wants to do it together with its employees, customers, shareholders and partners.

## How are we going to achieve this?

### Our strategy

- › **Grow:** pursue organic growth consistent with the energy transition and deploy opportunistic asset rotation to speed up the transformation.
- › **Focus on:** renewables and networks activities in stable geographies and regulatory frameworks and reduce volatility in supply commitments.
- › **To be a best-in-class company:** to carry out continuous improvement processes, increasing the digital footprint and reinventing the relationship with customers.
- › **Continue to incorporate ESG aspects:** rooted in the essence of the company, aligned with the SDG and guided by tangible goals to meet commitments.
- › **Change the culture:** drive passion in employees through core values and be aligned with different stakeholders.

## ESG at the core of the company’s vision

Naturgy’s Strategic Plan, as well as the Sustainability Plan emanating thereof, reflect the company’s commitment to the environment, society and governance (ESG).

The main 2025 ESG objectives are as follows:

		2025	2023	2020	
 <b>Environment</b> Zero net emissions by 2050	> GHG emissions reduction.	27%	<b>30%</b>	16%	Reduction of tCO <sub>2</sub> eq (scopes 1+2+3) <sup>(1)</sup> .
	> Biodiversity.	350	<b>353</b>	265	Projects (#).
 <b>Social</b> Gender parity by 2030	> Enhancing diversity.	40%	<b>36%</b>	27%	Women in management posts. Spain.
	> Extending ESG policies in the supply chain	95%	<b>84%</b>	70%	Suppliers audited in ESG.
 <b>Governance</b> ESG-aligned management remuneration	> ESG objectives as part of management incentives.	20%	<b>20%</b>	3%	ESG-linked variable remuneration.
	> Climate change risk and Taxonomy reports.	100%	<b>Partial</b>	Partial	Implementation of TCFD and EU Taxonomy.

<sup>(1)</sup> Vs. 2017. Scopes 1+2 aligned with the 1.5°C scenario and Scope 3 aligned with the WB2D scenario.

# Commitment to sustainability

Naturgy, in its role as an energy company, has the capacity to make a key contribution to the sustainable development and prosperity of the communities and the people with whom it has a relationship through its services. Specifically in relation to the sustainable development agenda currently in force (2030 Agenda and the United Nations Sustainable Development Goals), Naturgy contributes directly and positively to the achievement of the following goals:

Driver	Our values	SDG	Our commitments
<b>Integrity and trust</b>	<ul style="list-style-type: none"> <li>› Excellence Driven</li> </ul>		<ul style="list-style-type: none"> <li>› Integrity and transparency.</li> <li>› Responsible supply chain.</li> </ul>
<b>The opportunity of environmental challenges</b>	<ul style="list-style-type: none"> <li>› Forward Vision</li> <li>› One Planet</li> </ul>		<ul style="list-style-type: none"> <li>› Responsible management of the environment.</li> </ul>
<b>Customer experience</b>	<ul style="list-style-type: none"> <li>› Excellence Driven</li> </ul>		<ul style="list-style-type: none"> <li>› Service excellence.</li> </ul>
<b>Commitment and talent</b>	<ul style="list-style-type: none"> <li>› Forward Vision</li> <li>› People Oriented</li> </ul>		<ul style="list-style-type: none"> <li>› Interest in people.</li> <li>› Health and safety.</li> </ul>
<b>Innovation and new business development</b>	<ul style="list-style-type: none"> <li>› Excellence Driven</li> </ul>		<ul style="list-style-type: none"> <li>› Commitment to results.</li> <li>› Service excellence.</li> </ul>
<b>Social responsibility</b>	<ul style="list-style-type: none"> <li>› People Oriented</li> <li>› Excellence Driven</li> </ul>		<ul style="list-style-type: none"> <li>› Social commitment.</li> <li>› Responsible supply chain.</li> <li>› Integrity and transparency.</li> </ul>



SDGs 7, 11 and 13 are the goals to which the company makes a particular contribution.

# Business model

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

## Sustainability Plan

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

	Target 2025	2023	2022
<b>Driver 1. Integrity and trust</b>			
Sustainable financing and/or financing compatible with energy transitions (green finance, transition bonds...) (million euro)	5,492	<b>7,983</b>	6,923
Meetings held with ESG investors (number)	50	<b>17</b>	24
ESG risk (RepRisk) <sup>(1)</sup>	BBB	<b>BB</b>	B
Cost of resolving cybersecurity incidents (direct, indirect and reputational cost) (euros)/ IT disbursement (%)	0.3	<b>0.0</b>	0.0
Cybersecurity incidents/Millions of attacks (%)	4.7	<b>3.2</b>	2.8
Naturgy Energy Group BitSight International Index	790	<b>780</b>	730
Coverage level of ESG audits over purchase volume with high ESG risk (%)	95.0	<b>84.4</b>	82.7
Purchase volume with acceptance of the Code of Ethics (%)	95.0	<b>96.4</b>	95.4
Implementation of the Social Media Management and Use Guidelines	Implanted	<b>Implanted</b>	Ongoing

Continues >

	Target 2025	2023	2022
Maintain and renew ISO37001 and UNE19601 Certification (anti-bribery and criminal compliance management)	Renew	Yes	Yes
Criminal indictments for corruption-related offences (number)	0	0	0
Annual external audit of the Crime Prevention Model in accordance with article 31 bis of the Criminal Code	Favourable outcome in all subject countries	<b>Favourable outcome in all subject countries</b>	Favourable outcome in all subject countries
Counterparties assessed on the basis of ESG risk (%) <sup>(2)</sup>	100	<b>100</b>	100
Non-financial indicators with qualifications (number)	0	<b>0</b>	0
Publish the Tax Transparency Report	Publish the Tax Transparency Report	<b>In progress</b>	In progress
Degree of compliance with the new recommendations of the CNMV' Good Governance Code (%)	Absorb all modifications to the CNMV's recommendations that may arise and undertake to comply with any others that are not related to the composition of the shareholding structure and the right to proportional representation, or related to previously acquired commitments.	<b>81</b>	81
Adaptation of ICSNFI to ESRS requirements <sup>(1)</sup>	ICSNFI adapted to ESRS	<b>ICSNFI adapted to Law 11/2018, GRI and SASB</b>	N/A
Adaptation of reporting to ESRS requirements <sup>(1)</sup>	SR adapted to ESRS	<b>Requirement analysis initiated</b>	N/A
<b>Driver 2. The opportunity of environmental challenges</b>			
Absolute GHG emissions Scope 1 and Scope 2 (million tCO <sub>2</sub> eq) <sup>(2)</sup>	11.0	<b>12.9</b>	15.1
Absolute GHG emissions Scope 3 (million tCO <sub>2</sub> eq) <sup>(2)</sup>	109.4	<b>101.7</b>	110.1
CO <sub>2</sub> intensity in electricity generation (tCO <sub>2</sub> /GWh) <sup>(2)</sup>	199	<b>247</b>	279

Continues &gt;

	Target 2025	2023	2022
Installed capacity from renewable sources (%) <sup>(2)</sup>	48	<b>37</b>	34
Capacity free of emissions (%) <sup>(1)</sup>	51.1	<b>41.0</b>	37.5
Renewable gases (TWh) <sup>(2)</sup>	0.52	<b>0.30</b>	0.22
Water consumption (hm <sup>3</sup> ) <sup>(2)</sup>	14.7	<b>17.0</b>	18.8
Intensity of water consumption in generation (hm <sup>3</sup> /TWh) <sup>(1)</sup>	0.31	<b>0.39</b>	0.40
Waste produced (kt)	110	<b>115</b>	94
Recycled or recovered waste (%) <sup>(2)</sup>	93	<b>95</b>	92
Atmospheric emissions SO <sub>2</sub> (kt) <sup>(1)</sup>	0.89	<b>0.68</b>	0.83
Atmospheric emissions NO <sub>x</sub> (kt) <sup>(1)</sup>	8.82	<b>8.18</b>	8.14
Initiatives to improve biodiversity (number)	350	<b>353</b>	345
TNFD recommendations <sup>(3)</sup> implementation at corporate level (%) <sup>(1)</sup>	100	<b>25</b>	N/A
Activity with ISO 14001 environmental certification (% Ebitda) <sup>(4)</sup>	95.0	<b>97.2</b>	97.9
Calculation of physical climate and energy transition risks at corporate level (50%) and at business unit level (100%) (%)	100	<b>75</b>	50
Eligible Capex according to European Taxonomy (%)	80	<b>79</b>	67
<b>Driver 3. Customer experience</b>			
Net Promoter Score (NPS) Spain commercialisation (global) (%) <sup>(2)</sup>	45.0	<b>27.0</b>	20.8
Net Promoter Score (NPS) Argentina BAN (global) (%) <sup>(2)</sup>	57.5	<b>57.4</b>	46.0
Net Promoter Score (NPS) Argentina Gasnor (global) (%) <sup>(1)</sup>	pending	<b>64.1</b>	N/A
Net Promoter Score (NPS) Brazil (global) (%) <sup>(2)</sup>	60.0	<b>58.7</b>	52.1

Continues &gt;

	Target 2025	2023	2022
Net Promoter Score (NPS) Chile Metrogas (global) (%)	65.0	<b>68.0</b>	56.2
Net Promoter Score (NPS) Mexico (global) (%) <sup>(2)</sup>	46.0	<b>73.0</b>	39.4
Net Promoter Score (NPS) Panama (customer service) (%) <sup>(2)</sup>	20.0	<b>7.0</b>	7.4
Global satisfaction with service quality (1-10) <sup>(2)</sup>	8.5	<b>8.0</b>	7.6
No. of complaints registered / No. of contacts (%) <sup>(2)</sup>	4.05	<b>4.57</b>	4.84
Customers with online billing (%) <sup>(1)</sup>	60.0	<b>31.2</b>	Not available
Interaction with digital channels. Spain (%) <sup>(1)</sup>	53.0	<b>47.6</b>	44.2
Interaction with digital channels. Latin America (%) <sup>(1)</sup>	50.0	<b>31.1</b>	Not available
Installed Photovoltaic self-consumption capacity. Spain (MW) <sup>(1)(5)</sup>	308	<b>50</b>	17
Photovoltaic self-consumption facilities. Spain (number) <sup>(1)(5)</sup>	29,889	<b>2,779</b>	2,725
Electricity sold with renewable GoO. Spain (GWh) <sup>(1)</sup>	11,724	<b>10,490</b>	9,878
Volume of offset emissions. Spain (ktCO <sub>2</sub> eq) <sup>(1)</sup>	420	<b>444</b>	487
<b>Driver 4. Commitment and talent</b>			
People trained out of the total number of employees included in talent transformation programmes (%)	75.0	<b>81.7</b>	83.5
Training per employee (hours)	> 35.0	<b>41.5</b>	35.9
Women in management posts. Spain (%)	40.0	<b>36.2</b>	33.7
Diversity of skills (out of total) (%)	2.5	<b>1.6</b>	1.6
Employees under 30 years of age (%)	10	<b>6</b>	5

Continues &gt;

	Target 2025	2023	2022
Promoter employees (%)		<b>49</b>	32
Own staff lost time accidents frequency rate (OSHA criterion)		<b>0.13</b>	0.12
Own staff lost time accident severity rate (OSHA criterion)		<b>5.62</b>	5.66
Absenteeism rate due to common contingency (%)		<b>1.8</b>	2.6
<b>Driver 5. Innovation and new business development</b>			
Energy billed for mobility services (GWh)	1,377	<b>793</b>	933
Managed recharging points for NG-LNG vehicles (number)	19	<b>13</b>	13
Recharging points for electrical vehicles (number)	5,000	<b>593</b>	394
Customers acquired for self-consumption products (number)	2,886	<b>3,121</b>	2,725
Storage capacity. Spain (MWh) <sup>(1)</sup>	240	<b>0</b>	0
Storage power. Spain (MW) <sup>(1)</sup>	120	<b>0</b>	0
Signals remotely monitored / MW installed renewable technologies (number)	240	<b>176</b>	162
ICEIT. Spain (minutes)	36.4	<b>30.7</b>	35.4
Investment in innovation over EBITDA (%)	> 2	<b>1.54</b>	1.52
Open innovation and technological innovation Totex (million euro) <sup>(1)</sup>	249	<b>85</b>	75

Continues &gt;

	Target 2025	2023	2022
<b>Driver 6. Social responsibility</b>			
Attendees at energy efficiency workshops in Spain (number)	7,900	<b>4,134</b>	3,942
Energy rehabilitations. Spain (number)	> 5,000	<b>4,435</b>	3,625
Volunteers (number)	1,000	<b>908</b>	646
Collaborating social entities (number)	20	<b>47</b>	31
Initiatives with impact assessment (%)	100	<b>50</b>	33
Total social investment <sup>(6)</sup> (million euro)	> 8	<b>11</b>	11
Purchase volume assigned to local suppliers (%)	> 85.0	<b>89.9</b>	80.4

<sup>(1)</sup> New targets included in 2023 in the review of the 2025 Strategic Plan.

<sup>(2)</sup> Targets reviewed in 2023 in the review of the 2025 Strategic Plan.

<sup>(3)</sup> Task force on nature-related financial disclosures (TNFD).

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

<sup>(5)</sup> Lower increase than expected due to a drop in domestic sector contracting due to higher financing costs and lower energy costs.

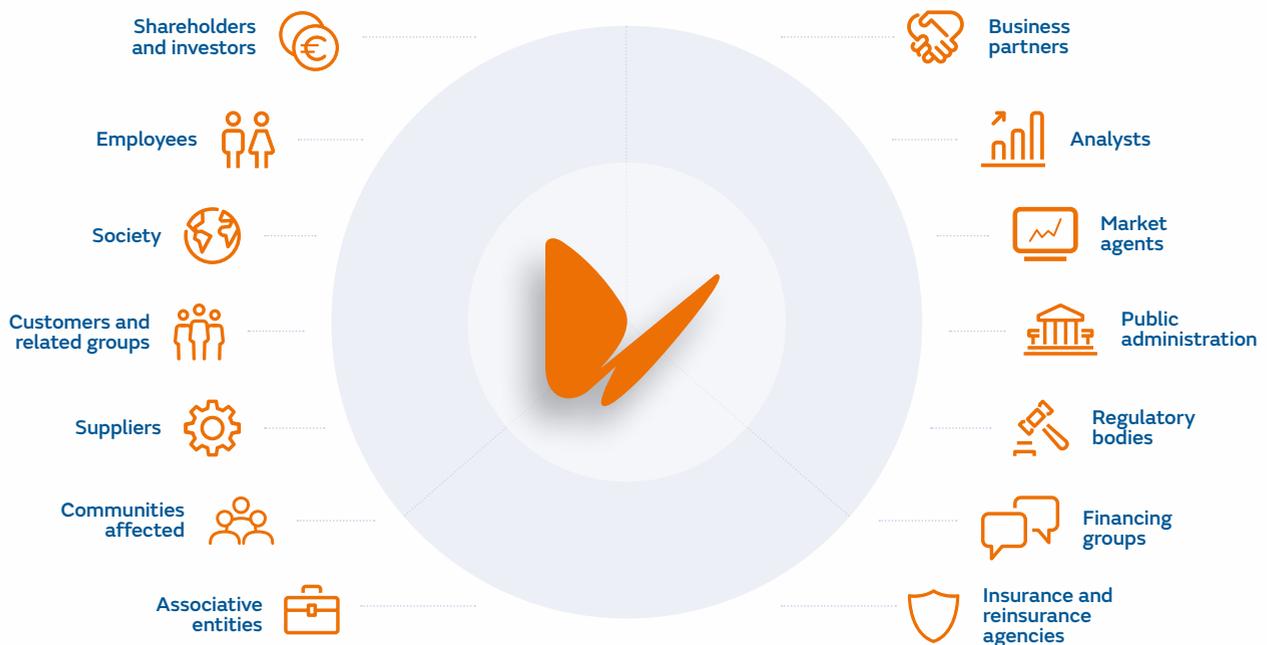
<sup>(6)</sup> Includes social investment in the local community and philanthropic investment. It is estimated that when a methodology for assessing social impact is available, these figures will vary and definitive objectives will be established.

Naturgy transformed and refocused its business **towards the energy transition through** a strategy based on promoting **renewable energies** and a sustainable **business model**.

# Naturgy's stakeholders

Over the last decade, the regulator has become increasingly aware of the need for companies to openly incorporate stakeholder concerns into their decision-making so that they can effectively generate social good in the course of their activities.

As part of its sustainability management, Naturgy systematically incorporates the vision of stakeholders in its decision-making, by establishing two-way relationship and dissemination channels. Creating relationships of trust based on transparency and the creation of shared value is key to the development of competitive advantages for Naturgy and to contributing to the development of the communities in which it operates.



## Relationship management



**Governance**



**Management framework**

- › Sustainability, Reputation and Institutional Relations Department, reporting directly to the company's chief executive.
- › The functioning of these relationship and disclosure channels, and the results of the consultations and comments received from stakeholders are regularly reported to the Sustainability Committee and the Board of Directors.
- › Corporate Responsibility Policy, which establishes for the entire group the common framework for action that guides the company's socially responsible behaviour and includes the company's commitments to its different stakeholders and assumes the obligation to establish channels of dialogue.

## Adapted communication channels

Naturgy has several of its own communication channels to offer the best service to all its stakeholders. In addition to consultation and outreach actions as part of the dialogue with shareholders and investors, customers and related groups, employees, suppliers and society in general, the company carries out transparency, awareness-raising, dissemination of knowledge on energy and the environment and constructive dialogue with stakeholders.


**01**
**Shareholders and investors**

**02**
**Employees**

**03**
**Society**

**04**
**Customers and related groups**

**05**
**Suppliers**

**06**
**Communities affected**

**01. Corporate website** with specialised financial information, and shareholder office as a meeting point and service for minority investors | **Meetings between representatives** of the company's management team and the Rating and Capital Market Department and analysts and institutional investors.

**02. Engagement surveys and easurements** | Information meetings and communications.

**03. Participation in forums and debates** related to the energy sector | **Publications** on various subjects | Energy savings **awareness campaign** in mass media.

**04. Quality surveys** and reasons for dropping out | **Focus groups** with clients and agents | **Meetings and working groups** | Informative **content delivery**.

**05. Audits, improvement plans and training** for supplier development | **Survey, communications and contact channels**.

**06. Education and awareness-raising actions** for different audiences | **Training actions** to boost local employment | **Agreements and alliances** with various local collectives.

## Presence in trade associations

The enormous challenge of the energy transition cannot be tackled unilaterally; involving other players, such as business associations, is a relevant element in achieving the company's targets. Under this premise, Naturgy prioritises 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**

More than **216** relevant participations in **13** countries.

**€2,852,881** Investment equal.

**15** of the 20 entities with an impact on the fight against climate change are fully aligned with Naturgy's commitments in relation to this matter and the Paris Agreement

# 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 its stakeholders.

## Highlights of the year



- › Formulation by the Board of Directors of the policy that complies with the requirements of Law 2/2023 regulating the protection of persons who report regulatory infringements and the fight against corruption, and implementation of an Internal Reporting System and its management procedure.
- › Adaptation of the reporting channel to the requirements of Law 2/2023.
- › Implementation of the Internal Control System for Non-Financial Information with the aim of defining the set of processes that Naturgy carries out to provide reasonable assurance on the reliability of the non-financial information published by the company.
- › Naturgy received 110 requests for information from the Spanish Data Protection Agency, all of which were duly dealt with and, at the date of writing this report, none of them had resulted in a sanction.
- › 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 is 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 remaining tenders, the possibility of voluntarily including a certificate verifying the measurement of its carbon footprint by an accredited entity as part of its technical offer is maintained, and that this is positively valued by Naturgy in the award decision.
- › Naturgy contractually requires suppliers categorised as high risk in climate change and with a large volume of contracted purchases to report their degree of performance in climate matters each year through questionnaires on the CDP Supply Chain platform. A total of 238 Naturgy suppliers were requested to report their information through CDP Supply Chain.

## Compliance

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

## Evolution and results

	2023	2022
Communications received by the Ethics and Compliance Committee	109	61
No. of notifications received per 200 employees	2.3	1.2
Average time for resolving notifications (days)	94	78
Audit projects analysed on the basis of the risk of fraud	77	89
Notifications received in the area of human rights	0	0
Number of persons trained on the Human Rights Policy <sup>(1)</sup>	7,595	7,205

<sup>(1)</sup> Cumulative data, since 2011, when training in this area began. 390 persons trained on the Human Rights Policy in 2023.

## Naturgy's policies, codes, standards and procedures



- › ISO 14001
- › ISO 27001
- › ISO 37001
- › NIST SP 500-53
- › ISA 62441
- › UNE 19601
- › ISO 45001
- › ISO 45005
- › ISO 50001
- › ISO 9001



- › Crime Prevention Model.
- › Compliance Policy.
- › Anti-Corruption Policy.
- › Corporate Hospitality Policy.
- › Tax Risks Control and Management Policy.
- › Human Rights Policy.
- › Institutional Relations Policy.
- › Internal Reporting System Policy.



- › Code of Ethics.
- › Supplier Code of Ethics.
- › Code of Good Tax Practices.
- › Counterparty Due Diligence Procedure.
- › General Procedure of Sponsorship and Donations
- › Measures for the prevention of money laundering

## Corporate governance

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

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

## Risk management

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

### Integrated Risk Management and Control System

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

The categories for each risk typology are:

Economic	Financial	Operators	Reputational/ Sustainability	Strategic
Commodity	Credit	Operational	Reputation and ESG	Long-term commodity exposure
Exchange rate	Interest rate	Security	Compliance	Capital employed by geography
Regulatory	Taxation	Business continuity and crisis management	Customer satisfaction	Risk profile regulated businesses
Volume	Liquidity	Fraud	Climate change	Exposure to soft currency
Margin / Price	Rating	Cybersecurity		Exposure to merchant businesses
Legal	Provisions and guarantees	Data protection		
		Environment and biodiversity		
		Health and safety		

## Emerging strategic risks



### Long-term commodity exposure

- ▶ Highly complex events such as pandemics and geostrategic conflicts have global repercussions, one of the most affected sectors being the energy sector, with potential increases in the price of natural gas and oil, and extreme volatility in daily prices.
- ▶ Naturgy monitors the state and evolution of the geopolitical situation through continuous monitoring of macroeconomic and business variables. In addition, the Energy Balance, Risk and Trading Committee monitors the evolution of energy commodities and their indices.



### Supply chain volatility and dependencies

- ▶ Globalisation has given rise to interconnected and interdependent economies, creating a situation of high vulnerability in supply chains.
- ▶ The Asian market emerges as a relevant uncertainty factor, given the heavy dependence of processed renewable components on Chinese exports. Also, transport problems and direct restrictions on the import of technology components to Europe could lead to higher material costs and delays of ongoing renewable projects.
- ▶ Naturgy has taken the following actions to mitigate the effects of this risk with the suppliers of photovoltaic panels, wind turbines and batteries.

## Supply chain

Naturgy, aware that the risk in relation to the integrity of the company goes far beyond its operations, has a policy of responsible management of its supply chain. To minimise risks in terms of the environment, health and safety, human rights, labour practices or corruption and to guarantee adequate management, Naturgy has mechanisms in place to evaluate and select suppliers. The **Supplier Code of Ethics** ensures compliance with the principles set out in the company's Code of Ethics.

## Evolution and results

	2023	2022
Total number of suppliers	<b>5,678</b>	5,951
Total purchase volume awarded <sup>(1) (2)</sup> (million euro)	<b>2,802</b>	2,643
Assessment of ESG suppliers <sup>(3)</sup> (number)	<b>5,837</b>	6,065
Number of critical suppliers	<b>1,422</b>	1,241
Official-approval suspended suppliers (number)	<b>0</b>	1

<sup>(1)</sup> These data include information from Argentina, Australia, Brazil, Chile, Costa Rica, the Dominican Republic, Israel, Italy, Mexico, Panama, Spain and the USA. The remaining data and indicators of the supply chain that appear in the report do not include the information from the Renewable Business in the United States, Dominican Republic, Italy, Brazil, Chile and Israel, nor that of the last four months of the year from the Gas Networks Business in Spain due to system changes.

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

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

# The opportunity of environmental challenges

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

## Evolution and results

	Target 2025	2023	2022	Base year 2017
Activity with environmental certification according to ISO 14001 <sup>(4)</sup> (%)	95	<b>97.2</b>	97.9	87.7
Calculation of physical climate and energy transition risks at corporate level (50%) and at business unit level (100%) (%)	100	<b>75</b>	50	N/A
Eligible Capex according to European Taxonomy (%)	80	<b>79</b>	67	N/A
Absolute GHG emissions Scope 1 and Scope 2 (million tCO <sub>2</sub> eq) <sup>(2)</sup>	11.0	<b>12.9</b>	15.1	21.8
Absolute GHG emissions Scope 3 (million tCO <sub>2</sub> eq) <sup>(2)</sup>	109.4	<b>101.7</b>	110.1	142.6
CO <sub>2</sub> intensity in electricity generation (tCO <sub>2</sub> /GWh) <sup>(2)</sup>	199	<b>247</b>	279	388
Capacity free of emissions (%) <sup>(1)</sup>	51.10	<b>40.95</b>	37.50	26.00
Installed capacity from renewable sources (%) <sup>(2)</sup>	48.2	<b>37.0</b>	33.7	22.0
Renewable gases (TWh) <sup>(2)</sup>	0.52	<b>0.30</b>	0.22	N/A
Water consumption (hm <sup>3</sup> ) <sup>(2)</sup>	14.70	<b>17.00</b>	18.80	28.00
Intensity of water consumption in generation (hm <sup>3</sup> /TWh) <sup>(1)</sup>	0.31	<b>0.39</b>	0.40	0.60
Waste produced (kt)	110	<b>115</b>	94	824
Recycled or recovered waste (%) <sup>(2)</sup>	93	<b>95</b>	92	33
Atmospheric emissions SO <sub>2</sub> (kt) <sup>(1)</sup>	0.9	<b>0.7</b>	0.8	19.2
Atmospheric emissions NO <sub>x</sub> (kt) <sup>(1)</sup>	8.8	<b>8.2</b>	8.1	29.3
Initiatives to improve biodiversity (number)	350	<b>353</b>	345	N/A
TNFD recommendations <sup>(3)</sup> implementation at corporate level (%) <sup>(1)</sup>	100	<b>25</b>	N/A	N/A

<sup>(1)</sup> Targets included in 2023 in the review of the 2025 Strategic Plan.

<sup>(2)</sup> Targets reviewed in 2023 in the review of the 2025 Strategic Plan.

<sup>(3)</sup> Task force on nature-related financial disclosures (TNFD).

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

# Climate change and energy transition: TCFD Report

## Climate strategy

Naturgy's climate change strategy for the energy transition includes the components of Nature and People, as they are complementary and mutually influential realities.

### The main lines of climate action reflected in the 2021-2025 Strategic Plan, updated in 2023



#### The main lines

- › Promote renewable energies and encourage their integration through the development of smart networks.
- › Ensure security of supply in the energy transition to 100% renewable energy, using gas combined-cycle power stations as back-up power. It is an eligible technology according to European taxonomy and with a reduced level of specific CO<sub>2</sub> emissions compared to conventional thermal generation.
- › Develop renewable gases as a lever for decarbonisation of natural gas and in this way promote the circular economy through biomethane from organic waste and green hydrogen produced with surplus renewable electricity.
- › Promote energy eco-efficiency in own and customers' facilities.
- › Offer eco-efficient and carbon neutral products and services at competitive prices to our customers.
- › Promote sustainable mobility that reduces GHG emissions and air pollution, helping to improve air quality.

the company has policies, procedures and governing bodies that enable to be **responsible, transparent and committed** to all its stakeholders.

## Management of climate change risks and opportunities

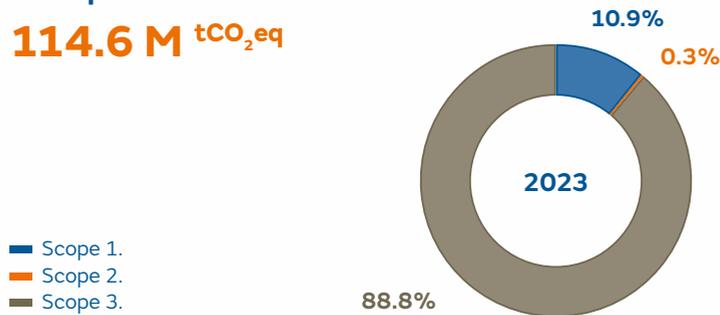
Classification of Physical and Transition Risks and Opportunities according to the TCFD.

Risk		Opportunities	
Physical	Transition	Physical	Transition
<p><b>Acute</b></p> <p>Increased severity of extreme weather events such as cyclones, hurricanes or flooding.</p>	<p><b>Political-legal</b></p> <p>Climate change policy developments.</p>	<p><b>Acute</b></p> <p>Revenue growth due to increased electricity demand in the face of increasing frequency of extreme cold and heatwaves.</p>	<p><b>Energy sources</b></p> <p>Investment in renewable energy generation.</p>
<p><b>Chronic</b></p> <p>Long-term changes in weather patterns (rising sea levels and temperatures, changes in precipitation patterns, etc.).</p>	<p><b>Market</b></p> <p>Changes in supply and demand for certain raw materials, products and services.</p>	<p><b>Chronic</b></p> <p>Revenue growth due to increased electricity demand from warmer temperatures.</p>	<p><b>Products and services</b></p> <p>Developing low-emission products and services to take advantage of changing preferences.</p>
	<p><b>Technology</b></p> <p>Structural technological changes favouring the transition to a lower carbon and more energy-efficient system.</p>		<p><b>Market</b></p> <p>New markets or diversification of activities.</p>
	<p><b>Reputational</b></p> <p>Changes in perceptions of contribution or detraction to the transition to a lower carbon economy.</p>		<p><b>Resource efficiency</b></p> <p>Improving the efficiency of production and distribution processes.</p>
			<p><b>Resilience</b></p> <p>Climate resilience to better manage the associated risks and opportunities.</p>

## The carbon footprint at a glance

### Footprint 2023

**114.6 M tCO<sub>2</sub>eq**



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

### Carbon footprint reduction between 2017 and 2023

↓ **41%**

Emissions scopes 1 and 2

↓ **30%**

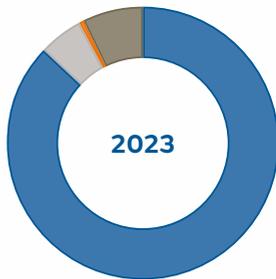
Total carbon footprint (scopes 1, 2 and 3)

**Scope 1**  
Direct emissions

**12,5 M tCO<sub>2</sub>eq**

Scope 1 reduction between 2017 and 2023

↓ **39%**



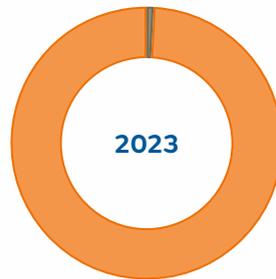
■ Electricity generation.

**Scope 2**  
Indirect emissions

**0,4 M tCO<sub>2</sub>eq**

Scope 2 reduction between 2017 and 2023

↓ **69%**



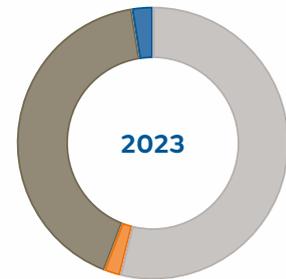
■ Electricity distribution.

**Scope 3**  
Other indirect emissions

**101,7 M tCO<sub>2</sub>eq**

Scope 3 reduction between 2017 and 2023

↓ **29%**



■ Gas distribution.

■ Procurement, LNG and gas commercialisation.



**87%**

Fossil-fired thermal power stations.



**98%**

Losses in electricity distribution grids.



**95%**

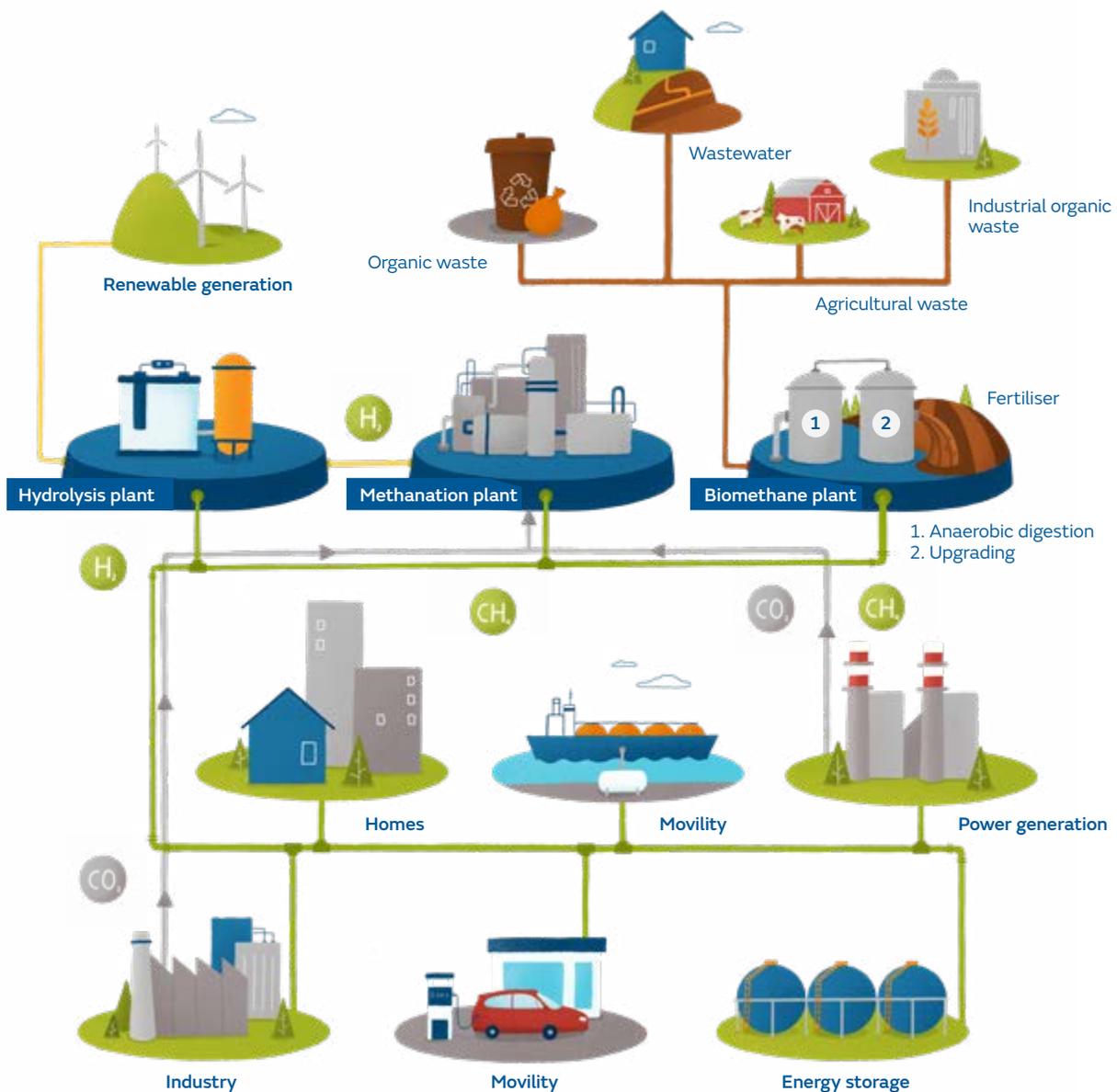
customer emissions of distributed and marketed gas.

Total offset emissions in 2023 **459.595 tCO<sub>2</sub>eq**

# Circular economy and eco-efficiency

## Renewable gas

Renewable gases are gaseous fuels that come from or are produced from renewable sources. Within the energy sector, biomethane, renewable hydrogen or synthetic gas obtained from renewable energy surpluses should be highlighted. One of Naturgy's strategic lines of action in circular economy is to promote this type of fuels, so that they gradually replace fossil gas, promoting a circular and decarbonised model, as they are neutral in greenhouse gas emissions





### Accessible biomethane potential in Spain

163 TWh/year.  
This would represent 40% of annual demand.



### CO<sub>2</sub> emissions abatement potential

Above 50 MtCO<sub>2</sub>eq/year, assuming a carbon footprint abatement ratio of 0.31 MtCO<sub>2</sub>eq/TWh. This is equivalent to 23% of the national 2030 target of the National Integrated Energy and Climate Plan (PNIEC).



### Investment for plant development

Euros 40,495 million for the whole country.  
Equivalent to 3.61% of national GDP.

## Biodiversity and natural capital

### Strategy

Naturgy integrates biodiversity in a global manner with the axes of the energy transition towards decarbonisation, climate, nature and people. As they are complementary and mutually influential realities, this approach takes a holistic view and focuses on building natural capital and restoring ecosystems to maximise CO<sub>2</sub> capture and neutralise emissions, ensuring the protection of native fauna and flora and maximising benefits for local communities. Biodiversity is therefore integrated into strategic management as presented below:

#### Commitment and leadership

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

#### Risks and opportunities

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

#### Preventive approach

In construction, operation and decommissioning, applying the mitigation hierarchy.

#### Action in nature

GHG reduction, circular economy and biodiversity initiatives.

#### Transparency and dialogue

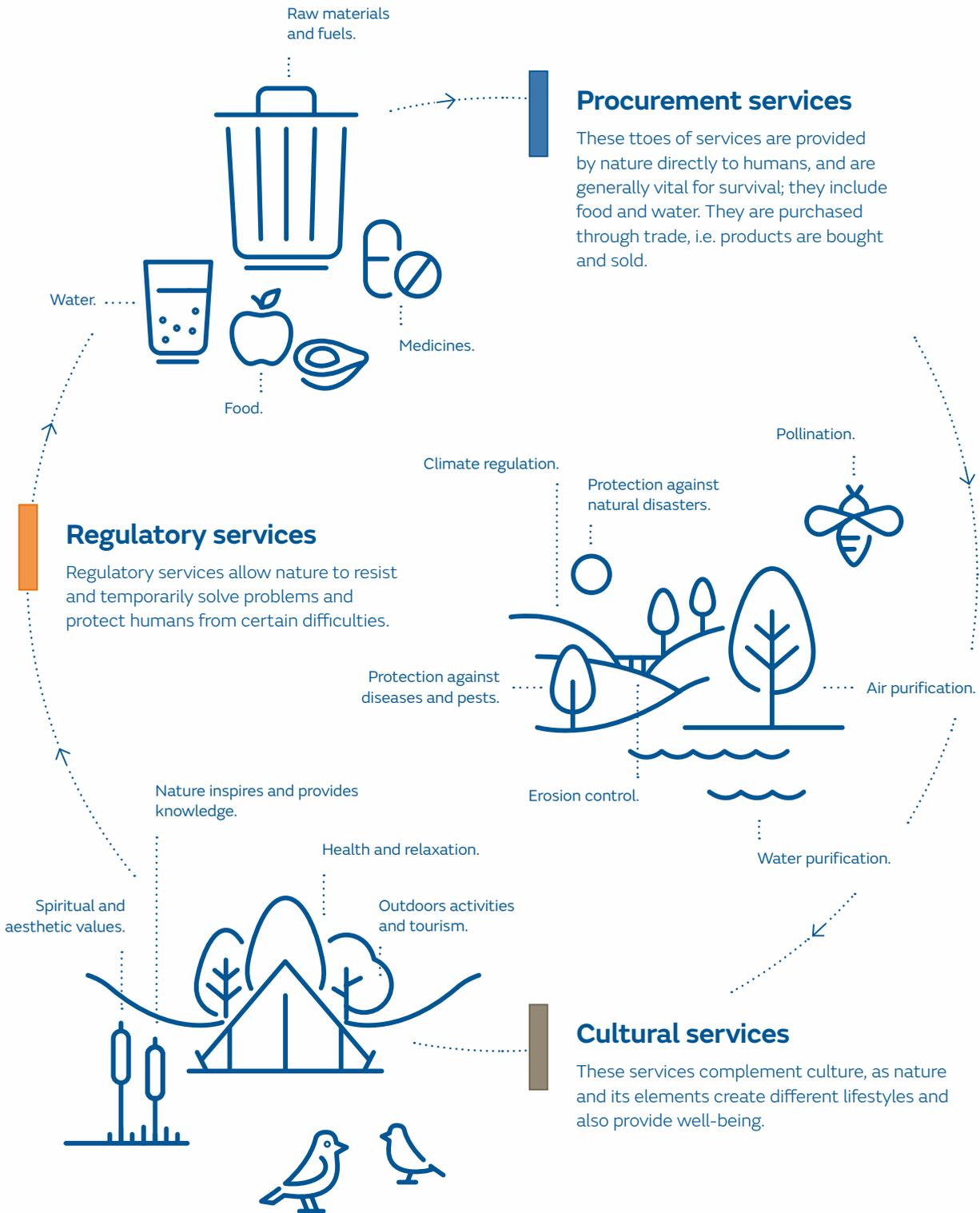
constructive engagement with stakeholders on nature issues.

#### Monitoring and tracking

using specialised tools, of the scorecard with objectives and key indicators.

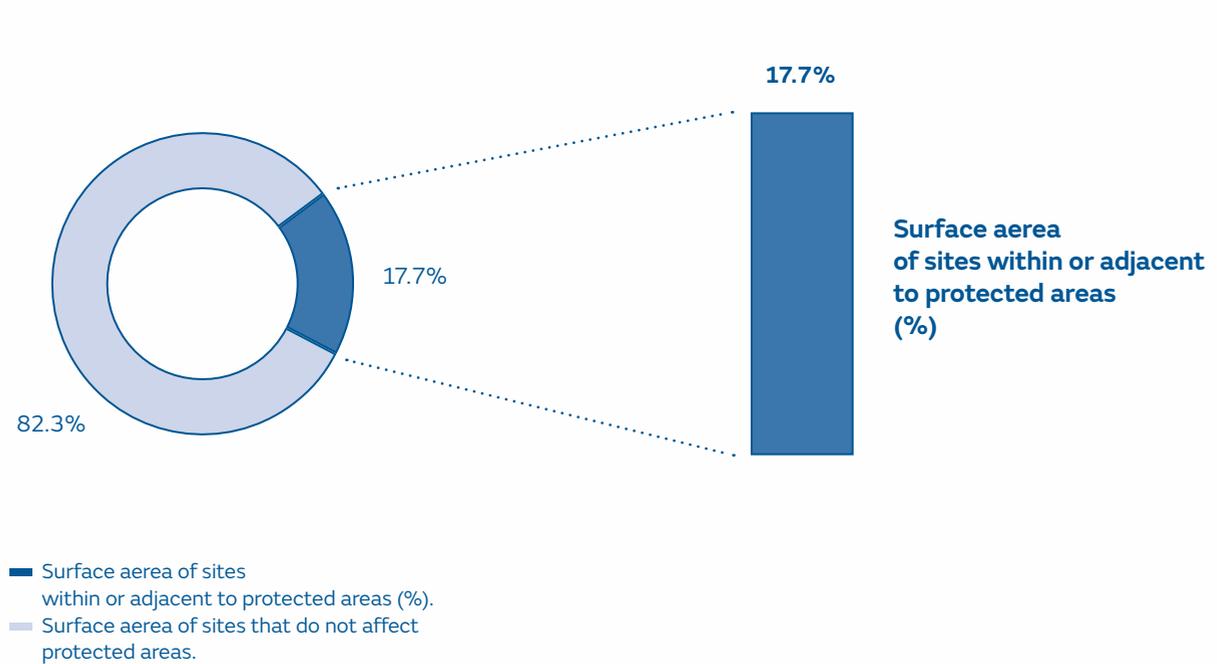
# Risk and opportunity management

## Assessment of dependencies and impacts on nature



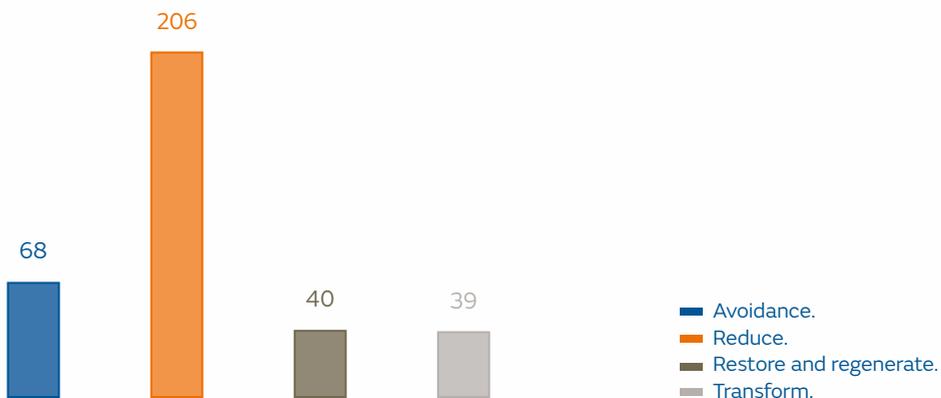
## Metrics and targets

### Impact on areas of high biodiversity or protected natural areas



### Biodiversity initiatives

Naturgy aims to implement at least 350 biodiversity initiatives by 2025. These are improvement initiatives that are developed throughout the life cycle of the facilities (construction, operation, decommissioning) in order to reduce and offset the negative impacts on biodiversity. These actions can be classified according to the mitigation hierarchy.



# 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 energy company of reference, and to this end accompanies, cares for and advises its customers with the aim of receiving the best service at the lowest possible price.

## Highlights of the year



- › Naturgy has extended the price reduction initiative started in 2022, both in electricity and gas, to more than 2 million customers (residential and SMEs). Of these, 1.5 million have benefited from a reduction of more than 30% in the variable energy price.
- › The company has maintained its commitment to sustainability, achieving an important milestone by having more than 1,600,000 contracts with eco electricity certificates (through Guarantees of Origin mechanisms - GoO) and 480,000 contracts with eco gas certificates (through Certified Emission Reduction Certificates - CERs). These certificates are a sign of the company's commitment to the environment and the fight against climate change.
- › For the first time, biomethane with guaranteed renewable gas origin has been marketed in Spain, either its own or purchased on the market, specifically 7,596 MWh.
- › Naturgy's online business in Spain has consolidated its growth position of previous years by increasing by 16% the sale of electricity, which has accounted for 17.0% of Naturgy's sales.
- › In the Latin American subsidiaries, promotion and general improvement of digital channels, voice recognition systems and the incorporation of new functionalities that allow customers to manage supply-related aspects autonomously.

## A tailored value proposition

Naturgy, committed to bringing peace of mind and care to its customers, has continued with the measures aimed at mitigating the impact of energy prices on household economies launched in 2021, while at the same time launching several initiatives to protect the commercial and industrial fabric.

## Naturgy's commercial strategy in Spain

- › **Commercial offer**, committed to the energy transition, based on eco-efficient, simple and customisable products, and with its traditional portfolio of services and equipment.
- › **Improving the customer experience in contracting**, in order to be an accessible and close agent for the customer from the outset, with a clear, understandable and traceable contracting process.
- › **Tools to strengthen the sales channel**, given the increasing digitalisation and automation of processes, it is important to have commercial capacity and agility to improve the customer experience.

## Customer relations

For Naturgy, customers are at the centre of all operations. In order to provide the quality service demanded by the company's standards, Naturgy takes the utmost care in the service it provides to its customers so that it is agile and efficient and a benchmark in the sector, all while complying with legal and profitability requirements. To this end, it is essential to establish an active dialogue that makes it possible to discern the needs and to resolve doubts, claims and complaints in the most satisfactory way for the customer.

### Digital channels

- › Websites and web spaces.
- › Virtual assistants (Pepe).
- › Own and third-party apps (WhatsApp)
- › Loyalty and customer acquisition programmes (Friends & Naturgy).
- › Customer registration areas.
- › Social networks (Facebook, Twitter, Instagram, LinkedIn).
- › Digital spaces for customer attention and processing of procedures
- › Institutional, commercial, thematic posts.

### Customer service



Naturgy's customer service model is based on proximity, simplicity and multi-channelling.

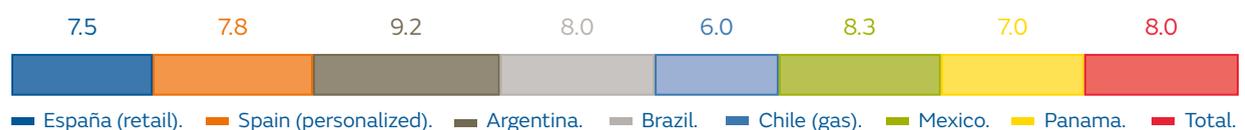
- › Telephone channel .
- › Digital channel.
- › Face-to-face channel.
- › Personal management.
- › Stores.
- › Guarantee office management.

### Complaints management by business and country

	2023			
	Total complaints received in the year	No. of claims in portfolio	No. of complaints received/No. of contacts (%)	Mean Time to Resolve MTTR (days)
Gas distribution Spain	336,496	8,629	4.3	10.0
Electricity distribution Spain	242,730	7,888	16.1	14.0
Commercialisation Spain	697,177	3,840	4.0	<sup>(1)</sup>
Electricity Distribution Argentina	34,892	552	13.9	3.0
Gas Distribution Argentina	32,198	529	2.6	11.0
Brazil	52,321	153	2.8	4.0
Chile	16,574	390	2.3	4.4
Mexico	182,549	1,082	13.5	4.0
Panama	51,837	523	1.2	9.0

<sup>(1)</sup> TMR retail: 11.2 and customised MTTR: 36.6.

### Overall satisfaction with service quality



# Commitment and talent

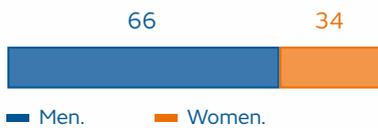
## Interest in people

Naturgy upholds a firm commitment to people and their development, promoting their leading role at the centre of the company’s decisions. The strategy of boosting “360° Commitment” evolves towards the Group’s culture and professional experience, where well-being and sustainability are central concepts, leveraged by inclusive leadership, flexible models and environments for connecting talent and continuous learning, as promoters of motivation, recognition and transformation in Naturgy.

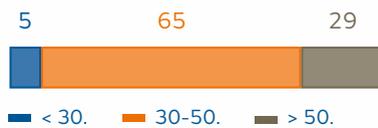


### Evolution and results

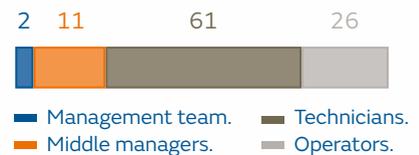
#### Gender



#### Age



#### Professional category



**6,883**

No. of employees. <sup>(1)</sup>

**5.9%**

Employees under 30 years of age.

**36.2%**

Women in management posts. **Spain**

**265,465**

Training hours.

**49%**

Promoter employees.

<sup>(1)</sup> Consolidated staff 2023 Group: 7,010 = 6,883 managed staff + 148 people in Spain from companies consolidated by the equity method - 21 people from coal-fired power stations.

### Diversity targets acquired in the 2021-2025 Strategic Plan

**40%**

Female presence at executive and managerial levels.

**10%**

Employees under 30 years of age.

**40%**

Promoters.

## Highlights of the year



- › Opening of the School of Happiness within the Corporate University, through which a training experience and connection with the main trends, tools, experiences and practices in the field of well-being is provided.
- › The end of the 360° Assessment cycle, a key process in the company's management and executive talent management. A series of feedback and development actions have been deployed in support of the ADGs (Annual Development Goals) that each participant has defined for improvement.
- › Signing of Naturgy's Equality Plan 2023-2027 and signing of the Protocol on sexual and/or gender-based harassment, with adaptation to Law 2/2023 of 20 February.
- › Carrying out training hours on diversity, communication strategies and inclusive treatment for LGBTI+ people. Also training in global work-life balance management for managers, and training on prejudices, stereotypes and unconscious biases in the workplace.
- › Approval of a new health and safety plan 2024-2025 by the Management Committee which will contribute to the achievement of the health and safety commitments and targets assumed by the Board of Directors.
- › Carrying out the psychosocial assessment process at a global level, which takes into account new emerging risks and forms of work organisation adapted to the reality of the company and changes in the environment with the aim of improving health and well-being within the organisation.
- › Implementation of a new analytical tool for the periodic monitoring and control of the activity of digital identities issued by the Telematic Management Support Office in Spain (OSGT), either for the representation of Naturgy before the different Public Administrations or the issuance of financial transactions with certain banks.

## Health and safety

With a comprehensive vision, Naturgy maintains a strong commitment to the health and safety and well-being 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, which can be extended to collaborating companies.

### Evolution and results

**9**

Lost time accidents  
(8 - 2022)

**383**

Days lost due to accidents  
(392 - 2022)

**0**

Deaths  
(0 - 2022)

**0.13**

Lost time accidents frequency rate  
(0.12 - 2022)

**5.62**

Lost time accidents severity rate  
(5.66 - 2022)

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

### Risk assessment and management mechanisms

**8,670**

Preventive Safety  
observations.

**22,312**

Documented occupational  
safety inspections.

**5,976**

Zero Tolerance records  
and preventive stoppages  
of work.

**100%**

Investigation of accidents.

# 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 combat climate change and evolve towards technological solutions that promote the simplification of processes, cybersecurity and data management, with digitisation 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.
- › Optimisation of renewable energy generation.
- › The use of energy.
- › The answer to increasingly fragmented markets.

To achieve the goals set, Naturgy has deployed a set of innovation tools based on the search for opportunities - acceleration and investment in operations - and the deployment of a portfolio of projects to broaden the company's industrial profile; incubator of start-ups, investment vehicle, etc.

## Evolution and results

Innovation investment and expenditure (€M)	2023	2022
Open innovation and technological innovation Totex	84.5	75.4

## Highlights of the year



- › Naturgy and Greene have formed a partnership to, over the next two years, develop a methanation technology to obtain bio syngas from syngas or synthesis gas for injection into the distribution network or for mobility. In this way, the first plant in Spain will be developed with the aim of converting solid urban industrial waste into renewable gas.
- › Through its GiraWind project, Naturgy promotes, together with Ruralia, Postelétrica and Huso 29 renewables, the management of wind farm dismantling and the recovery of dismantled turbines. In 2024, GiraWind has obtained public funding to boost its activity, within the Recovery, Transformation and Resilience Plan for innovative wind turbine blade recycling facilities, with a target of recycling 1,500 tonnes per year.

Continues >



- › Naturgy, together with the Catalonia Institute for Energy Research (IREC), continues to develop new methanation technology. After obtaining positive results in the laboratory, it has launched a pilot project to produce renewable gas from organic waste and green hydrogen at the landfill located in Mas de Barberans (Tarragona).
- › Development of the group's Cybersecurity Plan 2023, which implements new strategies and initiatives for the transformation of cybersecurity in Naturgy 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 threats.

## Renewable gases

### Lines of action in biomethane

#### Featured projects

- › **More than 60 projects in the pipeline: 37 self-developed for the production of biogas and its subsequent enrichment process to produce biomethane and inject it into the gas grid, the rest based on commercialisation arrangements:**
  - 19 livestock waste projects (1,115 GWh/year).
  - 1 WWTP sludge project (6 GWh/year).
  - 10 industrial waste projects (337 GWh/year).
  - 1 landfill project (12 GWh/year).
  - 6 agricultural waste projects (439 GWh/year).
- › **Vila-sana project in Lleida**  
The plant will start injecting biomethane from the first half of 2024 to supply the equivalent consumption of 3,150 homes and avoid the emission of around 2,450 tCO<sub>2</sub> per year, injecting 11.5 GWh/year into the gas distribution network.

### Lines of action in hydrogen

#### Featured project

- › **Hydrogen production project at Meirama (Galicia)**  
Naturgy, together with Repsol and Reganosa, has planned a renewable hydrogen hub of up to 200 MW in Meirama. In the initial phase of the project, which is scheduled for commissioning in 2026, 30 MW of power will be achieved. When it is fully developed, the plant will have an output of 200 MW and a total production of 30,000 tonnes of renewable hydrogen per year. The plant will supply the Repsol refinery and other consumers; and being located in a Just Transition zone will promote stable job creation and high-skilled training.

## Storage

### Lines of action

**Hybridisation projects in generation production**, mainly wind and photovoltaic, which will enable the management of renewable energy to be incorporated into the electricity system.

**Deployment of stand-alone storage in key locations** in areas of grid congestion or loss of firm capacity due to the closure of thermal power stations.

**Development of a new storage model** to optimise economically and technically the implementation of hybridised systems in small and geographically close farms

# Social responsibility

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. Our commitment is to offer communities a quality and continuous supply, as well as to contribute to confront 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.

## Evolution and results

Total social investment  
**€11.0 M**  
 (€11 M - 2022)

Total tax contribution  
**€2,229 M**  
 (€3,504 M - 2022)

## Economic value distributed



Economic value generated  
**€23,254 M**

Economic value withheld  
**€3,061 M**

Economic value distributed  
**€20,193 M**

Other groups of interest  
**3,828**

Suppliers  
**16,365**

Social action  
**11**  
 Financial expenses  
**817**  
 Shareholders  
**1,454**  
 Public Admin.  
**981**  
 Employees  
**565**

## Highlights of the year



- › More than 4,400 homes rehabilitated, and 2,502 families assisted in energy volunteering since the Plan started.
- › Rollout of the Social Relationship Model in several territories of Spain, such as the Canary Islands, Andalusia, Extremadura, Castilla La Mancha, Castilla y León and Galicia
- › Development, together with the Naturgy Foundation, of the contents and materials of the new module “Sustainability applied to the production system”, and which will form part of the basic curriculum common to the intermediate and higher vocational training cycles of all curricular families.
- › Launching of the first edition of the ‘Naturgy Foundation-CSIC Award for research and technological innovation in the energy field’, by the Naturgy Foundation.
- › Publication of the study “Women’s employment in the Just Transition in Spain”, that provides the first complete diagnosis of the situation of women in the energy transition labour market based on real data.
- › Launch of the first professional training course on photovoltaic installations aimed exclusively at unemployed women.
- › More than 21,586 hours of corporate volunteering and Euros 172,837 of employee wages raised during the Solidarity Day.
- › 184,347 beneficiaries of training programmes of the Naturgy Foundation.

# Energy vulnerability

## Energy Vulnerability Plan in Spain

This is the company's strategy to alleviate the situation of vulnerability and energy poverty. The plan is being worked on by different areas of the company with two key players: the Naturgy Foundation and the customer area.

### 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 activities have been introduced in 2023:

- › Energy Rehabilitation Solidarity Fund: to finance energy rehabilitation of housing for vulnerable families. In 2023, the number of dwellings rehabilitated exceeded 4,400, with 810 completed in the year, and 12 agreements were signed. Work has also been carried out with 25 municipalities.
- › Social innovation line: to incorporate renewable energies in the fight against vulnerability. 5 projects for the installation of photovoltaic power have been initiated, benefiting 1,132 people.
- › Energy School: to provide training to vulnerable groups and social technicians, mainly in town councils and dealing with aspects of the sector. In 2023, 4,134 people have attended training actions, 68% of whom are families and 32% are social technicians.
- › Energy volunteering: energy advice workshops in which the most vulnerable users are helped to understand their bills, access the discount rate and learn about energy saving measures. A total of 2,502 families have received assistance.
- › Discount rate: Naturgy has closed the year with 190,891 customers with the discount rate -a lower electricity bill regulated by the Government aimed at vulnerable households-.
- › Customer service channels: Naturgy has established a dedicated channel for social services and the third sector, through which, in 2023, they have responded to 1,059 calls, as well as 601 calls from social services, and 1,165 emails from the third sector. The company has strengthened the email channel and the call centre (in 2023 it received 68,628 calls and handled 75,355 emails from vulnerable customers).
- › Development and dissemination of knowledge: in addition to the study and publication of books, Naturgy is part of the advisory board of the Chair of Energy and Poverty at Comillas Pontifical University.
- › Awarding of the prize for the 4th edition of the award for the best social initiative in the energy field.
- › Participation in two European projects -SocialWatt and EPIU Getafe-: to give visibility and strengthen leadership in programmes related to energy vulnerability, learn from good practices and network with different entities.

# Relationship with communities

## Social Relationship Model

Framework for action for the integration of social management throughout the life cycle of generation projects

### Principles of community relations:

- › Naturgy is one with the territory.
- › Generation of shared value.
- › Communication as equals.
- › Offering of opportunities.

The SRM is an iterative process that unfolds throughout the life of the project, and relies on the application of methodological tools with a cross-cutting focus on communication, active listening and laying down roots.

1. Determining the area of influence and environment of the activity.
2. Stakeholder mapping and characterisation.
3. Analysis of risks and opportunities.
4. Social Relationship Plan (SRP).
5. Social impact assessment of the SRP.

# Indexes and acknowledgements

## Awards



Global FRC Certification



Top Employer Spain 2023 Certification



Diversity Leading Company Seal



CLIP certification



Code of Generational Diversity Principle Certificate



Top Wellbeing Company Seal 2023



Healthy Company

## Rankings and monitors



Top 50 Diversity Company



MERCO TALENTO Ranking



Actualidad Económica Ranking



Universum Ranking

## Awards



GLOBAL CCU Awards



El Periódico de la Energía Awards



Wellbeing Leadership Awards



Diversity and Inclusion Awards

## Indexes (1) (2)



<sup>(1)</sup> Naturgy is rated A- in the CDP Climate Index and in the CDP Water Index, within the leadership band.

<sup>(2)</sup> In 2024, Naturgy has been removed as a constituent of several MSCI indices. 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.

Naturgy 

 THE  
ENERGY  
THAT BRINGS US  
TOGETHER  
1843 - 2023



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