

Corporate Responsibility Policy



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Corporate Responsibility Policy

1. Introduction

Naturgy understands Corporate Responsibility (CR) as the set of actions developed to establish trustworthy, stable, solid and mutually beneficial relationships with its stakeholders and with the regions in which it carries out its activities. This group includes shareholders, investors and financiers, customers, employees, regulators, suppliers and external collaborators and other market agents and social groups.

Naturgy's CR Policy establishes the common framework of action that directs the socially responsible behaviour of the company. Therefore, the main purpose of this Policy is to establish the way we go about our business and honour our commitments to stakeholders, in line with the corporate strategy, and to determining responsibilities and specific monitoring tools to ensure compliance.

2. Scope of application

The CR Policy is applicable to all companies that make up Naturgy Energy Group, SA, regardless of the activity or country where they are established. Therefore, it will be applicable to all companies of which Naturgy has majority ownership and the ones for whose operation and/or management Naturgy is responsible. Likewise, knowledge and application of it will be promoted by the people or companies that collaborate with Naturgy.

3. Commitments and principles of action

Within the framework of the group's general strategy, specific commitments and principles of action focused on the generation of profit and the creation of value in the long term have been defined.

3.1. Commitment to results

Naturgy's shareholders and investors are among the company's main stakeholders. Therefore, properly managing risks and developing a solid business model that guarantees sustainability and the creation of long-term value are the key aspects of the business.

Commitments:

- Work to obtain a **sustained profitability** adequate to the risk assumed and ensuring that decision-making considers the **levels and risk thresholds approved**.
- Promote **efficient allocation and management of resources** within the framework of continuous improvement of processes.
- Continue incorporating **aspects of sustainability** regarding investors.



3.2. Excellent service

Customers are the main focus of Naturgy's operations. Through active dialogue, the company will provide an agile and efficient service that, in addition to complying with the legal and profitability requirements, is in accordance with their needs.

Commitments:

- Work for the continuous improvement of the **security, reliability and competitiveness** of all products and services, offering the highest level of **quality** possible based on the best available techniques.
- Promote **active and bidirectional communication** to understand the expectations and opinions of customers and adapt Naturgy's responses to their needs.
- Make relationships with customers easier through **simple and efficient operating procedures**.
- Provide **innovative products and services** that promote energy efficiency and contribute to a sustainable society.
- Provide differential value to the customer through products and services adapted to each segment and their needs.
- Apply **technological innovation** and the best available techniques to maintain an efficient, safe and sustainable supply.

3.3. Responsible environmental management

Naturgy is aware of the environmental impact of its activities on their surroundings, so it pays special attention to the protection of the environment and an efficient use of natural resources to meet energy demands. Naturgy goes beyond compliance with its legal and environmental requirements, and makes voluntarily undertakings, involving suppliers, working with different interest groups and promoting the responsible use of energy.

Commitments:

- Contribute to **sustainable development** through 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.
- Contribute to the **mitigation of and adaptation to climate change** through low-carbon and renewable energies, promotion of savings and energy efficiency, application of new technologies.
- Integrate **environmental criteria** in business processes, new projects, activities, products and services, as well as in the selection and evaluation of suppliers.
- Minimise the adverse effects on ecosystems and promote the conservation of **biodiversity**.
- Promote the **efficient and responsible use of energy and natural resources**, establishing activities to improve their management in the framework of the circular economy.



- Guarantee the **prevention of pollution** through continuous improvement and using the best techniques available as well as analysing, controlling and minimising environmental risks.

3.4. Interest in people

For Naturgy, it is essential to promote a quality work environment, based on respect, diversity, and personal and professional development. Likewise, it has an Ethical Code that establishes the guidelines that must direct the ethical behaviour of all its employees in their daily work and, specifically, regarding the relationships and interactions with all the stakeholders.

Commitments:

- Apply best practices in the **identification, recruitment and talent loyalty** necessary for the development of business, maintaining the principles of equity and non-discrimination for any reason (disability, age, gender, previous professional career, etc).
- Encourage **professional development** of people within the talent management model, ensuring that the resources, programmes and tools needed to strengthen their skills and competencies are available to all the professionals.
- Promote a **motivating work environment** that ensures recognition of the culture of effort, the necessary independence to be able to create, develop and innovate, and an appropriate framework for total compensation.
- Ensure the effective implementation of flexibility mechanisms that improve the **balance between professional and personal life** and promote the human and social development of people.
- Encourage **diversity and equality** of opportunities in an environment of respect, listening and permanent dialogue, paying special attention to the inclusion of people with disability and extending this commitment to suppliers and collaborating companies.
- Foster **continuous conversations** between the company and social representatives to gather feedback for decision making.

3.5. Health and safety

Naturgy plans and operates its activities on the basis that nothing is more important than the safety, health, and well-being of people. Because of this, the company goes beyond its legal obligations and requirements, adopting voluntary measures, driving continuous improvements to work conditions and in its management of safety, health and well-being, involving not only the people who make up Naturgy, but also its suppliers, companies and other stakeholders, striving to avoid and prevent accidents and damage to health, providing a safe and healthy environment and promoting health and well-being.

Commitments:

- Guarantee that occupational health and safety are an **individual responsibility that cannot be delegated** which, by way of **collective, visible commitment** are led by senior management and accepted in a proactive, integrated manner by the entire organisation and all its suppliers and collaborating companies.
- Establish health and safety as an individual responsibility that **determines the work** of Naturgy employees,



as well as the activity of its collaborating companies.

- Ensure that **potentially hazardous situations** that may affect the workers, suppliers, clients, the general public and the safety of the installations are appropriately **reported, evaluated and managed**.

- Work to maintain a **risk-free work environment**, integrating occupational risk prevention and actions to protect and promote health and well-being in its business management.

- Establish **learning as a driver of the culture of safety**, through continuous training, accident and incident analysis, dissemination of lessons learned and health education and promotion.

- Integrate **stringent health and safety criteria** in business processes, in new projects, activities, facilities, products and services, as well as part of the process for selecting and evaluating collaborating companies and suppliers, whose non-compliance will determine the start or continuity of the activity.

- Invest in new **health education and health promotion strategies** to enable the workplace to become a vector for transmitting healthy lifestyles for workers and the environment.

- Implement actions aimed at **improving the quality of life, well-being and health** of people in the **communities** where the company operates.

- Provide the necessary **resources and means** to enable compliance with the safety standards established at all times.

3.6. Responsible supply chain

Suppliers and partner companies are essential agents for the optimal operation of the Naturgy value chain, with whom the company seeks to maintain stable, robust and mutually beneficial relationships of trust according to principles of transparency and risk management.

Commitments:

- Spread Naturgy's culture** to the supply chain, transmitting the quest for excellent service, resource efficiency and the company's responsible way of operating, and encouraging the adoption of criteria of sustainability in their daily management.

- Promote **compliance with Naturgy's codes and policies** throughout the supply chain, particularly in the area of human rights, ethics, health and safety and the environment.

- Encourage the hiring of **suppliers of the country or region** where the company develops its activities against similar competitiveness in other locations, supporting the generation of positive social impact.

- Implement practices that improve **traceability and fair trade in raw materials** from origin.



3.7. Social commitment

Naturgy is committed to the economic and social development of the regions in which it carries out its activities, providing knowledge, management capacity, as well as dedicating part of the benefits to social investment. Fluid and permanent dialogue with society enables the company to understand the expectations and interests of the communities where it operates and to become involved in their development.

Commitments:

- Guarantee fluid, two-directional dialogue and promote the involvement of **local communities**, respecting their culture, regulations and environment, to respond adequately and promptly to their concerns.
- Perform social impact assessments of the company's activity to avoid or mitigate potential adverse impact and strengthen their positive effects.
- Develop initiatives for the creation of shared value and positive social impact in energy projects.
- Promote education, training, cultural wealth and inclusion of the most disadvantaged groups through **social investment**.
- **Transfer knowledge and values** to society through collaborative agreements with the academic community and the supply chain.

3.8. Integrity and accountability

Naturgy believes that the trust of its stakeholders is based on integrity, understood as an ethical, honest, responsible and well-intentioned behaviour of each person working in and for the group.

Commitments:

- Reject **corruption, fraud and bribery** in the company's business and establish mechanisms to prevent and address such practices by developing internal channels for reporting irregularities, protecting the identity of the reporter.
- Comply with the **applicable national and international laws and regulations** in the countries where the company operates, particularly the principles of the Universal Declaration of Human Rights of the United Nations and in the International Labour Organisation (ILO) declaration, the principles of the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Principles of Corporate Governance.
- Adopt responsible management practices and comply with all **tax obligations** in all jurisdictions in which the company operates, accepting the commitment to accountability and collaboration with the corresponding tax agencies.
- **Compete fairly in the market**, rejecting deceitful, fraudulent and malicious conduct that leads the company to obtain undue advantages.
- Promote **transparent information**, and responsible, truthful, effective, integral and timely communication, providing regular financial and non-financial information about the company's actions.
- Maintain an open **dialogue with stakeholders** through appropriate and accessible channels.



4. Responsibilities

In accordance with its regulation, approval of Naturgy's Corporate Responsibility Policy is the responsibility of the **Board of Directors**, which also receives information about the implementation and general monitoring of said policy at least once a year.

Ultimately, supervision of compliance with the Corporate Responsibility Policy falls upon the Board of Directors, who may delegate aspects of such supervision to their Committees, including the following:

- a) Supervision of compliance with the company's internal codes of conduct and corporate governance rules.
- b) Regular assessment of the suitability of the company's corporate governance system to comply with its mission to promote social interest and take the legitimate interests of other stakeholders into account, as appropriate.
- c) Review of the company's corporate social responsibility, ensuring that it focuses on the creation of value.
- d) Compliance with corporate social responsibility strategies and assessment of the degree of compliance.
- e) Supervision and assessment of relationship processes with the different stakeholders.
- f) Assessment of all aspects of the company's non-financial risks - including operations, technologies, legal, social, environmental, political and reputation matters.
- g) Coordination of the process for reporting non-financial and diversity-related information according to the applicable regulations and international standards.

The Board of Directors is also responsible for leading the effective integration of Corporate Responsibility in the company's strategy and its daily management.

The Management of the company is responsible for ensuring the proper implementation and monitoring of the commitments assumed in the Policy, as well as promoting dissemination, knowledge and compliance with the CR Policy.

The **directors, managers and other persons making up the company** are required to know, understand and comply with the commitments contained in this Policy. The group will promote and encourage its suppliers and collaborating companies to adopt the behavioural guidelines defined in this Policy.

5. Monitoring and supervision systems

The Management of the company will ensure compliance with the Policy through the approval of specific plans.

Annually, through the Corporate Responsibility Report and the Annual Report they will externally inform on the progress made with the implementation of this policy.

The Board of Directors, by itself, or through its Committees carries out the supervision of aspects such as the Health and Safety, Equality, Compliance and Risks of the Company.



Specifically and in regard to the Company's Risks, both financial and non-financial risks are included in the Naturgy Risk Map.

In addition, the Risk and Insurance Division identifies, monitors and controls the Group's overall risk profile. To do so, and in coordination with the businesses, it defines policies and metrics and, in case of observing levels of exposure or trends that may exceed the established tolerance, provides the appropriate indications.

The Compliance Division is responsible for establishing the regulatory compliance policy and its control models, as well as promoting a compliance culture. Likewise, it is responsible for the model of Naturgy's Code of Ethics.

The internal Auditing Division is responsible for continuous revision and improvement of the group's Internal Control System, as well as for ensuring compliance with the external and internal regulations and control guidelines established, in order to safeguard the efficiency and efficacy of operations and to mitigate the main risks of each of the areas of the group; particularly operational risks, corruption, fraud and legal risks.

6. Approval

This Naturgy Corporate Responsibility Policy has been approved by the Board of Directors of Naturgy on January 29, 2019.