Corporate Sustainability Report

2023

GPG
Grupo Naturgy

Content

Letter from the CEO

Dear Readers,

On behalf of Global Power Generation (GPG), I would like to express my deep gratitude and commitment. As a power generation company, **this year has been a period of challenge and achievement**. I am pleased to share our significant progress and our future goals.

In 2015, the Kuwait Investment Authority (KIA) became a shareholder of GPG by acquiring 25% of the shares. At that time, GPG became a growth engine for the international power generation business. From our beginnings, with just 2.6GW of installed capacity, mainly thermal (88%), **we have evolved significantly over the last nine years**, almost doubling the installed renewable capacity.

During this time, **GPG has expanded its presence in eight different countries**, has incorporated various power generation technologies (wind, photovoltaic) and we have been a pioneer in the Group with our battery storage plant in Australia.

This growth has **consolidated us as one of the most knowledgeable developers and asset managers (Asset management)**, playing a leading role in the energy evolution of all the countries where we have brought technological advances that have improved the lives of thousands of people, contributing to the competitiveness of many companies and promoting well-being and economic growth.

At GPG, our philosophy is to integrate the entire value chain in the development of our generation projects. Our long-term vision allows us to get involved in every stage of the process, from conception to the end of its useful life.

We currently have facilities in Mexico, Costa Rica, Panama, Chile, Brazil, Puerto Rico, the Dominican Republic and Australia, with an **installed capacity of 3,817 MW in operation and 584 MW under construction**.

Our company has maintained a constant focus on innovation and sustainability, mindful of our responsibility to provide clean and affordable energy. We have invested in **advanced technologies** that not only optimise the **efficiency** of our operations, but also **minimise our environmental impact**. The implementation of solar and wind power projects has enabled GPG to increase its renewable energy generation capacity, contributing significantly to the reduction of greenhouse gas emissions. Our **renewable generation mix already exceeds 32% of installed capacity**, excluding projects currently under construction, which account for more than 500 MW.

In **Australia in 2023**, we are celebrating the 15th anniversary of our activity in the country with the commissioning of the Berrybank 2 wind farm, the third operational wind farm in Australia and the ACT Battery, **the Group's first battery storage system**. The wind farm has an installed capacity of 109.2 MW and will produce 390 GWh of clean energy annually, enough to supply 84,000 households in the state of Victoria. The battery energy storage system will support ACT's *(Australian Capital Territory)* distribution network.

In **Chile**, the projects of note this year have been the **Small Means of Distributed Generation or PMGD**, which have started their operation in 2023. In total, we have built more than 10 photovoltaic plants of less than 9MW that make up the 50 MW installed.

In **Mexico**, we celebrated **25 years since the signing of the first PPA**. And in **Costa Rica**, we successfully completed the operation of the La Joya hydroelectric plant, making the handover to the Costa Rican Energy Institute last July.

At GPG we are aware of the direct impact that our activity has on the local communities where we operate. For this reason, in 2023 we have **reinforced our corporate social responsibility initiatives**, collaborating in various projects and programmes.

In particular, multiple actions have been carried out for the benefit of the community, such as collaborations in hospitals and community events, workshops and volunteering, donations of materials and social work vouchers, rehabilitation of infrastructures, creation of classrooms, etc. In addition, we have implemented training and internship programmes, as well as scholarship programmes.

These advances have been possible thanks to the trust, work and effort of all the people who form part of the organisation. **In GPG we maintain a firm commitment with all the people**, especially with its employees, ensuring diversity and equal opportunities, health and safety, and training and competence. Aware of the importance of the team for the development of the company, we seek to improve the quality of life and work of each of our employees and encourage their professional growth.

Looking to the future, at GPG we are **committed to continue leading the change towards a more sustainable** and resilient energy system, relying on new technologies, care for the environment and human value.

Yours sincerely,

Francisco A. Bustío Gutiérrez

One
Contextualisation

One
Contextualisation

With the publication of ***Directive 2014/95/EU***, also called the Non-Financial Reporting Directive (**NFRD**), many companies had to produce **Non-Financial Reporting Statements (NFS)**.

This law highlights the importance of disclosing non-financial information to measure, monitor and manage corporate performance and its impact on society. It also stresses that such information is crucial for the transition to a sustainable global economy, combining long-term profitability with social justice and environmental protection, improving corporate transparency and facilitating understanding of the organisation and its business.

After several years of development and discussions, the ***Corporate Sustainability Reporting Directive*** **(CSRD)** came into force in January 2023 to update the previous NFDR. The Directive is accompanied, for the first time, by the creation of **European Sustainability Reporting Standards** (**NEIS** or **ESRS**), which EFRAG has been developing in recent years and which aim to unify corporate reporting in Europe under the same criteria.

In July 2023, the European Commission adopted the ESRS, which companies subject to the CSRD will have to comply with and which consist of 12 general and thematic standards:

Transversal standards	**ESRS 1:** General principles
	ESRS 2: General disclosures
Thematic standards for all sectors	ENVIRONMENTAL ESRS E1: Climate change ESRS E2: Pollution ESRS E3: Water and marine resources ESRS E4: Biodiversity and ecosystems ESRS E5: Resource use and circular economy
	SOCIAL ESRS S1: Own workforce ESRS S2: Workers in the value chain ESRS S3: Affected communities ESRS S4: Consumers and end-users
	GOVERNANCE ESRS G1: Business conduct

All information related to Global Power Generation, hereinafter GPG, appears consolidated within the Sustainability Report of the Naturgy Group. However, from this year onwards, the organisation will voluntarily present its own independent report.

Two
About this report

Two
About this report

The data in this report are presented below:

2023

Reporting year

Standard

European Sustainability Reporting Standards (ESRS)

The information contained in the Sustainability Report may be complemented and, in some cases, extended, with the information reflected in the consolidated annual accounts of the Naturgy Group for the fiscal year 2023, as well as in the annual accounts of Global Power Generation S.A.

2.1 Definition of the scope of the Corporate Sustainability Report

The information below provides a single, consolidated response to Law 11/2018.

The GPG information presented in this report refers to all the activities carried out by the organisation for the fiscal year from **1 January to 31 December 2023** in which it has control of the operation, which corresponds to the scope of financial consolidation.

The financial and non-financial information, the risks identified, as well as the controls and policies developed to mitigate them, as set out in the Sustainability Report, are derived from accounting and documentary records, regulations, procedures and standards approved by management.

It should be noted that GPG is present in 8 countries, managing 6 different generation technologies. In this regard, the information corresponding to the following facilities is included in the scope:

GPG Naturgy Group

Mexico

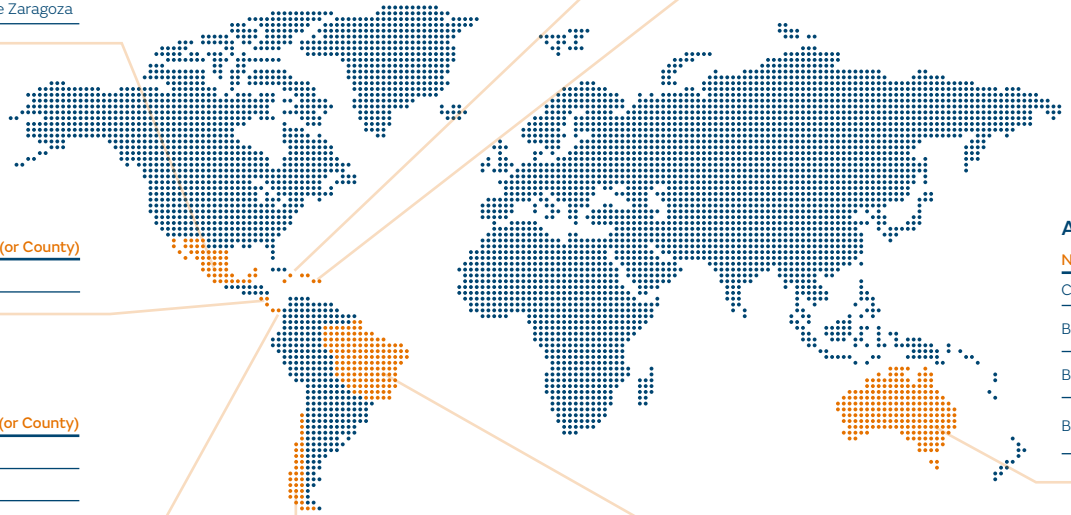
Name of the installation	State/ Municipality (or County)
Strength and Energy of Tuxpan	Veracruz / Tuxpan
Strength and Energy of Hermosillo	Sonora / Hermosillo
Strength and Energy of Naco Nogales	Sonora / Agua Prieta y Naco
Strength and Energy of North Durango	Durango / Durango
La Caridad[1]	Sonora / Nacozari de García
Bii-Hioxo Strength and Energy	Oaxaca/ Juchitán de Zaragoza

Dominican Republic

Name of the installation	State/ Municipality (or County)
Palamara Power Plant	Santo Domingo /Batey Palamara
La Vega Power Plant	La Vega / La Vega

Puerto Rico

Name of the installation	State/ Municipality (or County)
Ecoelectric[2]	Punta Guayanilla in Peñuelas



Costa Rica

Name of the installation	State/ Municipality (or County)
Torito	Cartago/Turrialba

Panama

Name of the installation	State/ Municipality (or County)
Dolega	Chiriquí
Macho De Monte	Chiriquí
Carob trees	Chiriquí
La Yeguadita	Veraguas
La Yeguada	Veraguas

Chile

Name of the installation	State/ Municipality (or County)
Quarry	San Pedro, Melipilla, Metropolitan Region
Ratulemus	Cauquenes, Maule, VII Region
PFV Olivia	Commune of Vicuña, Region of Coquimbo
Cauquenes	Cauquenes, VII Region Maule
Cabo Leones II	Región de Atacama, en la provincia de Huasco, comuna de Freirina
San Pedro I&IV	Región de Antofagasta, Calama

Australia

Name of the installation	State/ Municipality (or County)
Crookwell II	New South Gales / Goulburn
Berrybank 1	Victoria / Corangamite (19 aeros) y Golden Plains
Berrybank 2	Victoria / Corangamite (19 aeros) y Golden Plains
BESS Queanbeyan	New South Gales / Jerrabomberra

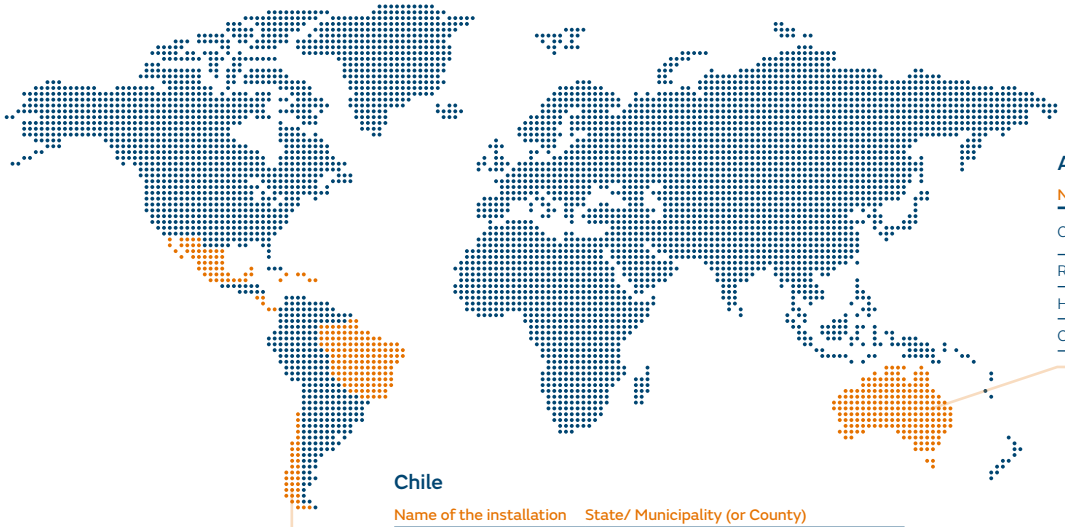
Brazil

Name of the installation	State/ Municipality (orCounty)
Sobral	Piaui / São João do Piauí
Sertão	Piaui / João Costa
Guimarania I	Minas Gerais / Guimarania
Guimarania II	Minas Gerais / Guimarania

1 La Caridad located in Mexico is owned by Grupo Mexico. However, GPG is responsible for the operation and maintenance of this facility.

2 GPG owns a 47,5% interest in Ecoelectric, a natural gas-fired power generator located at Punta Guayanilla in Peñuelas, southwest Puerto Rico. The organisation has no operational control over this facility, therefore, information regarding Ecoeléctrica is outside the scope of the report.

Table 1. GPG installations in operation.



Australia

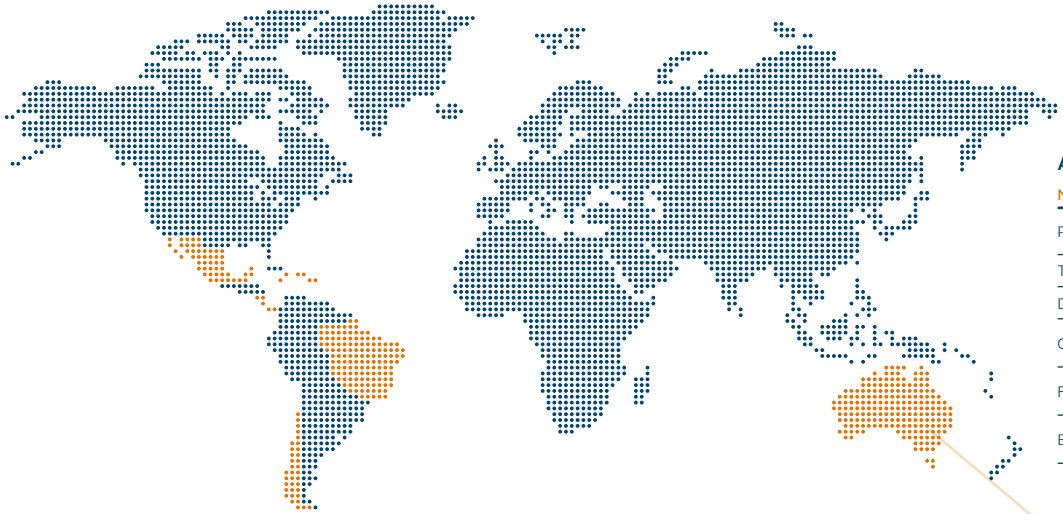
Name of the installation	State/ Municipality (or County)
Crookwell 3	New South Gales / Upper Lachlan
Ryan´s Corner	Victoria / Moyne Shire
Hawksdale	Victoria / Moyne Shire
Cunderdin[3]	Western Australia/Perth

Chile

Name of the installation	State/ Municipality (or County)
Cape Lions II	Atacama Region, in the province of Huasco, commune of Freirina.
San Pedro I&IV	Antofagasta Region, Calama
Los Nogales	Comuna Ovalle, Chile
Palermo	San Pedro, Melipilla, Metropolitan Region
Milan A	Curicó, VII Region Maule
Milan B Bergamo	Curicó, VII Region Maule
Olivier	Commune of Vicuña, Region of Coquimbo
I am Solar	Commune and Region of Coquimbo
Torino	Curicó, VII Región Maule
Sofía	Vicuña, Región Coquimbo

Table 2. GPG installations under construction.

3 Cunderlin is a hybrid solar/battery project. It has already been built but is not yet in operation.



Australia

Name of the installation	State/ Municipality (or County)
Paling Yards	New South Gales / Oberon Council
Tarrone	Victoria / Moyne Shire
Darlington	Victoria / Moyne Shire
Glenellen	New South Gales / Gretaer Hume Shire
Fraser Coast	Queensland / Bundaberg Regional Council
Bundaberg	Queensland / Bundaberg Regional Council

The scope of this report covers all facilities in which GPG exercises or can exercise, either directly or indirectly, control. That is, the power to govern the financial and operating policies of an enterprise so as to obtain economic benefits from its activities.

Table 3. GPG installations in the pipeline.

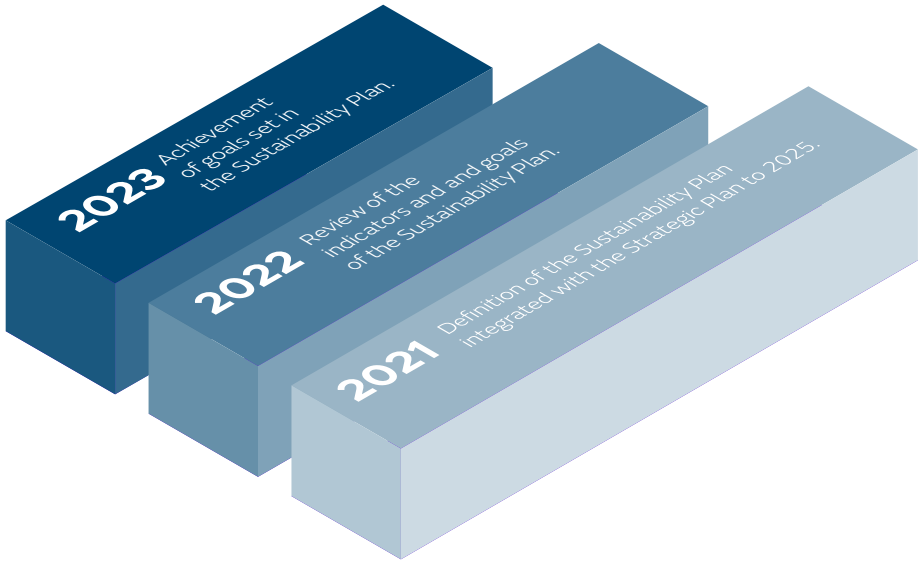
Three
Commitment to Sustainable Development

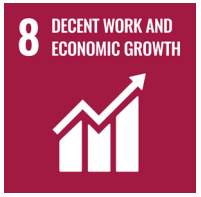
Three
Commitment to Sustainable Development

3.1 GPG as a channelling agent for sustainability

GPG, in its firm commitment to sustainability, and in order to cooperate and contribute to the development and wellbeing of all the people of the world, is committed to the communities with which it is in contact, works rigorously to provide sustainable, efficient, safe and secure electricity generation that respects the environment and human rights.

GPG shares the policies and codes of governance of the Naturgy Group. In 2021, Naturgy defined the Sustainability Plan in an integrated manner with the Strategic Plan to 2025. In 2023, together with the strategic review, the company revised the indicators and objectives of the Sustainability Plan.





The following is a list of the levers of the Sustainability Plan applicable to GPG, the lines of action in which they are framed and the main SDGs they impact, both directly and indirectly:

Lever	Line of action	ODS
Integrity and trust	Governance and reporting Risk management	8, 10, 12, 16, 17
The opportunity of environmental challenges	Climate change and energy transition Circular economy and eco-efficiency Natural capital and biodiversity Governance and environmental management	3, 6, 7, 9, 11, 12, 13, 14, 15
Customer experience	Customer experience Quality of service	7, 9, 11, 12, 17
Commitment and talent	Talent management Diversity Health and safety	3, 4, 5, 8, 9, 10
Innovation and new business development	Innovation	7, 8, 9, 11, 12, 13, 15, 17
Social responsibility	Social contribution	1,3, 7, 8, 10, 11, 12, 17

Table 4. Levers of the GPG's Sustainability Plan

Specifically, the **GPG Sustainability Plan** contains 6 levers of action, 24 objectives for 2025 and 12 monitoring indicators to improve the organisation's management and performance in relation to those aspects of the environment to which it has the greatest potential to contribute.

The GPG targets to 2025 are shown below.

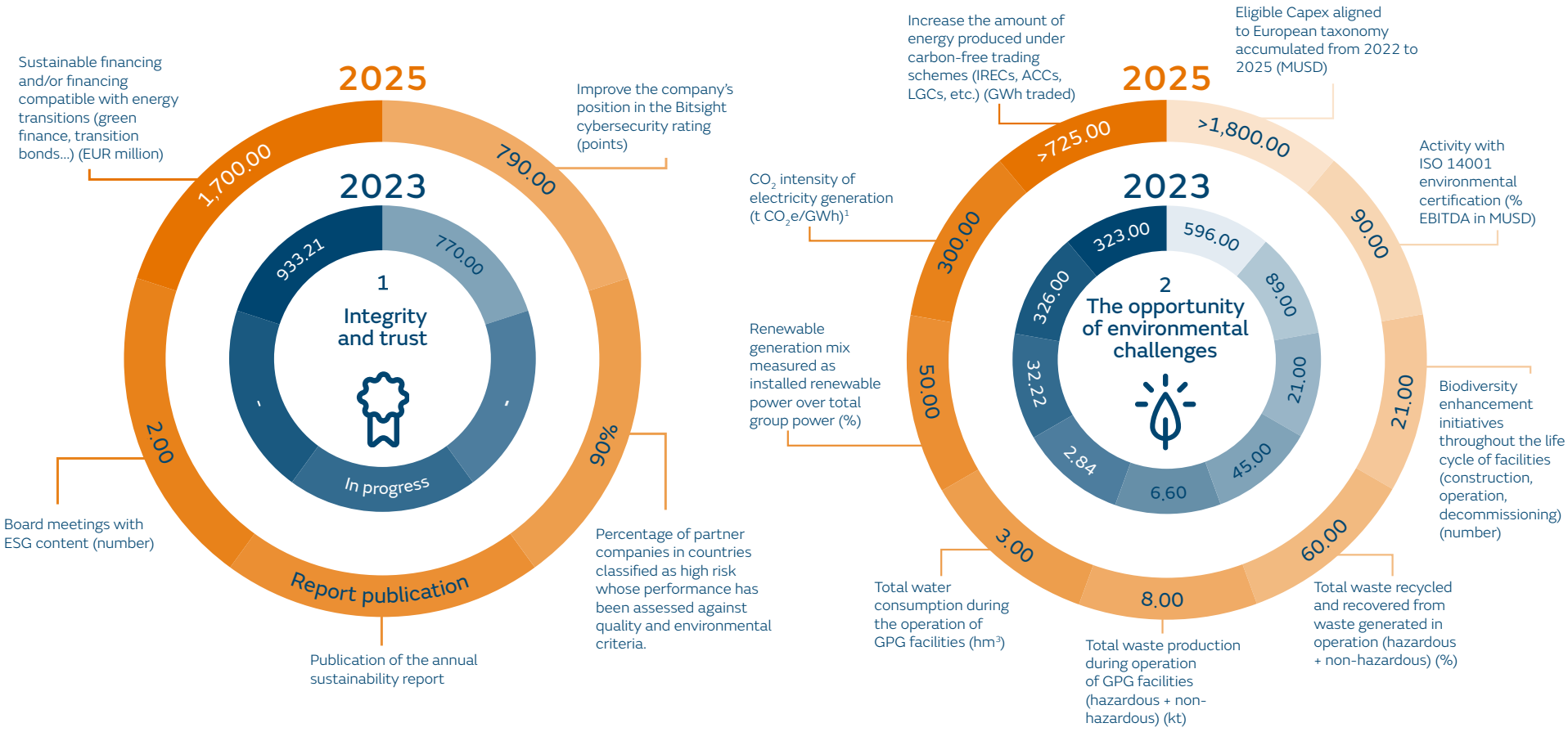
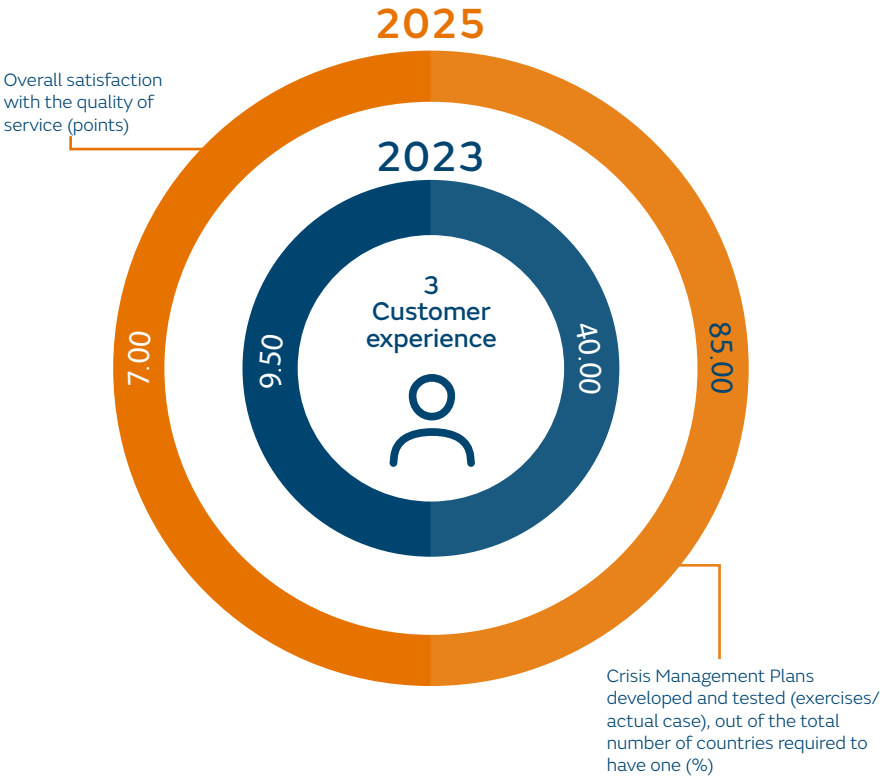


Table 5. GPG targets to 2025..

1 Only Scope 1 GHG emissions from all GPGs are considered.



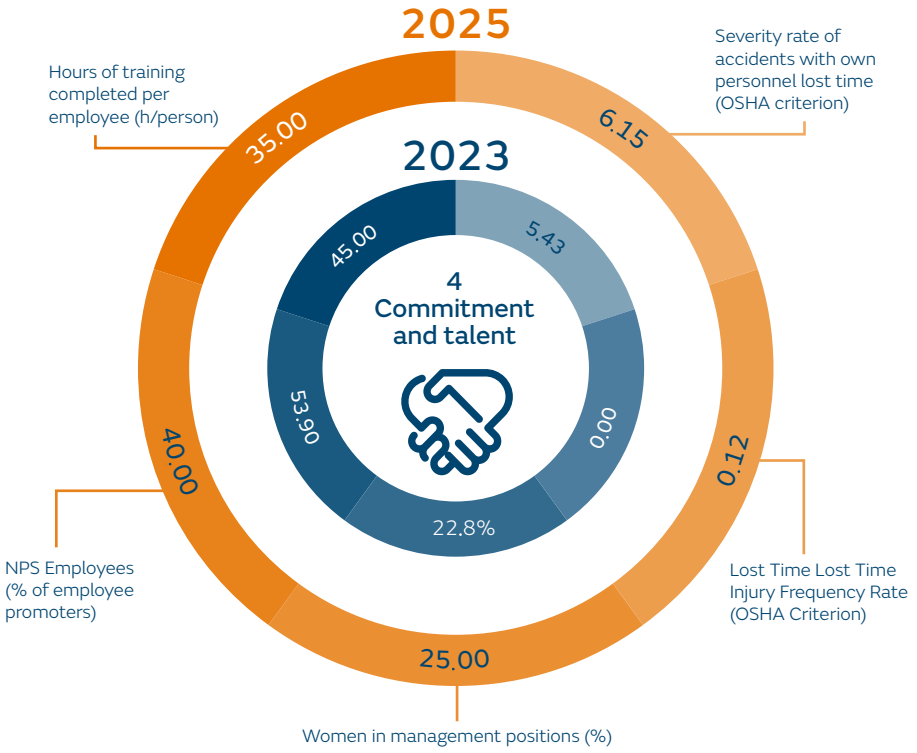
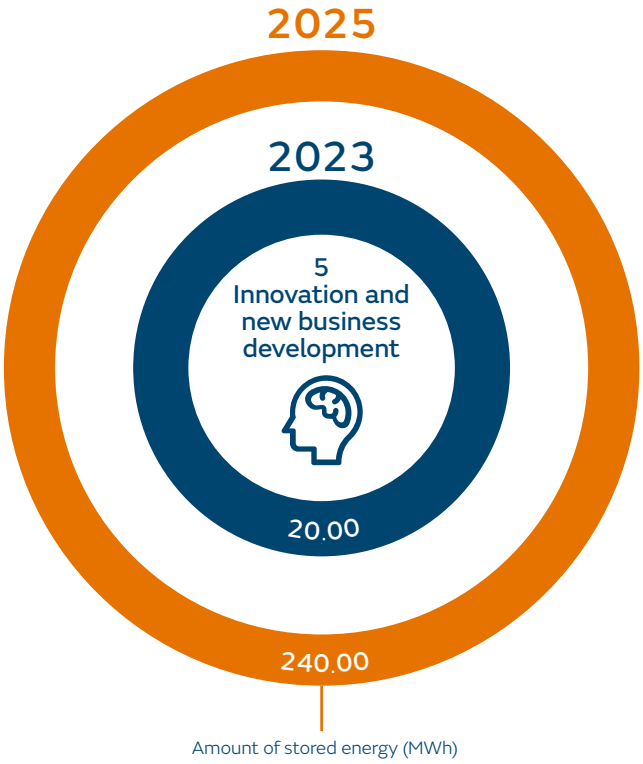


Table 5. GPG targets to 2025..



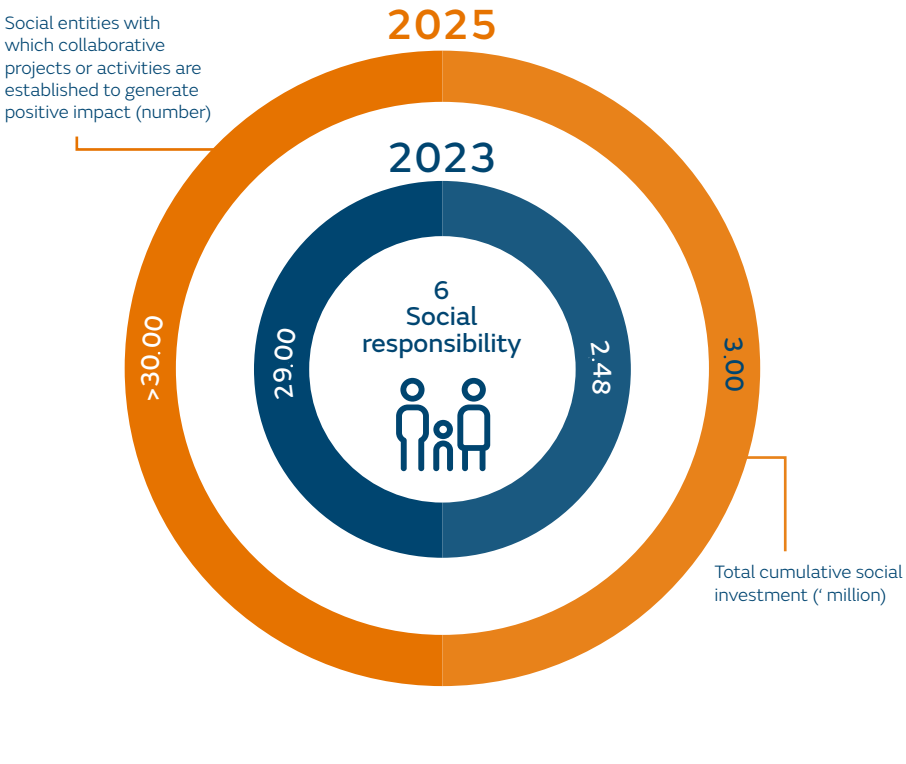


Table 5. GPG targets to 2025..

In addition, GPG establishes monitoring indicators, in order to measure them and try to determine 2025 targets for them.

Lever	Indicatorr
2. The opportunity of environmental challenges	Percentage of CO_2 emissions generated over allocated emissions by 2022 in Mexico (%)
	Area environmentally restored in projects (ha)
	Calculation of Physical Climate Risks at Business Unit level (100%). Implementation of a system to determine the financial impact of climate risks (%)
	Absolute Scope 1 GHG emissions ($MtCO_2e$)
	Absolute GHG emissions scope 2+3 ($MtCO_2e$)
	Total water consumption during construction of projects (hm^3)
	Total production of waste (hazardous and non-hazardous) during construction (kt)
	Total recycled and recovered waste (hazardous and non-hazardous) generated during construction (%)
	Area environmentally restored in projects (ha)
4. Commitment and talent	Percentage of people trained in relation to the total number of employees included in talent transformation programmes (%)
	Geographical diversity in executive and managerial positions (% of total)
	Staff turnover rate (attrition rate) (%)

Table 6. Monitoring indicators.

In GPG, most of the works are contracted under the type of “turnkey projects”, implying that GPG’s role is the supervision of these projects. This contracting modality leads to a lack of availability of accurate information on certain indicators. Due to the absence of accurate data and considering the inherent variability of the projects under development, it is complex to define concrete targets for the year 2025. Therefore, these indicators will be considered as monitoring indicators until definitive ratios can be established.

On the other hand, there are no plans to close thermal power plants due to the important role they play in the security of electricity supply in the countries in which they operate. It is therefore not feasible to establish the reduction of Scope 1 emissions as a target at this time. However, the organisation is committed to report this information annually and maintain the monitoring indicator. Furthermore, GPG reaffirms its commitment to strive for the calculation and reduction of Scope 2 and 3 emissions, and increase renewable energy generation, demonstrating its dedication to sustainability and the fight against climate change.

3.2 Dual Materiality Analysis

The GPG organisation, aware of the importance of transparency and sustainability in its operations, has been periodically conducting a materiality analysis to assess the most relevant issues for its stakeholders. Initially, however, the predominant approach was “simple materiality”, which focused mainly on issues that impacted the company’s internal operations. Aspects that were considered materially important from a business perspective were therefore assessed and disclosed, based on criteria such as financial impact and the perception of key stakeholders.

However, in 2019, the European Commission, in its Guidelines on reporting climate-related information, introduced for the first time the term “dual materiality”, recognising that companies are interconnected with their environment in complex ways and that many of the significant impacts are not limited to their internal operations. This approach implies that organisations not only consider what is material to their financial performance, but also what is material from the perspective of society and the environment. Dual materiality is based on two essential dimensions:

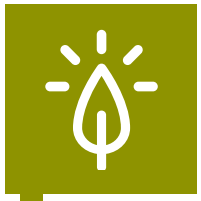
- **Impact materiality**. How the company impacts on sustainability issues.
- **Financial materiality**. How these issues may affect the company.

To perform this materiality analysis and identify potential and actual negative and positive impacts on the economy, the environment and people, GPG has made use of the Datamaran tool.

Datamaran is a software tool that enables comprehensive, real-time, data-driven analysis to monitor strategic ESG opportunities and risks. This tool has a preliminary identification of aspects that ensure that the determination of material issues is based on a complete description of the potential impacts that the organisation has on the environment and society. To this end, it is based on information published by different companies from all sectors, carrying out an analysis of voluntary initiatives and mandatory requirements, focusing on the issues that have experienced an increase in relevance and stakeholders.

In the process of identifying the GPG **Relevant Issues (RRII)**, an analysis of the internal context and an analysis of the external context of the organisation have been combined, with the aim of carrying out a comprehensive assessment of the issues that are most critical for sustainability and corporate responsibility. The set of proposed AARRs is set out below:

Environmental issues



1. Climate change and energy transition
2. Water
3. Biodiversity and natural capital
4. Circular economy and ecoefficiency
5. Environmental management
6. Energy vulnerability

Governance issues

1. Business continuity
2. ESG investment and financing
3. Responsible supply chain
4. Security of facilities and operations
5. Good corporate governance
6. Technological and digital innovation
7. Integrity, compliance and transparency
8. Resilience of the business model

Social issues

1. Diversity and equality
2. Contribution and social participation
3. Occupational safety and employee welfare
4. Human rights
5. Attraction and quality of employment
6. Cybersecurity and information security
7. Talent development
8. Customer service and satisfaction

Once the AARRs were identified, they were prioritised taking into account financial materiality and impact materiality, analysing each one:

Financial Materiality..

It is analysed based on the following actions: each assigned a weighted percentage of the total financial materiality. These actions include:

- **Financial risks (25%).** Following the analysis of the organisation's context, the organisation's financial risks have been identified on the basis of companies in the same sector and the current situation.
- **Voluntary initiatives in financial markets (25%).** Analysis and assessment of the actions and measures carried out by various organisations on a voluntary basis in the financial markets.
- **Mandatory regulations and sanctions (25%).** Analysis of the mandatory regulations applicable to the GPG activity and sector and possible penalties applicable in this area.
- **Information requirements of the SABS (25%)**. The information requirements and regulations on contracting, management and disposal of goods and services of the entities of the Goods and Services Administration System are analysed.

Impact Materiality.

It is analysed based on the following actions: each assigned a weighted percentage of the total financial materiality. These actions include:

- **Other voluntary initiatives (33%)**. Following the analysis of the context of the organisation, an analysis of the rest of the companies in the same and different sectors is carried out to determine the voluntary measures that are being carried out outside the financial sector.
- **News and new developments (33%)**. Updating and prioritisation of topics that have experienced an increase in relevance and interest groups.
- **Sustainability reports (33%)**. Analysis of published information, data and initiatives carried out by other companies for comparison.

Once all the above variables have been analysed, they have been put into a dual materiality matrix, comparing the financial materiality with the impact materiality:

Double materiality matrix

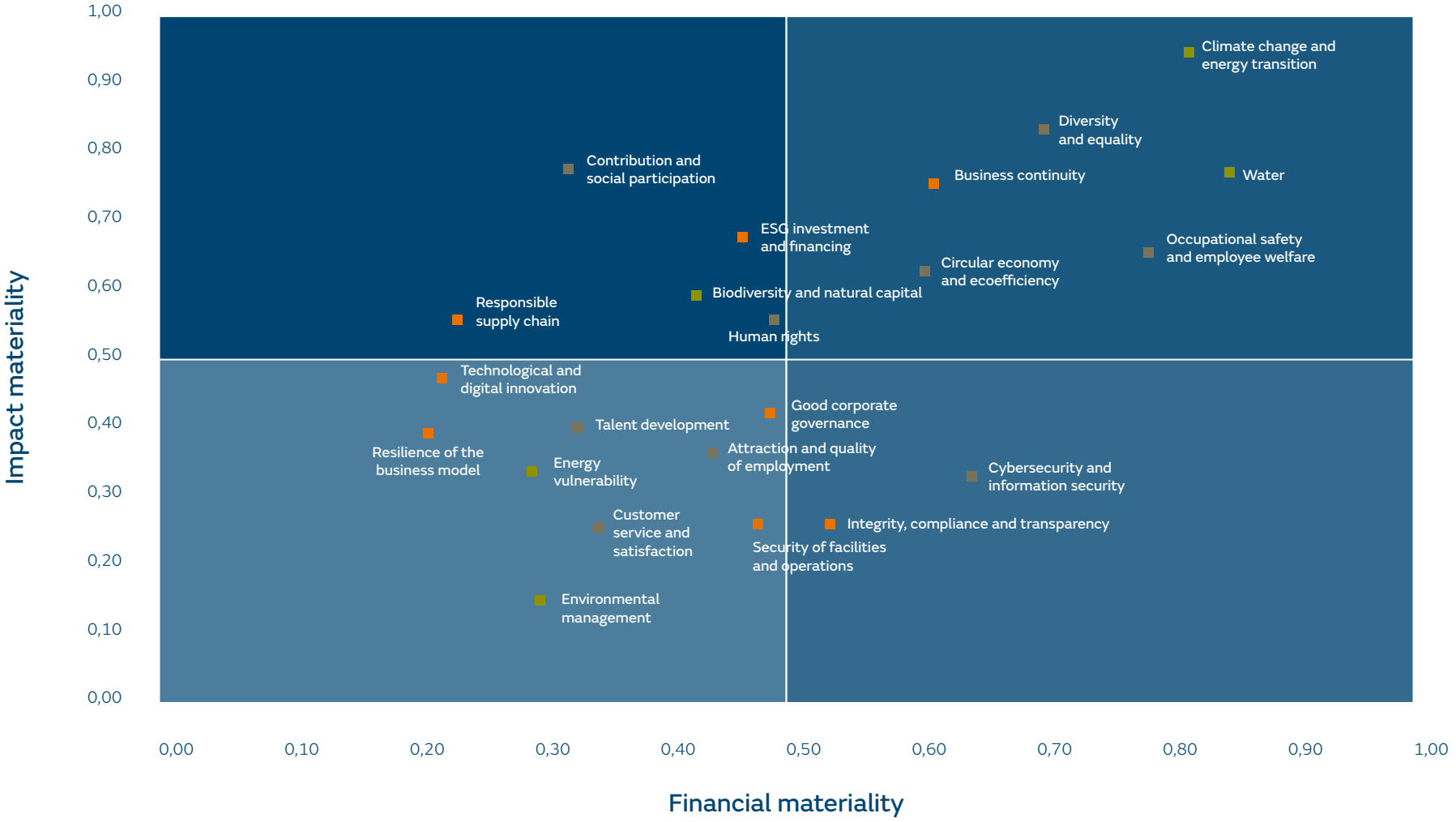


Figure 1. GPG materiality matrix

GPG has identified **13 material issues**, structured along three dimensions:

Environmental

- Biodiversity and natural capital
- Circular economy and eco-efficiency
- Climate change and energy transition
- Water

Governance

- Responsible supply chain
- ESG investment and financing
- Integrity, compliance and transparency

Social

- Contribution and social participation
- Human rights
- Business continuity
- Diversity and equality
- Workplace safety and employee wellbeing
- Cybersecurity and information security

Finally, the correlation of material issues with ESRS is shown:

Material issues	ESRS correlation
Biodiversity and natural capital	E4. Biodiversity and ecosystems
Circular economy and eco-efficiency	E5. Resource use and circular economy
Climate change and energy transition	E1. Climate change
Water	E3. Water and marine resources
Responsible supply chain	E5. Resource use and circular economy
ESG investment and financing	G1. Business conduct
Integrity, compliance and transparency	G1. Business conduct
Contribution and social participation	S2. Staff value chain S3. Affected groups S4. Consumers and end-users
Human rights	S1. Own staff S3. Affected groups
Business continuity	G1. Business conduct S4. Consumers and end-users
Diversity and equality	S1. Own staff
Occupational safety and welfare of workers	S1. Own staff
Cybersecurity and information security	G1. Business conduct

Four
Risks and Opportunities

Four
Risks and Opportunities

4.1 Risk Management

GPG carries out risk management by implementing the robust model of the Naturgy Group.

Naturgy's risk management model seeks to ensure the predictability of the company's performance within controlled and manageable limits. This model assesses the variability of results and ensures that they are aligned with the strategic objectives established in all areas relevant to its stakeholders.

Within this model, it is crucial to identify, assess and appropriately manage the relevant risk factors. The ultimate purpose is to ensure that the level of risk exposure in operations is in line with the defined overall risk profile, as well as with the achievement of annual and strategic objectives.

The Integrated Risk Management and Control System is structured in the following sections:

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, assessing and measuring risks.

Risk Appetite

Definition of risk tolerance by setting 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, Audit and Control Committee and Board.

4.2 Risk typologies and categories

Naturgy analyses its global risk profile according to the potential impact on its financial statements. With this, it determines the maximum accepted level of risk exposure, as well as the admissible limits for its management.

The tools that allow the company to continuously improve the process of identification, characterisation and determination of Naturgy's risk profile are:

- Global Risk Control and Management Policy: approved by Naturgy's Board of Directors, for the last time, in November 2020. Its purpose is to establish the principles and general behavioural guidelines necessary to ensure the proper identification, information, assessment and management of Naturgy's risk exposure.
- Follow-up of good practices as set out in the ISO 31000 guidelines for risk management.
- Corporate Risk Map: identifies and quantifies the risks likely to affect Naturgy's performance, taking into account the characteristics of the risk position (impact variables, potential quantitative and qualitative severity, probability of occurrence and degree of management and control). It is regularly updated and submitted by the corporate Management Control unit to the Audit and Control Committee.
- Other risk maps: promoted by Naturgy's Business and Corporate Units, at their discretion, in accordance and aligned with a common methodology, which serve as a basis for the Corporate Risk Map.

2 Risk Measurement System: the metrics used for risk assessment depend on the nature of the risks.

The risk map defines five risk typologies: **Economic, Financial, Operational, Reputational/Sustainability and Strategic**.

Economic Risk Categories

Risk factors affecting Naturgy's business results may be caused by the volatility of external factors, changes in regulatory frameworks or fluctuations in demand that impact short-term results.

- **Commodity risk**: Uncertainty due to the variability in the prices of energy goods and raw materials with which the company operates.
- **Exchange Rate Risk**: Uncertainty associated with fluctuations in the exchange rates of the currencies in which Naturgy's businesses are denominated throughout the year.
- **Regulatory Risk**: Risk related to the review of the remuneration frameworks of regulated businesses, the updating of specific remuneration parameters and changes in the regulatory framework in which Naturgy's businesses operate.
- **Volume risk**: Risk arising from variations in volumes produced, distributed and/or traded due to changes in temperature, customer behaviour due to climate change, and the macroeconomic or competitive environment with respect to the baseline scenario considered in the projections.
- **Margin/Price Risk**: Price risk not covered by commodity risk, arising from changes in competitive pressure or unrealised margin assumptions.
- **Legal Risk**: Risk derived from the outcome of litigation, arbitration or legal claims opened against Naturgy during the year of analysis.

Financial Risk Categories

These risk factors impact the company's cash flow and balance sheet, caused by the volatility of financial variables, the potential impact of counterparties, changes in fiscal frameworks or provisioning.

- **Credit Risk**: Unexpected loss due to the probability of non-payment of monetary obligations and/or deterioration of the credit quality of the different end customers and counterparties with which Naturgy operates.
- **Interest Rate Risk**: Variability of the company's financial expenses due to movements in interest rates and refinancing needs in the currencies in which Naturgy's debt is denominated.
- **Tax risk:** Risks related to the correct application of tax regulations, their complex interpretation and possible modifications, which may have a significant economic impact on the company's accounts.
- **Liquidity Risk**: Risk associated with a potential increase in funding requirements to maintain the company's target rating.
- **Rating Risk**: Risk of a downward revision of the company's rating below the current rating, considering that the company has a target anchor rating of BBB.
- **Provisions and Guarantees Risk**: Risk associated with maintaining an excessive volume of provisions on the balance sheet, which implies a risk of materialisation and its effect on cash outflows.

Operational Risk Categories

GPG has developed a methodology that allows at generation unit/facility level, to determine and assess the operational risks associated with its activity, in compliance with the NG.00006. Global Risk Control and Management Policy, the Asset Management Policy and the opportunities within its scope.

This methodology is part of the documentation of the Integrated Management System, and is applicable to all units, facilities and production centres for which GPG is responsible.

GPG's risk and opportunity identification and assessment methodology is based on:

- **Assessment Method**: This includes the assessments of the different criteria used for the evaluation of risks and opportunities, as well as the calculation method to obtain the final values.
- **Risk Matrix**: The operational risks specific to the facility/unit are identified, described and assessed according to the established criteria and formulas. It also includes the actions proposed to control or minimise these risks.
- **Opportunities Matrix**: The opportunities identified by the facility/unit are identified, described and evaluated according to the established criteria and formulas. The proposed actions for their implementation are also included.

Operational factors stem from the operation of the company's human and material assets.

- **Operational Risk:** Risk associated with fortuitous events or accidents affecting people and damage or unavailability of the company's operating assets, after the coverage of Naturgy's insurance programme.
- **Security Risk**: Residual risk associated with intentional personal injury or damage to critical facilities by third parties.
- **Business Continuity and Crisis Management Risk**: Risk of loss of service level maintenance due to failures in processes, systems, performance of own or third party personnel.
- **Risk of Fraud**: Derived from any intentional unlawful action by an employee or third party to obtain a benefit for themselves or for the company through the improper use of Naturgy's resources or assets.

- **Cybersecurity Risk**: Derived from malicious attacks or accidental events with operational impact affecting data, computer networks or technology.
- **Data Protection Risk**: Risk associated with non-compliance with data protection obligations that may result in administrative sanctions or civil judgments.
- **Environmental and Biodiversity Risk:** Risk of exceeding mandatory environmental limits set by the regulator, with possible damage to third parties, ecosystems or biodiversity.
- **Health and Safety Risk**: Risk of injury and deterioration of the health of Naturgy's professionals and of the collaborating companies related to the activity.

Reputational/Sustainability Risk Categories

These risk factors are associated with behaviours that are not aligned with good practices in reputation, ESG engagement, compliance, people and climate change.

- **Reputational and ESG risk**: Uncertainty about the evolution of stakeholder perceptions of the company's reputation and its ability to develop sustainable business from an environmental, social and governance point of view.
- **Compliance risk**: Risk of sanctions, financial loss or loss of reputation that Naturgy could suffer due to non-compliance with legal obligations, standards, policies and other internal regulations applicable to its activities.
- **Risk of providing a quality service**: Risk of not offering a quality service that puts the company in a privileged position to define new relationship models and face the digital transformation.
- **Climate Change Risk**: Risk arising from energy transition (changes in regulation, market or technologies) and physical impacts of climate change (acute and chronic physical).

Strategic Risk Categories

These risk factors are associated with the profile of the company's business portfolio, including long-term commodity exposure, capital employed by geography (hard versus soft currencies), and business risk profile (exposure to regulated versus free markets).

Five
General information

Five
General information

5.1 Business model

5.1.1 Organisational structure and markets in which it operates

In 2014, GPG was stablished, a company that brings together Naturgy's international electricity generation assets and businesses (except Europe and the USA) and with the participation), and with the participation, as of October 2015, of Kuwait Investment Authority - KIA (through its subsidiary Wren House Infrastructure) (Naturgy 75% / KIA 25%).

- **Naturgy Group**: Naturgy Energy Group, S.A. and its subsidiaries (hereinafter, Naturgy) is a group dedicated to the generation, distribution and marketing of energy and services in more than 24 countries. It supplies gas and electricity to almost 16 million customers and has an installed capacity of 16.2 GW and a diversified electricity generation mix. A resilient model to meet the challenges of the energy transition. It has a workforce of 6,800 people, 40% of whom are outside Spain. EBITDA in 2023 has exceeded 5,475 million euros.

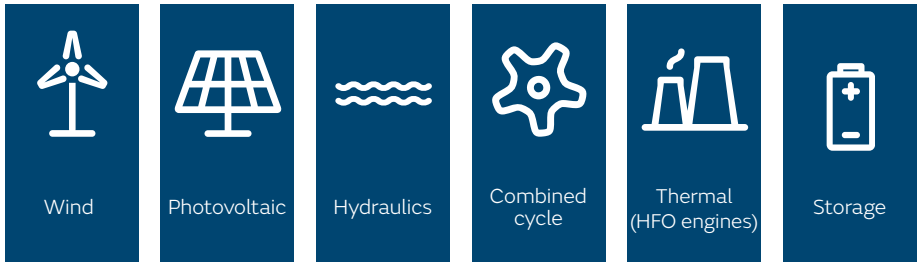
- **Kuwait Investment Authority (KIA)**: This is the world's oldest sovereign wealth fund, established in 1953, and originates from the Kuwait Investment Board. It is responsible for the management and administration of Kuwait's General Reserve Fund (GRF) and Future Generation Fund (FGF) and other Kuwait state funds.

GPG stands out for its presence in 8 countries and management of 6 different generation technologies, demonstrating its leadership and ability to adapt to global energy needs. This diversified and multinational approach not only broadens its reach and impact, but also ensures a more resilient and sustainable operation in the energy market.

The presence in 8 countries positions GPG as a key player in the global energy sector.

This geographic expansion allows the company to take advantage of opportunities in diverse markets, adapt to different energy regulations and policies, and contribute to the economic and sustainable development of multiple regions. The international presence also facilitates the sharing of knowledge and best practices across markets, thereby strengthening GPG's global operation.

The management of various power generation technologies shows the organisation's commitment to innovation and sustainability. The technologies managed by GPG are:



With respect to GPG's structure, the company has a team of highly qualified professionals with extensive experience in all areas of the power generation business. Their work ranges from project identification and development to the design, construction, operation and complete management of the assets throughout their life cycle. This experience ensure the robustness and success of their operations.

GPG's operation is built on the knowledge, skills and experience of its executives, managers and technicians. This talent base enables them to offer career opportunities in diverse technological and geographic environments, strengthening their ability to manage complex and varied projects efficiently and successfully.

The GPG management team is composed of:

- **CEO (Chief Executive Officer)**: Responsible for the overall direction and strategy of the company. This role involves making key decisions that impact the future of the organisation. His main function is to ensure that GPG's strategic goals and objectives are met, guiding the company towards growth and sustainability.

- **CDO (Chief Development Officer)**: Responsible for the search and identification green and brown field business opportunities developments at international level (except Europe and the USA). Responsible for the construction and commissioning of new projects. This role is crucial for the expansion and diversification of the company, as it involves the evaluation of emerging markets, the search for new technologies and the management of strategic alliances. The Development Director's ability to spot and capitalise on opportunities is critical to GPG's continued growth.

- **CFO (Chief Financial Officer)**: Responsible for the financial structuring of projects (Project Finance) in coordination with the Business Development unit, as well as the financial management of GPG, maximising its income statement. Ensures that the company operates in an efficient and compliant manner, facilitating an optimal working environment aligned with the strategic objectives of the organisation.

- **COO (Chief Operations Officer)**: The Operations Director manages the operation and maintenance of assets, both those operated with own staff and those managed through full O&M (Operation and Maintenance) contracts. This role involves overseeing day-to-day operational activities, ensuring that power generation plants operate efficiently and safely. The Operations Director coordinates the maintenance of the facilities and the implementation of continuous improvements, ensuring that operations meet quality and sustainability standards, contributing to the efficiency and reliability of GPG's energy production.

MANAGEMENT TEAM

Chief Executive Officer
Francisco Antonio Bustío Gutiérrez

Chief Development Officer
Pedro Serrano Dorado

Chief Financial Officer
Alfonso Egaña Huerta

Chief Operations Officer
Jordi Vich Llobet

5.1.2 Business activity and environment

As mentioned above, GPG was established in 2014 as a growth vector for the international power generation business. Since then, it has not stopped growing and incorporating new technologies and countries to the market.

GPG was created with the idea of integrating the entire value chain in the development of generation projects, incorporating in the same company the knowledge in project development, generation and operation engineering, and the management of electricity generation assets, taking advantage of the support of the various areas of the Naturgy Group.

At the company's inception, GPG had an installed capacity of 2.6 GW. In 2023, the company has a geographical presence in Mexico, Costa Rica, Panama, Chile, Brazil, Puerto Rico, the Dominican Republic and Australia, with an installed capacity in operation of 3,817 MW and 584 MW under construction.

Specifically, GPG has 4 natural gas combined cycle facilities and 2 engine plants, in addition to twenty renewable energy generation facilities. 32% of its electricity mix is of renewable origin. In addition, it is building fourteen new renewable generation facilities (three wind farms, ten solar farms and a battery energy storage system), some of which will start operating in 2024, with the aim of increasing renewable energy generation.

In 2023, GPG commenced commercial operation of the Berrybank 2 wind farm, its third operational wind farm in Australia. This facility has an installed capacity of 109.2 MW and 26 wind turbines producing 390 GWh of clean energy annually, enough to power 84,000 homes in Victoria.

It has also started operating the ACT Battery project in Australia, a 20 MWh battery energy storage system designed to support the ACT distribution network.

In Chile, GPG's Small Means of Distributed Generation (PMGD) have started operating for the first time in 2023.

GPG Naturgy Group

Wind

GPG has an installed wind farm capacity of 234 MW in Mexico, 385.6 MW in Australia and 205.8 MW in Chile.

825.4 MW

Solar

The solar projects have an installed capacity of 153 MW in Brazil and 117.96 MW in Chile.

270.96 MW

Hydraulics

The hydropower plants are located in Costa Rica and Panama.

In Costa Rica, the installed capacity is 100.4 MW, of which 50 MW belong to La Joya, a hydroelectric project transferred to the Instituto Costarricense de Electricidad (**ICE**) at the end of 2023.

In Panama, the installed capacity is 22 MW.

122.40 MW

HFO Engines

GPG's thermal power plants are located in the Dominican Republic and have a total installed capacity of 190 MW.

190.00 MW

Combined Cycle

The installed capacity of combined cycle power plants is 2,397.50 MW. The organisation has four plants located in Mexico.

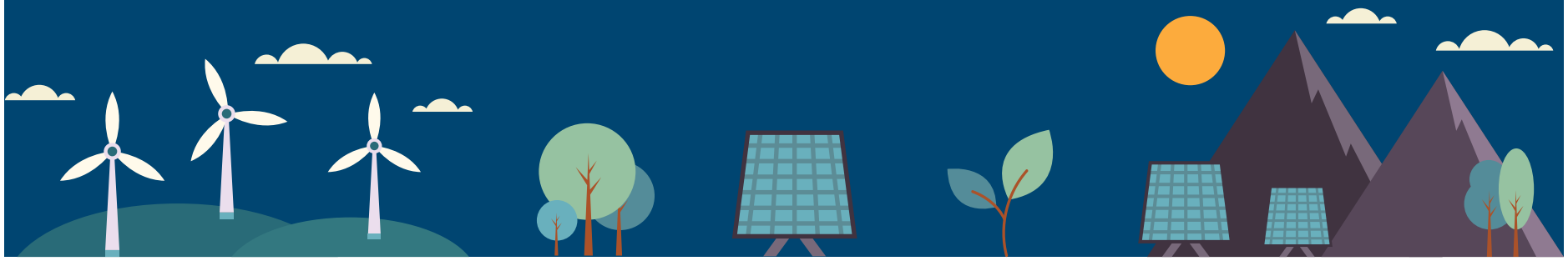
2,397.50 MW

Battery storage system

GPG has a 10 MW / 20 MWh battery energy storage capacity system in Australia.

•ACT Battery

10 MW



5.1.3 Objectives and strategies

The world is currently facing a complex scenario marked by a number of challenges affecting all areas of life. Economic crises and high inflation rates have generated financial uncertainty, compounded by the effects of the recent COVID-19 pandemic. Conflicts, shortages and supply chain problems have also led to difficulties and disruptions in the activities of various sectors, disrupting international trade and geopolitical stability. In addition, climate change and the increased frequency and intensity of climatic phenomena such as rainfall and heat waves have had serious consequences on society.

In this context, businesses, governments and society must take urgent action and coordinate their actions to adopt innovative and sustainable approaches to increase resilience and global well-being. Against this backdrop, GPG reaffirms and maintains its commitment to the environment, society and the economy, addressing the challenges of the energy transition and societal demand while working with excellence and transparency.

Therefore, the purpose of GPG is the transformation of the world through the energy transition and the response to the demands of society and customers, working together with its employees, customers, shares, collaborators and society.

This purpose is guided or supported by four values: innovating for a better future (Forward Vision) working with excellence (Excellence Driven) and from the most human side (People Oriented) to contribute to a more sustainable world (One Planet).

In order to achieve this objective, as mentioned in section 2.1 of this report, GPG has developed a Sustainability Plan that is fully integrated with the company's Sustainability Plan 2021-2025. This plan includes actions and indicators to measure the degree of compliance with the objectives set and the effectiveness of the measures implemented to improve management and performance.

GPG's main objectives and progress in the Sustainability Plan for 2025 in terms of ESG are as follows:

Line of action	Target	2023	2025 (Target)	Unit
Governance and reporting	Publication of annual Sustainability Report	--	1	Number
	Sustainable financing	933.21	1,700.00	MM EUR
Climate change and energy transition	CO emissions intensity$_2$ e in power generation	326	300	tCO_2/GWh
	Renewable generation mix measured as installed capacity over total GPG (%)	32.22	50	%
Commitment and talent	Women in managerial positions	22.8	25	%
	Hours of training completed by employees	45	35	Hr/person

The action path and strategy presented by GPG to achieve this purpose is based on:

- Focus on renewable electricity generation and activities in stable regulatory frameworks and locations.
- Best in class company: implementing continuous improvement processes, increasing the digital footprint and reinventing new ways of obtaining and storing energy.
- Mainstreaming ESG aspects: continue to include new environmental, social and governance (ESG) aspects aligned with the SDGs and guided by tangible targets to meet the commitments.
- Culture: driving passion in employees through core values and alignment with different stakeholders.

For GPG, **innovation** is a strategic priority that is deeply embedded in its culture and processes, aimed at creating value. GPG's innovation strategy is aimed at consolidating the strengths and competitive advantages of its business models, as well as exploring new technologies and markets.

Proof of this is the commissioning of the Group's first group-wide battery storage facility, the BESS Queanbeyan project in the Australian Capital Territory (ACT), near Canberra. A pionnering, in-house system located in Australia. This project, which is a historic milestone for GPG in the renewables business, will strengthen the quality of supply and accelerate the country's energy transition by allowing a greater introduction of renewable energy into the grid at times of low electricity production, boosting the decarbonisation of the area.

GPG understands the generation of value as a commitment to service and knowledge of the needs and objectives of its stakeholders, with quality products tailored to their needs, while ensuring the protection of people and is committed to the development of the environment in which it operates. All this is articulated through the establishment, dissemination and deployment of the mission, vision and values within GPG.

5.1.3.1 Mission

GPG's mission is to develop and manage electricity generation assets with a global approach and to offer development, construction, operation and maintenance services for its facilities, always in compliance with environmental regulations and with a preventive health and safety culture among its employees.

Their mission is a threefold one:

- **Environment**: to meet society's energy needs by offering quality products and services that respect the environment.
- **Employees**: to meet the needs of employees by offering them the possibility to develop their professional skills.
- **Shareholders**: to serve the needs of shareholders by providing them with a growing and sustainable return.

5.1.3.2 Vision

Transforming the world through energy, promoting the use of renewable energies and the application of technological advances to meet society's needs and promote well-being.

The creation of a resilient business model, adapting to energy evolution and social, environmental and economic changes in the world, is key to making GPG a benchmark leader in continuous growth and increasing its multinational presence.

The company is committed to offering quality and environmentally friendly products, using efficient materials for the transmission of information and electrical energy in the territories where it operates, providing added value to its shareholders, customers, employees, the environment of its production facilities and society in general.

GPGP has in mind both corporate responsibility towards its stakeholders and sustainability at its best with a long-term vision.

5.1.3.3 Values

GPG's organisation aims to transform the world through energy, addressing with determination the challenges of the energy transition and the demands of society and its customers, working with excellence, transparency and the talent of a committed team.

To do so, they have a **vision of the future**, transforming the world through innovation, proactivity and adaptability, facing the challenges of today and the future and driving new business models and digitalisation.

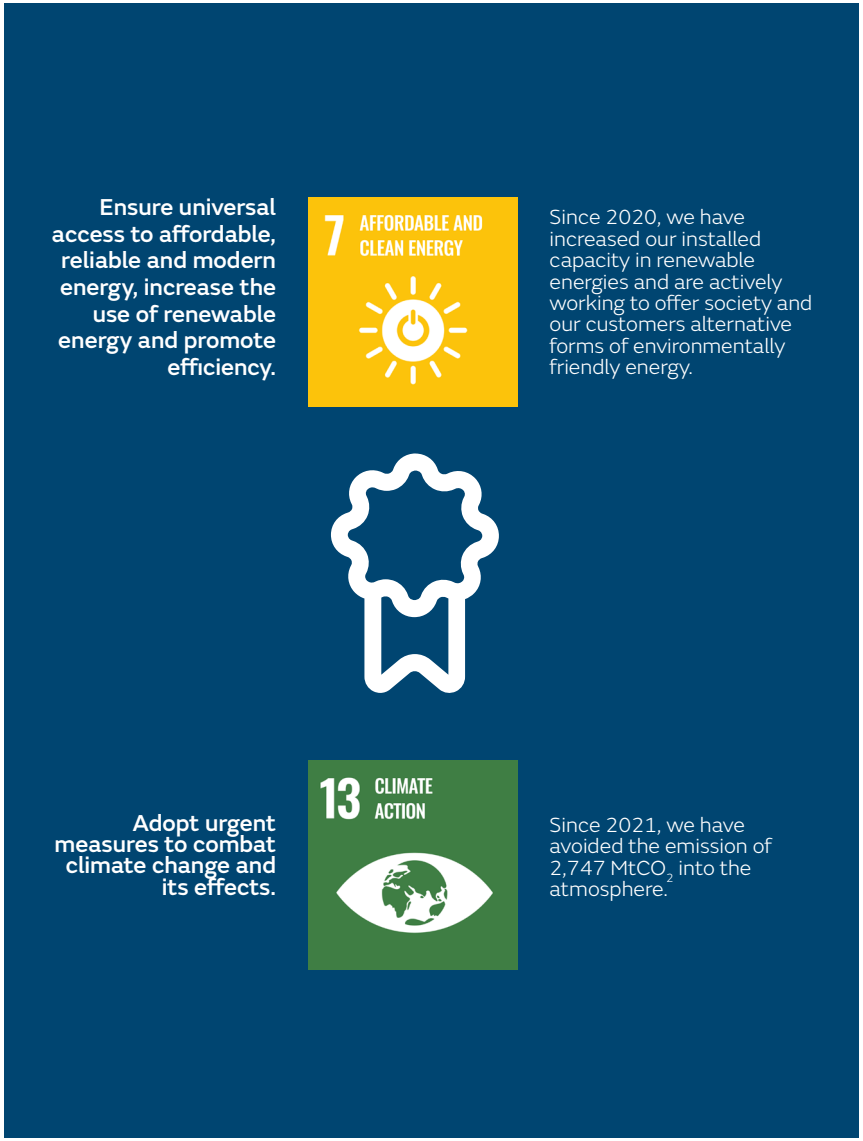
This work is carried out under a **standard of excellence**, based on leadership, determination and continuous improvement, committed to generating value from each of the businesses and markets in which it operates, and responding rigorously to the expectations and demands of all stakeholders.

In addition, GPG is concerned with strengthening the **closeness, transparency and trust** of its employees, customers, shareholders, collaborators and society, activating its firm commitment to people and transforming talent and passion into a positive impact.

The development of GPG's activity is carried out in the **most sustainable** way possible, looking for the achievement of a sustainable development and society, the respect and commitment with the environment, the society and the corporate governance are key to achieve the established objectives. In this way, GPG proves to be a responsible company that contributes in a relevant way to the progress, welfare and future of the planet.

GPG is therefore committed to the Sustainable Development Goals (SDGs) set out in the United Nations 2030 Agenda. Following an analysis of each of the targets set out in these UN goals, they add to the contribution of SDG 7 'Affordable and Clean Energy' and SDG 13 'Climate Action' in two ways:

- **Indirect**: through the impact of policies and practices in the countries where it operates.
- **Direct**: through initiatives, programmes or actions that contribute to this goal.



5.1.4 Main factors and trends that may affect its future development

In the current context, GPG is immersed in a business environment marked by significant changes in market trends and expectations, in regulations and in the economic and geopolitical situation. This key transition is reflected in the general awareness of sustainability, continuous innovation and quality, fundamental elements that define the company's identity.

In view of this situation, and in order to continue its activity and improve its services, GPG has to face a number of possible challenges or factors that may affect both positively and negatively its long-term development and sustainability.

Social and market factors, marked by a change in energy demand due to population growth and economic development. This currently growing demand may become so high that the company will not be able to meet it or, on the contrary, decrease due to a drop in population and/or economic activity.

In addition, increased competition in the energy sector is opening up the market and expanding customer choice, which may affect market share and prices. In addition, consumer and customer preferences are changing, demonstrating society's increased environmental awareness and demand for clean energy, which may affect the company if it is not able to respond to these needs.

In **terms of economic factors**, there have been significant fluctuations in energy and fuel prices in recent years, a situation that has been aggravated by political conflicts and may worsen in the coming years.

The continuing economic crises, inflation and interest rates are also affecting project financing costs and operating and maintenance costs, as well as energy demand.

In the midst of the regulatory wave, current and future **political and regulatory factors** may also mark a change in GPG's activity. Environmental

regulations and standards that limit Greenhouse Gas (GHG) emissions and promote mitigation, adaptation and just transition may limit GPG's activity or require significant investment to upgrade its technology and/or generation methods.

In Mexico, the current government is including legislative reforms in the energy sectors with the aim of rescuing and consolidating state-owned companies, relegating the participation of private companies. In addition, the country voluntarily submitted its GHG reduction commitments for the signing of the Paris Agreement, including the implementation of an Emissions Trading System that could affect combined cycles.

In Chile, a National Climate Change Adaptation Plan has been developed, which includes an energy policy that proposes the decarbonisation of the energy matrix, promoting the self-generation of non-conventional renewable energies distributed in a decentralised, residential and community manner.

Environmental factors, such as climate change or the availability of natural resources, can also affect energy production. Extreme weather conditions that are currently affecting the entire population and may increase in the future could limit energy generation, especially in solar, wind and hydroelectric plants.

Technological factors are also key to GPG development. The implementation of digital technologies and automation can optimise plant management and operation processes, as well as the adoption of new technologies can improve process efficiency and the integration of new, cleaner energy sources or the reduction of environmental impacts and costs of electricity generation.

These advances can be costly to implement, and technology obsolescence can require ongoing investment in upgrading and modernising systems.

The evolution of a power generation company, and in particular of GPG, is influenced by a combination of economic, political, technological, environmental, social and geopolitical factors that can make a crucial difference to the company's development.

In line with GPG's vision, which focuses on strengthening the present to transform and improve the future, the organisation's resilience must be enhanced and a proactive response and strategy to future trends must be developed, anticipating possible changes in the energy sector in order to adapt to such scenarios.

5.2 Policies

GPG addresses integrity challenges with a management approach based on specific policies, procedures and tools.

Its regulatory framework is based on the Code of Ethics and is complemented by various policies and codes, as well as standards and control models that ensure the efficiency of operations, the mitigation of the main risks in each of the company's areas and guarantee the continuity of operations and a good working and safe environment.

Acting as a company of integrity means operating with high standards of ethics, honesty and responsibility in all its actions and decisions, generating trust among the various stakeholders and making a positive contribution to society. This includes attending to and complying rigorously with tax obligations, for which it has policies that regulate the basic principles that should guide the correct control of tax risks.

On the other hand, the commitment to integrity involves understanding and managing not only own risks but also taking into consideration and including in decision-making the potential risks that the company's activity may have on people. With this as a premise, policies such as Human Rights take on special relevance, which, through its ten commitments, takes into account the stakeholders that may be affected by its activity and, in particular, the most vulnerable.

In response to this commitment to ethics and transparency, GPG has developed 8 guiding commitments and 45 specific commitments, an Ethics and Compliance Committee that oversees corporate values and a Human Rights Policy that is internally audited for compliance.

The company has established comprehensive policies to address sustainability in multiple areas:

- **Ethical Code**: it gathers the 15 guidelines that must govern the behaviour of GPG employees in their daily performance with regard to the relations and interactions they have with all their interest groups and with the stakeholders and co-workers. This document also includes the commitments assumed by GPG in terms of good governance, corporate responsibility and issues related to ethics and regulatory compliance.

- **Compliance Policy**: its purpose is to define the general principles that inform this management system, as well as the main commitments that are assumed by the organisation in terms of compliance and that must guide its behaviour in all its areas of action and in the achievement of its business objectives. This policy is developed in the Naturgy Group's Code of Ethics and is integrated within the Compliance management system.

- **Anti-Corruption Policy**: is understood as an extension of chapter 4.7. 'Corruption and Bribery' of the Group's Code of Ethics. This document is intended to set out the principles that should guide the conduct of all employees and managers of the company with respect to the prevention, detection, investigation and remediation of any corrupt practices in the organisation. This policy arises in response to the Organic Law 10/1995 of the Criminal Code, complying with the requirements in terms of criminal prevention and coverage of the main legal, reputational and economic risks to which GPG and the Naturgy Group are exposed, in addition to the implementation of a Criminal Prevention Model that establishes the necessary control measures to prevent the commission of crimes.

- **Code of Good Tax Practices**: drawn up by the Forum of Large Companies with the Spanish tax administration, to which GPG has adhered, its main objective is to promote transparency, good faith and cooperation with the State Tax Administration Agency in tax practice, as well as to promote legal certainty in tax rules and to avoid opacity for tax purposes.

- **Human Rights Policy**: this policy was created with the aim of analysing the potential impacts on vulnerable groups and in terms of gender, establishing commitments and assigning responsibilities with regard to performance in this area. To this end, GPG uses the training of the company's people as a tool to raise awareness and correct any bad practices that may occur. The implementation of this policy is supervised and monitored to ensure its correct functioning and compliance. In addition, GPG has carried out studies in regards to human rights impact assessment of its activities in some of its developments in Australia, which will be extended to new projects.

- **Corporate Responsibility Policy**: establishes the common framework of action that guides the socially responsible behaviour of the company to promote its commitment to the creation of long-term value and sustainable management. In this policy, eight commitments are assumed with interest groups, responsibility is determined in instruments to ensure compliance and indicators and measurements of the social and environmental impact of GPG are established.

- **Institutional Relations Policy**: assumes the principle of respect for legality and the principles of Integrity and Transparency established by the Organisation for Economic Co-operation and Development (OECD). This policy regulates the company's participation in entities and initiatives of different natures, whether or not they are associations related to the energy sector.

- **Community relations policy**: within the framework of the Human Rights Policy, GPG is firmly committed to the respect and economic and social development of the local communities in which it operates, for which this policy has been created, ensuring the fulfilment and achievement of this commitment.

- **Supply chain management policy**: aimed at preventing inadequate performance of its suppliers and contractors in the areas of environment, safety, health, human rights, corruption or labour practices from undermining the integrity of the company.

- **Global Environmental Policy**: the principles of action of Naturgy's Global Environmental Policy include transparency, awareness, dissemination of knowledge on energy and the environment and constructive dialogue with stakeholders.

- **Corporate hospitality policy (Brazil)**: regulates the conditions under which the group of employees may accept/offer business hospitality from/to third parties as part of the performance of their professional duties and which are appropriate and legitimate.

- **Health and Safety Policy:** aims to guarantee the safety, health and well-being of all employees, suppliers, collaborating companies, customers and other stakeholders. This policy aims to create a safe and healthy working environment, promoting the prevention of accidents and work-related illnesses and ensuring compliance with the regulations in force in this area.

- **Procurement Policy**: establishes the guidelines and procedures for the efficient, ethical, transparent and effective procurement of goods and services necessary for the operation and activity of GPG, ensuring quality, regulatory compliance and optimal value for the company.

Each of these policies is designed to ensure that GPG and the Naturgy Group not only meets its economic objectives, but also contributes positively to the well-being of its employees, society and the environment by maintaining a high standard of ethics and governance in all its operations.

Six
The opportunity of environmental challenges

Six
The opportunity of environmental challenges

Environmental challenges such as pollution, climate change, resource scarcity or changes in regulations and standards can be a constraint for companies, changing the way they operate and grow, but they are also an opportunity.

Beyond being a problem, GPG sees these environmental changes as an opportunity for the company improvement and development, allowing it to adopt a proactive strategy towards sustainability and the development of technological innovations, as well as operational improvements, access to new markets and financing, strengthening the reputation of the organisation.

To guide these sustainability actions, GPG has a Global Environmental Policy and a Corporate Responsibility Policy applicable to the entire Naturgy Group. This policy includes measures to be carried out by the company to face changes and adapt to new needs, thus complying with current regulations and reducing the impact of its activity on the environment. Some of these main measures are the rational use of natural and energy resources, the minimisation of the environmental impact caused by the organisation's activity and the development and innovation of new technologies that help to facilitate and make processes more efficient.

Through these policies GPG is committed to being a key player in the transition towards a more sustainable activity model, contributing to the achievement of its objectives. These commitments and objectives are included in the company's Sustainability Plan, aligned with the Sustainable Development Goals (SDGs) of Agenda 2030 of the United Nations.

6.1 The opportunity of environmental challenges in 2023 at GPG

Developments and results

▪ Environmental Pathway and Targets 2023

GPG, in its firm commitment to sustainability and environment, has defined a serie of specific environmental objectives to guide the development of its activity. These objectives are designed to minimise the environmental impact of its operations and promote sustainable practices at all levels of the organisation, while reporting these results to its stakeholders and seeking new, more sustainable forms of financing.

GPG has established clear indicators to measure and evaluate progress on an ongoing basis. These indicators are regularly collected and analysed to identify areas for improvement and to ensure that environmental targets are met.

In addition, the responsible areas and people within the organisation in charge of the supervision, implementation and monitoring of these objectives have been designated.

Action	Environmental objectives	Base year (2017)	2022	2023	Target 2025
Climate change and energy transition	Increase energy produced under carbon-free trading schemes (IRECs, ACCs, LGCs, etc.) (GWh traded)			323	>725
	CO_2 intensity in electricity generation (tCO_2e/GWh)	362.62	339.90	326.73	300
	Renewable generation mix measured in installed renewable power as a percentage of the GPG total installed power (%)	14%	30%	32%	50%
Circular economy and eco-efficiency	Total water consumption during operation of GPG facilities (hm^3)	4.61	3.10	2.84	3,00
	Total production of waste during operation of GPG facilities (hazardous + non-hazardous (kt)	12.82	6.16	6.65	8,0
	Total waste recycled and recovered from operationally generated waste (hazardous + non-hazardous) (%)	59%	35%	45%	60%
Biodiversity protection and natural capital development	Biodiversity improvement initiatives throughout the life cycle of facilities (construction, operation, decommissioning) (no.)	-	15	21	21
Strengthening Environment and Climate Change Governance	Activity with ISO 14001 environmental certification (% certifiable EBITDA in ThUS$)	77%	80%	89%	90%
	Eligible Capex aligned to taxonomy Europe cumulative from 2022 to 2025 (MUSD)			596	>1,800

The target paths guide GPG towards the achievement of the specific goals proposed for the year 2025. The table above shows the evolution of these indicators since 2017 (considered the base year). In general, it can be seen how the indicators are getting closer each year to the objectives set by the organisation for the year 2025, which indicates the effectiveness of the measures carried out and the correct implementation and management of these ones. The study of these paths on an annual basis allows GPG to analyse the degree of compliance with its objectives and to determine whether it is on the right track and whether its measures are being effective or, on the other hand, new measures must be considered in order to achieve them in 2025, recognising the possibility of variations and adjustments during the process.

6.2 Governance and environmental management

- **Governance**

The commitment to environmental sustainability is an essential pillar in GPG's operations, reflecting its alignment with the environment in every aspect of its activity and in its organisational structure.

The Board of Directors, through the Sustainability Committee, is responsible for Naturgy's environmental governance. The Audit and Control Committee supervises the financial and non-financial risk control and management systems, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks.

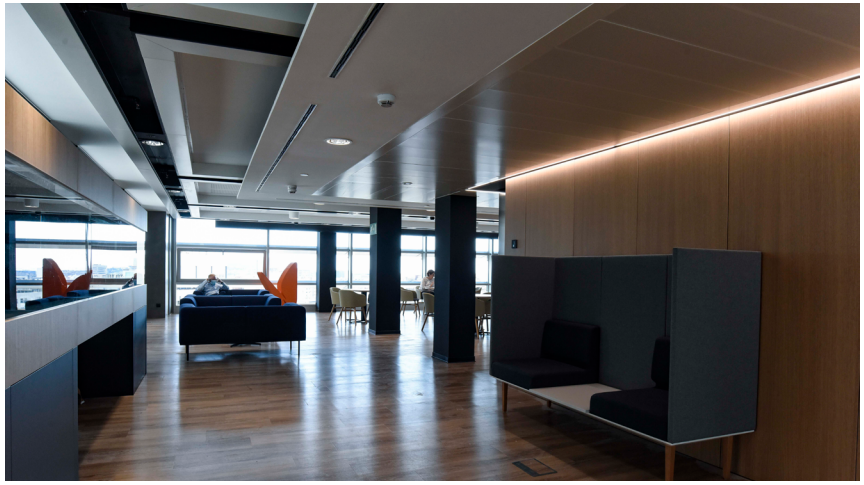
In order to ensure the implementation and transversal compliance with Naturgy's Sustainability Policy as it applies to GPG, a Sustainability Committee has been set up, made up of the CEO and the area directors.

The main function of the Committee is to improve the decision-making process, in particular by performing the following functions:

- Define the objectives of the Sustainability Plan for GPG, taking into account the strategic business plan and within the framework of Naturgy's Sustainability Policy. The sustainability strategy must be developed and reviewed periodically to ensure that the goals defined to achieve the objetives are being met, as well as to ensure the correct operation of the actions carried out for this purpose.
- Approve the definition of quantifiable and time-bound indicators.
- Approve the GPG's annual Sustainability Report.
- Define the channels of communication between the Committee and the different areas of the company. Communications should be regular, bidirectional and should promote the integration and participation of all parties involved, encouraging collaboration.
- Report to the Board on the objectives, action plans and results of the indicators defined in the Sustainability Plan.

In this way, GPG demonstrates a serious commitment to responsible environmental management, based on management leadership and the implementation of environmental policies and management systems aligned with international standards to minimise the impact of its operations.

GPG carries out regular environmental risk analyses, establishing monitoring and continuous improvement plans, and its effectiveness is evaluated through annual audits of the ISO 14001 management system.



Environmental management

GPG, beyond complying with the legal requirements in environmental matters, adopts measures and sets more ambitious objectives to preserve and respect the environment, as well as to know, prevent and reduce the impact of its activity on the environment.

To this end, GPG, through Naturgy's Environmental Policy, presents a robust strategy based on the key principles of Environmental Governance and Management with the following principles:

- Ensure compliance with environmental legislation and more demanding voluntary requirements, adapting to new regulations.
- Prevent pollution and reduce environmental impacts along the value chain and be more efficient in processes to reduce the consumption of natural resources.
- To have an externally audited and certified environmental management system, in accordance with the Global Policy of Naturgy's Integrated Management System.
- Integrate the environment into strategic decisions through the implementation of environmental Due Diligence prioritising investment in renewable facilities.
- Promote transparency, in line with international reporting standards to facilitate communication with stakeholders.

In addition, it identifies the most significant effects of its activity, carrying out environmental management based on the principle of prevention and taking into consideration the entire business value chain. This process is included in the Manual for the determination of the Context, Stakeholders, Risks and Opportunities of GPG, which establishes the organisation's methodology for determining the Context, the Stakeholders of its activity and their needs and expectations regarding its performance, as well as the identification and evaluation of the risks and opportunities and the actions and operational controls defined to address them, including the assets and its management system in the facilities.

GPG identifies, reports, assesses and manages business, legal, tax, regulatory, market, financial, credit and operational risks at Group level, determining opportunities related to strategic investments and corporate development.

For the identification and evaluation of risks and opportunities, an analysis is carried out under the criteria of ISO 9001:2015, ISO 14001:2015, ISO 55001:2014 and ISO 45001:2018 with an Integrated Management System (IMS) for quality, environment, safety and health.

At GPG, risks and opportunities are regularly analysed and assessed through the use of impact matrices that allow these factors to be identified and analysed at the operational stage.

For the analysis of operational risks, a quantitative assessment of the degree of danger to the organisation is carried out, defining criteria such as the probability of occurrence and frequency, as well as the potential impact on the company. Following this assessment, a serie of specific actions are defined and those responsible are assigned to mitigate, control or eliminate the identified risks.

To ensure the effectiveness of these risk management actions, continuous monitoring and detailed planning is established. This process includes quantitative evaluation of the effectiveness of the implemented actions, thus ensuring that they are properly implemented.

Opportunity analysis is carried out in a similar way to risk analysis. Opportunities are identified and the positive consequences for the company are assessed, considering aspects such as costs, expected impact and feasibility of the proposed actions. Responsibility for the implementation of these actions is also assigned.

After the implementation of the measures, their effectiveness is rigorously monitored, ensuring that the measures taken are working properly and that the expected results are achieved, enabling GPG to take full advantage of the opportunities identified and to improve its overall performance.

As such, GPG adopts a rigorous and systematic approach to managing

operational risks and opportunities, including regular analysis, quantitative assessments, detailed planning and continuous monitoring. This approach not only helps to mitigate risks and manage them correctly, but also enables the company to capitalise on opportunities, contributing to its long-term sustainability and success.

Thanks to this management, a serie of certifications have been achieved that reflect the company commitment to environmental management, quality and safety at work, such as ISO 14001, which recognises GPG's environmental management systems, ensuring that it complies with international standards to minimise its impact; ISO 9001 for quality management system, guaranteeing that its processes and products comply with the applicable requirements and regulations; and ISO 45001 for occupational health and safety management.

In fact, in 2023, 89% of EBITDA will come from industrial activities with ISO 14001 environmental certification, obtained after passing several external audits.

To ensure consistency and homogeneity of key processes in environmental management, there are global methodologies and tools that are used in the different businesses and countries of the company:

- SALEM, to identify, record, and monitor compliance with legal and other requirements (contractual, permitting, etc.).
- PROSAFETY, for the recording and management of findings, non-conformities, observations, incidents, accidents, opportunities for improvement, and the monitoring of environmental management objectives and action plans.
- ENABLON, for the reporting of all environmental performance indicators of GPG facilities in operation.
- DAMAS, to identify and assess the direct, indirect and potential environmental aspects of the facilities.
- Datamaran, to identify and monitor external risks and opportunities related to ESG.
- Scope 1, 2 and 3 carbon footprint calculation.
- Geographic Information Systems for biodiversity.

ENVIRONMENTAL INVESTMENTS AND EXPENDITURES

For GPG, environmental protection is a priority activity that deserves all means and economic resources without exception. For years, the company has been reporting environmental investments and expenses according to the Naturgy methodology, and, since 2021, it also reports economic information according to the provisions of the Delegated Taxonomy Regulation, despite the fact that all GPG facilities are outside European territory.

Environmental actions carried out in 2023 totalled 366 million euros, of which 321 million euros corresponded to environmental investments, mainly maintenance and investment in renewables, and 45 million euros to expenses incurred in the environmental management of the facilities. Out of the investments made, those made in new renewable projects stand out, which will contribute to the energy transition and reduce the intensity of CO_2 and other atmospheric pollutants.

6.3 Climate change and energy transition

6.3.1 Climate change mitigation

The global energy transition is a fundamental challenge to reduce greenhouse gas (GHG) emissions and contribute to slowing down the climate change in which the world is immersed. This process implies a significant change in the way we produce and consume energy, moving towards cleaner and more sustainable sources.

Aware of the global environmental challenges and the urgency of taking decisive action, GPG has focused its efforts on developing strategies and projects that contribute to mitigating the effects of climate change.

GPG's approach is based on the transition to more sustainable and cleaner energy sources, thereby reducing dependence on fossil fuels and greenhouse gas emissions. Key initiatives include investing in renewable energy, such as wind and solar, improving energy efficiency in its operations and implementing advanced technologies to reduce emissions at its power generation plants.

A crucial element in this strategy is the calculation of the GPG's carbon footprint.

GPG calculates the direct and indirect greenhouse gas emissions generated as a consequence of the development of the activities carried out by the organisation.

	Scope according to GHG Protocol	Emission focus	Emissions (t CO_2e)	%
1	Direct GHG emissions	Combustion in stationary sources	5,848.117.11	83.03%
		Combustion in mobile sources	660.58	0.01%
2	Indirect GHG emissions from imported energy	Electricity consumption	1,506.38	0.02%
3	Other indirect GHG emissions	Internal transport - Employee mobility	652.37	0.01%
		External transport - Business travel	1,669.42	0.02%
		Fossil fuel consumption	1,187,626.00	16.86%
		Chemical consumption	2,440.11	0.03%
		Waste management	581.58	0.01%
		Procurement of goods and services	371.34	0.01%
		Water consumption	0.37	0.00%
		Total	**7,043,482.87**	**100%**

Table 7. GHG emissions GPG.

The 83.03% of the total emissions generated by GPG are direct emissions derived from the combustion of fossil fuels in stationary sources. These emissions are generated in the combined cycle plants in Mexico and in the engine plants in the Dominican Republic.

GPG plants in Mexico play a crucial role in the country's energy supply, especially in a context where demand has grown without a corresponding increase in generation capacity. Without these plants, electricity supply would be at risk. It should be noted that these facilities have an Environmental Management System certified under ISO 14001 that guarantees the correct environmental performance and control of all environmental vectors. In addition, and on a voluntary basis, some of these facilities have undergone the process of obtaining the "Clean Industry" certification granted by PROFEPA (Procuraduría Federal de Protección al Ambiente). This certification is the recognition given to those organisations that have a controlled and non-significant impact, that comply with the applicable environmental legislation and go further in caring for the environment.

It should be noted that in Mexico, the Emissions Trading System (ETS) has been implemented, which includes emissions from combined cycle plants. From 2020 to 2022, the test phase was carried out, which included the free allocation of 100% of the facilities regulated by this cap & trade system, which emit more than 100,000 tCO_2/year. From 2023 to 2026, the allocation of free allowances, established in the draft ETS Bases, is expected to cover expected emissions according to production projections. In fact, according to current estimates, a surplus of free allowances will be generated in this period compared to the emissions produced.

Facilities registered in the ETS must submit emission allowances equivalent to the tonnes of CO_2 they emit. Currently, Naturgy's combined cycle plants in Mexico are registered in the ETS and have received the corresponding emission rights from the authority.

In the Dominican Republic, GPG stands out for being the only company with a continuous metering system, in strict compliance with current legislation. Currently, GPG's motor power plants play an important role as backup plants necessary to regulate the grid and maintain the security of supply, which is essential to cover the country's energy demand. Following GPG's commitment to the protection and care of the environment, the facilities are certified under the ISO 14001 standard and are audited annually.

In order to contribute to the mitigation of climate change, GPG is committed to eliminate investments in new assets or products with high carbon content that are not compatible with the Paris Agreement. Likewise, it undertakes to reduce with respect to 2017 the CO intensity indicator2 in electricity generation by more than 15%, having managed to reduce its indicator in 2023 by 10%. This indicator is calculated considering the direct Scope 1 emissions of all GPG and the gross production (GWh) of all facilities.

Target	Unit	2023	Target 2025
Reduce CO_2 intensity indicator in power generation	t CO_2/GWh	326	300

Tabla 8. Objetivo de reducción de emisiones.

In order to achieve this goal, and thus contribute to decarbonisation, GPG is considering the following actions:

- Achieve that 50% of the installed power mix by 2025 is renewable.
- Boosting energy storage in the period 2021-2025 by hybridising new renewable projects with battery storage systems.
- Increase the amount of energy produced under carbon-free trading systems to more than 725 GW by 2025.

This approach reflects GPG's commitment to sustainability and climate change mitigation, despite the challenges it faces due to the thermal nature of some of its assets.

It should be noted that the Naturgy Group has established that 20% of the incentives for its management team in 2023 and 2025 will be linked to meeting ESG (environmental, social and governance) objectives.

The managers of GPG are also subject to this variable remuneration based on ESG targets.

6.3.2 Adaptation to climate change

In the context of the challenges posed by climate change, GPG faces risks associated with the limited availability of natural resources, which could affect energy production and increase operating costs.

In response to these challenges, GPG has adopted a proactive strategy to strengthen its resilience and ensure the long-term sustainability of its business activities. The achievement of certifications in accordance with international environmental management standards, such as ISO 14001, reflects a strong and structured commitment to environmental risk identification and management. These certifications not only facilitate adaptation to a changing environment, but also underline the importance of the circular economy in minimising environmental vulnerabilities and promoting efficient resource management.

The implementation of practices aligned with the principles of the circular economy, from proper waste management to consumption efficiency, is a strategy designed to address resource scarcity and reduce environmental impact. This strategic orientation provides GPG with the resilience to face future challenges, ensuring the continuity and sustainability of its operations in a global environment characterised by increasing uncertainty.

6.3.3 Energy

For GPG, energy is a fundamental pillar of its operations. As a power generation company, GPG faces the challenge of balancing the growing demand for electricity with the need to reduce its environmental impact. Currently, a significant part of GPG's energy production depends on the combustion of natural gas in combined cycle plants in Mexico and fuel oil in plants in the Dominican Republic, essential fuels to ensure a continuous and stable supply of electricity in these countries where the penetration of renewables is lagging. For this reason, GPG is continuously working to improve the energy efficiency of its operations and is adopting advanced technologies to optimise its energy consumption.

In addition, the company has implemented an action plan that includes significant investments in renewable energy,

The importance of energy to GPG lies not only in its ability to produce electricity, but also in its responsibility to do so in a sustainable manner. While striving to reduce the carbon intensity of its emissions by 15%, GPG continues to comply with environmental regulations and maintains a rigorous system for measuring emissions in its operations. In addition, as discussed above, the company is committed to making no new investments in polluting assets and aligning itself with the principles of the Paris Agreement.

The following table shows GPG's energy consumption for the year 2023 by facility and fuel type:

Country	Fuel consumption	Diesel consumption	Natural gas consumption	Fuel oil consumption	Purchased electricity consumption
Costa Rica	0.00	18.34	0.00	0.00	0
Mexico	847.23	12,430.50	29,079,101.53	0.00	0
Panama	176.19	0.00	0.00	0.00	0
R. Dominicana	7.89	3,266.81	0.00	1,791,192.89	0
Brazil	283.18	2.12	0.00	0.00	0
Chile	0.00	96.03	0.00	0.00	0
Australia	27.62	1,175.26	0.00	0.00	2,117.79
Total	**1,342.10**	**16,989.06**	**29,079,101.53**	**1,791,192.89**	**2,117.79**

Table 9. GPG energy consumption (MWh) by fuel type and by installation.

In electricity consumption, the amount of electricity purchased from external suppliers is indicated. In the rest of the facilities, although electricity is consumed, it comes from the generation itself and is called self-consumption. The energy cost is already valued in the fuel.

Country	Consumption of petroleum products[1]	Natural gas consumption	Electricity consumption
Costa Rica	66.02	0.00	0
Mexico	47,799,85	104,684,765,51	0
Panama	634.27	0,00	0
R. Dominicana	6,460,083.35	0.00	0
Brazil	1,027.06	0.00	0
Chile	345.71	0.00	0
Australia	4,330.36	0.00	7,624.04
Total	**6,514,286.62**	**104,684,765.51**	**7,624.04**

Table 10. Aggregated GPG energy consumption (GJ) by country for 2023.

Below is a comparative table of GPG's energy consumption (MWh), taking into account the years 2022 and 2023:

Country	2023	2022
Energy consumption (MWh)	30,875,351.63	30,452,678.53
Energy consumption (GJ)	111,151,176.93	109,629,555.01

Table 11. GPG energy consumption (MWh and GJ) for 2022 and 2023.

The company gross production increased 8% during 2023 compared to 2022. The energy consumption slightly increased (1,4% compared to 2022).

[1] In renewable plants, the petroleum-based consumptions are produced in mobile sources, not the primary electricity generation process.

6.4 Pollution

Pollution represents one of the major environmental challenges of our time, significantly affecting ecosystems and human health. This problem includes various forms, such as air, water, soil, noise and light pollution. The importance of tackling pollution lies in its harmful effects, which can be immediate or long-term, alternatively affecting quality of life, biodiversity, ecosystems and the global climate.

In the industrial environment, companies play a crucial role in the mitigation of pollution. GPG, aware of this responsibility, recognises the need to proactively manage its environmental impact to avoid potential adverse effects that may result from its operations.

GPG's activities involve the emission of polluting gases into the atmosphere, such as greenhouse gases and nitrogen oxides. In addition, its operations generate hazardous and non-hazardous waste that may affect the natural environment, as well as water discharges after use.

To address these challenges, GPG has implemented a number of measures and actions as part of its commitment to environmental sustainability, such as those mentioned in the following sections.

6.4.1 Air pollution

As part of its commitment to environmental sustainability, GPG implements rigorous strategies to mitigate air pollution generated by its operations, including noise and light pollution. These measures are complemented by continuous monitoring of air quality in and around the facilities, ensuring compliance with current environmental regulations and minimising the impact on the environment and public health.

The operation of combined cycle plants in Mexico generates atmospheric emissions of pollutants such as NOX. To reduce emissions and optimise plant operation, high fogging systems have been implemented to minimise the emission of nitrogen oxides into the atmosphere.

In the case of the engine plants in the Dominican Republic, in addition to nitrogen oxides, Sox is emitted. To minimise the emission of this pollutant, GPG is committed to using high quantity fuels with a very low sulphur content. It is important to highlight, it has the first continuous monitoring system installed in a plant of this type of technology in the company and in the country, ensuring that levels are kept within the limits established by legislation to protect health and the environment.

In regards to light and noise pollution, GPG considers these aspects from the design stage of its facilities. Noise modelling is carried out and, where necessary, measures are included to reduce noise impact, such as the implementation of silencers, acoustic insulation and other noise control technologies. Similarly, measures are taken to minimise light pollution to ensure compliance with legal limits and reduce disturbance to the surrounding population and wildlife, as well as monitoring and measurement programmes to ensure compliance with these requirements.

In the context of its investments, GPG is developing new renewable projects to transition energy and reduce the carbon intensity of its business and other air pollutants. This transition not only contributes to the reduction of the company's carbon footprint, but also helps to mitigate the negative impacts of air pollution in general.

6.4.2 Soil contamination

Aware of the risks that soil contamination poses to the ecosystem and human health, GPG uses sustainable management practices in all phases of its operations, from construction and operation to decommissioning of its facilities. These practices are designed to prevent contamination of soil, a vital resource that supports both biodiversity and human activities.

To minimise negative impacts on the soil, the organisation focuses on proper waste management.

In accordance with the waste hierarchy, the company prioritises management geared towards prevention, reuse and recycling over less sustainable alternatives such as incineration without energy recovery or landfill. This strategy is clearly defined in the Sustainability Plan, which includes two waste-related objectives for 2025: to minimise waste generation, keeping it below 8 Kt of waste and to reach 60% of waste recovered or recycled.

Waste	2023	2022
Total waste (kt)	6,652	6,157
Non-hazardous waste (kt)	3,791	4,130
Hazardous waste (Kt)	2,861	2,027
Recovery and recycling rate (%)	45%	36%

In 2023, there has been an 8% increment in total waste generated. By type, there has been a 41% increment in hazardous waste, while non-hazardous waste generation has decreased. The increment in the generation of hazardous waste was due to the increment in the generation of fuel sludge and hydrocarbons with water from the Dominican Republic plants. During 2023, the operating regime of these plants has been modified as they are now also operating as frequency regulators of the grid.

With regards to the percentage of recycled or recovered waste, there was a improvement, standing at 45%, an increase of 9% compared to the previous year. This increase demonstrates a continuous effort to minimize environmental impact and promote the circular economy

In relation to the waste of the collaborating companies, they are required to manage it appropriately through the environmental specifications included in the contracting process, and they are also monitored throughout the duration of their services.

Spill control and the prevention of leaks or spills of harmful substances are also critical components of the GPG's strategy to protect the soil. Strict hazardous material handling and storage protocols are implemented to prevent accidental spills. In the event of a spill, emergency procedures and specialised equipment are in place to contain and clean up the substances, minimising the environmental impact. The quantity and hazardousness of these substances is very limited, and preventive management and monitoring measures are carried out to avoid negative impacts. This management is guaranteed by ISO 14001 certification.

GPG strives to maintain a balance between industrial production and soil conservation, thus ensuring the protection of this vital resource for future generations. Through its sustainable management policies and practices, the company seeks not only to comply with legal requirements, but also to go beyond them, setting ambitious targets to minimise its environmental impact and contribute to the resilience of ecosystems.

6.4.3 Pollution of water

By 2023 there are five spills in soils and watercourses resulting from industrial incidents at GPG facilities. These spills have had no impact on natural soil or watercourses, so there have been no episodes of contamination or potential contamination at GPG facilities.

- **Hermosillo Plant**: during 2023, a spill of 300 litres of diesel fuel occurred in an area near the facilities, outside the authorised discharge points. To prevent possible impacts from this spill, the spill was cleaned up and contained, using absorbent powders and drums to recover and store as much as possible. This incident has not generated any significant risk to biodiversity has neither affected the natural soil or surface watercourse.

- **Naco Nogales Plant**: 3 incidents of accidental spills or spillages were recorded during the current reporting year. A spill of 846 litres of oil due to leakage, enabling the portable filtration equipment to suck the oil from the facilities and clean them up. A second spillage of 40 litres of ferric chloride ($FeCl_3$) during some manoeuvres, for which actions are implemented for the correct use of the containment equipment and kits and, finally, a spillage of 140 litres of sulphuric acid due to a suction failure. For this last spill, a review of the system components was carried out, the techniques carried out were verified and it was assessed whether accidental impact protection was applied, investigating the most suitable materials for the system and drawing up procedures for proposals for improvement.

- **Torito Hydropower Plant**: during the execution of some works, a spill of approximately 45 litres of ISO46 type oil occurred, closing the valves of the regulation group and proceeding to clean the area with the spill care kit to prevent damage. To prevent this incident from happening again, actions such as training in good practices in the maintenance of equipment, mitigating the spillage of oils and other substances from the equipment involved and the inclusion of the valve manoeuvre in the discharges are proposed.

Despite these uncontrolled and accidental spills, which have not had any negative impacts neither side effects or effect on soil or water, GPG has a serie of action protocols and has the necessary resources and training to deal with these incidents, acting quickly to control them and avoid the possible damage and adverse impacts they could generate in the environment.

6.4.4 Substances of concern and substances of very high concern

GPG **does not generate substances of concern** or substances of very high concern in its facilities. However, it does consume some of them in some plants and, although its consumption is minimal and perfectly identified, it adopts **proactive measures to avoid any type of contamination or affection to both health and the environment**.

This commitment extends to transparency and collaboration with suppliers and customers to ensure the **gradual elimination** of these substances and waste throughout the value chain.

6.5 Water and circular economy

6.5.1 Water

6.5.1.1 Sustainable water management

Water is an essential element for life and natural ecosystems, but also for economic activity and the well-being of people. In the industrial and business sphere, water plays a crucial role in various production processes, being an indispensable component for the efficient operation of activities. Therefore, its management deserves special consideration, and GPG understands the care of this resource as a shared responsibility that requires actions at individual, community, business and governmental levels. Water conservation ensures human health and well-being, as well as economic development and the preservation of the environment and ecosystems as we know them. Implementing sustainable water management practices are essential to meet today's challenges and ensure that this vital resource is available for future generations. GPG takes a proactive approach to water management by carefully managing water resources, both in terms of consumption and discharge management.

In line with this consideration, GPG's water resource management strategy includes minimising fresh water consumption by prioritising the use of sea water or waste water, efficient effluent treatment at its thermal facilities and the prevention of accidental discharges. This responsible water management not only aims to reduce the demand for water resources, but also to protect public water resources from contamination by thermal discharge or the discharge of chemical effluents. In addition, the organisation carries out risk analyses related to its use based on the use of different methodologies and the consideration in the corporate risk map, paying special attention to water consumption, the control of water quality in discharges and the ecological management of the resource, prioritising eco-efficiency and the reuse of water in processes.

Water consumption by GPG is mainly in the thermal power plants, which are the most relevant facilities in terms of water management and are responsible for 99.85% of total consumption, specifically in the cooling process, followed by the solar plants (0.13%), which use water for washing panels. The rest of the facilities only consume drinking water for personal use of the facilities. GPG therefore implements water management practices to optimise water consumption in all its operations.

GPG applies the precautionary principle to avoid possible negative impacts on water management, carrying out environmental studies with a diversity of project alternatives and the natural environment in the design phase of the facilities, paying special attention to water and its availability, both for the ecosystems and for the affected population.

In the environmental impact assessment process, both the project and the study are subject to public information to ensure stakeholder participation and input, resulting in an environmental authorisation that specifies the specific conditions of the project. In case the project is located in areas without local discharge requirements, internationally known standards are used as a reference.

As a result, the necessary measures are included in the project design to guarantee the minimisation of the environmental and social impacts linked to the use of water. Once the facilities are in operation, permanent monitoring is carried out as set out in the permits or in the applicable legal regulations to guarantee the quality of the environment and the availability of the resource.

In the case of GPG, environmental monitoring is especially important in the surroundings of the hydraulic facilities and at the discharge points of the thermal power plants. In addition to the operating procedures, the emergency and self-protection plans for risk control in these facilities contemplate the actions to be taken to prevent environmental events or minimise the possible impact on water resources.

Finally, the most intensive plants in the use of water and marine resources have an Environmental Management System certified under ISO 14001, and in the case of the Naco Nogales and Norte Durango facilities, with the Clean Industry Certificate issued by Profepa.

The company prioritises eco-efficiency and the reuse of water in processes by integrating waste water from other activities.

Under this principle, all the water consumed in 3 of the 4 combined cycles in Mexico comes from waste water from the municipality, which is treated in the treatment plants of the facilities for subsequent use. This treated water is subsequently discharged in better quality conditions than the incoming water, constituting 91% of the total water consumed in GPG. The other combined cycle uses sea water directly, which accounts for 8% of total consumption.

Thermal power generation plants account for most of the water consumption, in particular the cooling towers of combined cycle power plants, where it evaporates to allow cooling and is released into the atmosphere as steam, cooling in the natural water cycle. For this reason, the consumption of waste water from these combined cycle facilities is one of the main measures developed by GPG to combat high water consumption and to manage it correctly in areas with high water stress.

In addition, all the facilities have meters and permanent monitoring of water consumption, inflows and outflows to ensure the correct operation and management of the water treatment plants, demonstrating a proactive approach to monitoring and price control of water consumption, detecting possible areas for improvement. In this way, the company strives to meet the quality requirements for consumption and final discharge, exceeding current regulations and establishing internal objectives that promote a continuous reduction in the consumption of this vital resource, thus contributing to environmental sustainability and the conservation of aquatic ecosystems.

The remaining 1% of the water consumed by the organisation is fresh drinking water, used in the Dominican Republic's engine plants and GPG's renewable facilities.

As a summary, GPG implements various measures and actions aimed at minimising water consumption by optimising the processes in the facilities, prioritising the reuse of the resource, either by recirculating water from the cooling tower to post equalisation to reduce water consumption in the plant or by recovering water from osmosis rejection. In addition to the use of waste water in the plants and the presence of oil detection sensors in the drainage pit, avoiding sending contaminated water to the discharge channels and subsequently to the river.

The total water consumption of GPG is shown in the tables below:

	2023	2022
Total water consumption (m^3)	2,844,348.33	3,101,835.94
Water consumption in water-risk areas (m^3)	2,576,888.84	2,882,736.10
Total water recycled and reused (m^3)	3,329,272.83	3,365,740.75

Table 12 Table 6 GPG water consumption (m^3) for financial years 2022 and 2023

	2023	2022
Waste water consumption(m^3)	2,576,379.81	2,882,454.10
Fresh water consumption (m^3)	29,080.52	22,192.84
Sea water consumption (m^3)	238,888.00	197,189.00
Total water consumed (m^3)	2,844,348.33	3,101,835.94

Consumo de agua	2023	2022
Waste water	91%	93%
Fresh water	1%	1%
Sea water	8%	6%

Over the course of 2023, there is an 8% decrease in water consumption by GPG, a trend that has been evident for several years, despite expanding operations and increasing demand for water resources to support production processes. The data therefore reflects the efficient management of this critical resource.

In order to further interpretation of these results, their specific water consumption ratios have been calculated according to the electricity generation and economic income indicators.

	2023	2022
m /EBITDA3	7,646.33	8,924.09
m /TWh3	0.16	0.19

The existence and magnitude of the associated impacts depends not only on the amount of resource consumed but also on the source of used water. In the case of GPG, the main source of capture is sea water, which represents 99.17% of the organisation's total water abstractions, with almost 100% of this water being returned to the marine environment after use. This is followed by 0.82% of waste water consumption, which comes from other industries or urban origin and is treated for reuse, thus avoiding the consumption of fresh water, especially in areas of scarcity. As for the remaining sources of water collected and used by the organisation:

	2023(m^3)	2022(m^3)
Waste water	3,329,272.83	3,365,740.75
Sea water	402.778.196.00	496,786,404.00
Surface water	370.41	77.33
Groundwater	28,366.50	22,112.70
Supply network	1,324.52	871.30
Tanker/pluvial trucks	3,091.93	1,451.00
Total	406,140,622.19	500,176,657.08

Table 13 GPG water withdrawals / abstractions (m^3) for financial years 2022 and 2023

Reducing the impact on areas of high water stress

The existence and magnitude of impacts associated with water consumption depends on three factors: the quantity used, its typology (sea water, fresh water, etc.) and the level of water stress in the area. Water stress is the relative scarcity of water in a region, which makes it a crucial factor in water management due to its impact on the availability and sustainable use of this vital resource.

Of all GPG's business, 3 combined cycles (water-intensive facilities) and a solar plant are located in areas classified as high water stress zones, and therefore, in order to reduce consumption and increase process efficiency, the reuse of water from nearby municipalities is promoted in the cycles, avoiding the consumption of fresh water and the pressure on this resource. In addition to the efficiency of its use in its operations and the correct maintenance of the facilities to avoid or reduce possible losses, as in the case of the solar plant, in which the panel washing periods have been optimised.

6.5.1.2 Water discharges

GPG, in its commitment to sustainability and responsible environmental management, carries out risk analyses related to the use of water in its activity, paying special attention to water consumption, the control of water quality in discharges and the ecological management of the resource, carrying out a careful and controlled management of its water discharges and ensuring that it follows practices that respect the established norms and regulations.

This commitment is reflected in its comprehensive approach to minimising environmental impact, striving to ensure that all discharges comply with environmental regulations and carrying out exhaustive analytical controls of discharges and receiving waters to verify that the established limit values are not exceeded, ensuring that the quality of the water discharged is superior to that collected. This practice not only meets regulatory obligations, but also actively contributes to pollution prevention by ensuring effective effluent treatment and promoting water recirculation in internal processes. Strict operational control and risk management procedures (environmental emergency plans, drills, etc.) are also implemented to prevent incidents before they occur or to minimise damage. In this way, GPG demonstrates its ongoing commitment to the protection of water quality, the preservation of surrounding ecosystems and the reduction of its environmental footprint, in compliance with the principles of sustainability and corporate responsibility.

Despite all the actions implemented by the organisation and the precautionary and control measures in place, accidental spills may occur as a consequence of GPG's operations and industrial activities, which may cause environmental damage.

In 2023, five uncontrolled or accidental spills to soil and water were recorded at three of the organisation's sites. These incidents, documented in section '1.4.3 Water pollution', did not cause any adverse effects on water, soil and biodiversity in the affected areas.

Despite these events, it is essential to highlight GPG's continued commitment to improving its safety and environmental management protocols to minimise the risk of future spills and ensure the protection of the natural environment. The organisation continues to invest in advanced technologies and to train its personnel to prevent and respond effectively to any eventuality that may arise during its industrial operations.

With regard to authorised water discharges, a large part of the water used by the organisation comes from waste water from the surrounding municipalities, and this water is treated at its facilities for subsequent use. Once the water has been used in GPG's activity, the different effluent water flows are segregated according to their nature, and those that require it are treated in the purification plants to eliminate the pollutants they contain (particles, oils, etc.) until they reach the appropriate conditions for discharge. The facilities carry out measurements of the water in the receiving channel, analysing the quality of the water from time to time and, in many of them, this analysis is carried out p prior to the discharge and the effluents to guarantee that they comply with the admissible limits and ensure that they do not have a negative impact on the aquatic ecosystem, being discharged into the environment in better quality conditions than the incoming water.

During 2023, the equipment operated correctly, complying with environmental permits and ensuring in the studies of the receiving environment carried out that no significant impacts were generated in the aquatic ecosystems where they have been discharged.

The total water discharge of the organisation is shown below:

	2023 (m^3)	2022 (m^3)
Discharge into watercourse	559,649.88	593,896.58
Discharge to septic tank	691.23	1,460.86
Dumping at sea	402,539,308.00	496,589,216.00
Total	403,099,349.11	497,184,573.40

Table 14 GPG water discharge (m^3) for financial years 2022 and 2023

More than 99% of the water discharged by GPG is returned to the marine environment, ensuring that its conditions are similar to the original and comply with legal parameters. In this way, most of the water captured by the organisation is returned to the sea, reducing its impact on the environment and without compromising its availability.

GPG promotes the reuse and recycling of its own water (114,336.71 m^3) and that of third parties (3,329,272.83 m^3), thus reducing water abstraction and encouraging responsible use of the resource. This contributes to mitigate the impacts associated with water abstraction and the availability of the resource in the environment.

A comparison of the volume of water discharged in the current reporting year compared to the previous reporting period shows a 19% reduction in 2023, which means an example of the improvement in water management and reuse in operations.

6.5.2 Circular economy

Within the environmental culture promoted by GPG, special importance and attention is given to all aspects related to the circular economy and the improvement of the prevention and management of waste generated in the development of its operations and as a consequence of its activity. This priority is reflected in the incorporation of the principles of the circular economy in its production process, where innovation and sustainability are combined to create a model of responsible environmental management.

To achieve this, GPG has implemented a continuous and responsible management of waste coming from its activity, ensuring that all employees and operations have the necessary means to properly segregate waste and make optimal use of raw materials. This approach not only reduces the amount of waste generated, but also promotes reuse and recycling, minimising environmental impact and encouraging greater efficiency in the use of resources.

In addition, GPG constantly monitors the waste it manages and strives to innovate in techniques and processes that favour waste reduction and the conservation of these new resources. The company also educates and trains its staff in waste management and circular economy practices, ensuring that everyone understands and can contribute to these goals.

In this way, they ensure that they not only comply with legal environmental requirements, but go further by adopting advanced circular economy strategies, improving waste management and contributing to a more sustainable future.

6.5.2.1 Consumption of chemicals (resource input)

Within the framework of the integrated management system, GPG develops management and control procedures aimed to minimise the consumption of material resources or chemical products and being more efficient in their use. In this way, they promote sustainability by optimising consumption in their production processes, prioritising, whenever possible, the use of more sustainable, recycled and/or renewable materials. This approach minimises the environmental impact associated to the extraction and processing of raw materials, aligning GPG's operations with the global objectives of carbon footprint reduction and biodiversity conservation.

During 2023, the company has adopted a proactive approach towards the circular economy, implementing various measures aimed at optimising the use of resources and promoting sustainable practices. These initiatives not only aim to improve operational efficiency, but also have a positive impact on reducing the environmental footprint.

The main resources used by GPG during the last two years, related to water treatment in the treatment plants and to the lubrication of equipment, are shown below:

Consumption of chemicals	Quantity (t) 2023	Quantity (t) 2022
Lubricating/hydraulic oil	770.64	543.28
Sulphuric acid	450.11	430.14
Sodium hypochlorite	112.42	77.88
Coagulant	167.64	172.19
Calcium hydroxide	371.91	452.00
Other	437.29	277.57
Total	**2,310.02**	**1,953.06**

Table 15 GPG chemicals consumption in 2023

The most significant increment is in oil consumption, due to the maintenance shutdown of the Tuxpan units and the change in the operating regime of the Dominican Republic's engine plants. Despite a slight increment in the absolute value of resources, the ratio between the consumption of these resources and the gross energy generated has remained constant.

6.5.2.2 Waste

Within the framework of the circular economy and waste prevention and management, GPG implements exhaustive procedures to ensure its correct management and guarantee its minimisation, segregation, storage and final disposal. These procedures allow the organisation to accurately report data on waste generated directly in its operations, differentiating it by type and treatment.

To ensure proper waste management throughout its facilities and countries of operation, GPG includes specific environmental requirements in its procurement processes and monitors compliance throughout service delivery. This approach is supported by its ISO 14001 certification, which helps to minimise GPG's significant environmental impacts, including waste and, in particular, the risk of pollution from accidental spills or releases.

Waste management at GPG involves a serie of strategies and practices designed to minimise the environmental impact of its operations, optimising processes to reduce the amount of waste. Waste generated in production is carefully sorted, reused internally where possible, or channelled into external recovery chains, promoting its reintroduction into the economy as a resource. The company also invests in advanced treatment and recycling technologies to ensure that waste is managed efficiently and sustainably. This commitment to waste minimisation and recovery reflects GPG's commitment to the principles of the circular economy and its responsibility to protect the environment.

Non-hazardous and hazardous waste is managed in accordance with the regulations in force in each country through authorised waste managers, who are responsible for its collection, transport, treatment and final disposal. This process ensures that waste is treated in a safe, appropriate and responsible manner .

In addition of establishing procedures and having exhaustive control of the waste generated, its segregation and management, GPG has undertaken several initiatives in the different locations where it operates to support sustainability and promote the cleanliness of natural areas. This is the case in Mexico, where a programme has been set up to clean up community spaces and beaches for the conservation of water, species and ecosystems. With these actions, GPG promotes environmental awareness and action, involving local communities in the correct management of waste and in the maintenance of waste-free ecosystems.

Given the nature of GPG's activity, the main non-hazardous waste generated is sludge resulting from the purification processes in the water treatment plants, followed by solid urban waste. As for hazardous waste, reagent waste and contaminated sludge and oils are those most generated as a result of the organisation's activity. In general processes, scrap, grease and other contaminated materials from maintenance processes are also produced.

The waste generated by GPG that has not been destined for disposal is shown below:

Waste	Recycling (t)	Other recovery operations (t)
NON HAZARDOUS		
Scrap	54.86	0.00
Empty containers	0.23	0.00
Sludge (from PTA)	12.85	122.27
Wood	0.40	0.00
Tyres	0.17	0.00
Paper and cardboard	1.96	0.00
Batteries	0.005	0.00
Plastics	0.65	0.00
USW	0.30	34.20
Vegetable waste	10.12	0.00
Toner	0.02	0.00
Other non-hazardous waste	0.07	0.00
DANGEROUS		
Absorbents, insulation and other materials	17.37	7.36
Used oil	43.31	13.43
Contaminated packaging	1.63	0.00
Used grease	1.30	0.00
$HC+H_20$	1,594.21	0.00
Contaminated sludge/oils	0.00	1,072.59
Batteries/Batteries/Acccumulators	4.37	0.44
Paints/Varnishes	0.00	0.40
WEEE	0.07	0.00
Solid waste	0.00	2.56
Fluorescent tubes	0.08	0.00
Other hazardous waste	0.32	0.40
TOTAL	**1,744.29**	**1,253.65**

Table 16 Waste destined for recovered in 2023

The waste generated by GPG that has been destined to be disposed is shown below:

Waste	Landfill (t)	Incineration (t)
NON HAZARDOUS		
Scrap	0.25	0.00
Sludge	3,495.48	0.00
Wood	0.25	0.00
Tyres	0.14	0.00
Paper and cardboard	0.43	0.00
Plastics	0.25	0.00
USW	50.30	4.42
Vegetable waste	1.20	0.00
Other non-hazardous waste	0.83	0.00
DANGEROUS		
Absorbents, insulation and other materials	0.04	0.00
Contaminated packaging	1.59	3.77
HC+H_2O	0.05	0.00
Sewage sludge	49.00	0.00
Batteries/Batteries/Acccumulators	0.96	0.00
Paints/Varnishes	0.17	0.14
Biosanitary	0.00	0.02
Laboratory waste	0.74	0.00
USW	1.38	35.78
Land + HC	3.34	0.16
Fluorescent tubes	0.62	0.00
Other hazardous waste	3.92	0.00
TOTAL	**3,610.95**	**44.28**

Table 17 Waste for disposal in 2023

The following table shows a comparison of waste generation in 2022 and 2023:

	2023	2022
Non-hazardous (t)	3,791.66	4,130.65
Hazardous (t)	2,861.52	2.027,43
TOTAL	**6,653.17**	**6,158.08**

Table 18 Generation of hazardous and non-hazardous waste (t) in 2022 and 2023

In 2023 there is a slight increment in the generation of waste of 8% compared to 2022, although it is not particularly significant, largely due to the increase in the generation of hazardous waste derived from the maintenance shutdown carried out in Tuxpan, the change in the operating regime of the Dominican Republic facilities and the entry into operation of new wind farms in Australia. It is important to note that non-hazardous waste, which constitutes 57% of the waste generated by GPG, has experienced a reduction in 2023, with a slight increment in hazardous waste generated (representing 43% of the waste generated in 2023).

Likewise, 45.10% of the waste produced by GPG is destined for operations that seek to give the product a second life. In the case of non-hazardous waste assimilable to municipal solid waste (MSW), which comes mainly from the new renewable facilities, waste recovery is difficult due to the problem of finding suppliers or providers to offer this final treatment, mainly due to the location of the facilities in isolated areas and the small amount of waste generated. Nevertheless, the organisation has set itself the objective of improving the recycling and recovery rate of all waste. This is a sign of the company's commitment to the prioritisation of waste treatment, contributing to reducing the amount of waste sent to landfill, promoting efficiency in the use of resources and minimising the environmental impact associated with waste generation.

6.6 Biodiversity and natural capital

Biodiversity and natural capital are essential components for the development of society, ecosystems and business activities. Their importance is manifested in various aspects, from policy regulations to resource supply and use.

Biodiversity is crucial for human well-being and sustainable development, providing indispensable services such as food production, climate regulation and water purification. It is therefore imperative to take action to conserve and restore natural capital by effectively integrating it into the policies, plans and practices of all economic and social sectors.

Businesses play a vital role in this context, as they depend on nature for raw material supply, income generation, risk reduction and innovation. Furthermore, managing biodiversity and the impacts of their activities on natural systems is essential for their own resilience and long-term sustainability.

In its firm commitment to environmental sustainability, GPG recognises the importance of detecting and mitigating the impacts that its operations may have on biodiversity and natural capital. Therefore, it integrates biodiversity in a comprehensive manner in its objectives, committing to the conservation of biodiversity, natural capital and heritage in the surroundings of its facilities, with special attention to protected areas and species, implementing various measures to protect ecosystems and carrying out comprehensive annual assessments of these aspects through ISO 14001 certification.

The precautionary principles included in Naturgy's Environmental Policy, to which GPG adheres, are based on:

- Respect for natural capital and biodiversity in the environments where the activity is carried out, identifying and assessing the impacts and monitoring the state of biodiversity during the life cycle of the facilities:
- The integration of biodiversity into the design by trying to reduce negative environmental impacts and implementing a precautionary approach to prevent them, avoiding, as far as possible, the development of the activity near areas of high biodiversity value or protected areas.
- Prevent vegetation disturbance and deforestation in operating environments wherever possible, promoting the net creation of natural capital and encouraging the development of nature-based solutions.
- Return the environment of the facilities to the initial conditions, once their useful life is over and after the decommissioning process, working towards no net loss of biodiversity.

Biodiversity is therefore integrated into the strategic management and objectives of the organisation through the commitment of all stakeholders and the Sustainability Committee, implementing improvements in practices and promoting the sustainability of operations. Some of these measures carried out by the organisation are:

- **Risk and opportunity analysis**, assessing the impacts, risks and opportunities related to nature and biodiversity at its facilities during the operation, development and construction stages.
- **Preventive approach** in all phases of the project, from construction and operation to decommissioning, to avoid possible environmental damage. To this end, **comprehensive environmental studies** are carried out prior to the execution and commencement of any project, carrying out exhaustive assessments of the environmental impact on local ecosystems and populations and defining preventive measures or minimisers of such impacts.
- **Actions for the protection** and reduction of the impacts of GPG's activity on nature, such as the execution of initiatives for the protection of biodiversity, the reduction of the intensity of emissions or the promotion of the circular economy. In GPG there is a clear commitment to the protection of ecosystems, which translates into a correct management of its activities

and impacts in order to avoid damage to the natural environment, promoting the restoration and rehabilitation of degraded areas.

- **Monitoring and follow-up** of the objectives set by the organisation on a regular basis, analysing the indicators to determine the degree of compliance and effectiveness of the measures adopted.

- **Transparency and dialogue** with stakeholders on sustainability issues.

- **Environmental education and awareness**: through its social and environmental projects, GPG raises awareness in the local communities in which it operates by carrying out various biodiversity activities.

By 2023, GPG has implemented 21 biodiversity enhancement initiatives throughout the life cycle of the facilities (construction, operation and decommissioning), ensuring the protection of biodiversity and the development of natural capital.

Some of the actions that have been carried out in the natural environment are:

- **Australia:** Special study of the Australian Crane around the Berrybank wind farm. Inventories of avifauna and bats at the rest of the wind farms and monitoring of mortality. Reports and adaptive management strategies in collaboration with the Landowners.

- **Chile**: Special Flora Management Plan for the Cabo Leones II wind farm. This plan includes a procedure for the rescue and relocation of bulbous plants prior to the start of construction work. It also describes vegetation management measures complemented with germplasm (seed) recovery work in order to conserve the genetic diversity of the natural heritage of the Atacama Region. A monitoring study of cetaceans and dolphins and periodic studies of avifauna and chiroptera have been carried out.

- **Panama**: planting of trees on the La Yeguada Hidropower Plant estate.

- **Brazil**: Two biodiversity recovery programmes have been developed and implemented: At the Sobral and Sertao facilities in Piauí, the Degraded Areas Recovery Programme has been carried out, while at the Minas Gerais facilities, the Revegetation Plan for two Permanent Preservation Areas (areas of special interest as a biological corridor) has been implemented. During the operation of the Sobral and Sertao solar plants, a Fauna Monitoring Plan has been implemented to determine the real impact of the operation of the facilities on the surrounding faunal groups, and a protocol has also been developed for the relocation of snakes.

- **Costa Rica**: In order to maintain the quality of the aquatic ecosystem of the Reventazón river, a study of the river water is carried out every 6 months to determine if there is any contamination from the plant in the river. As a special initiative, this year, 2023, it has been initiated working with a leading conservation organisation for the promotion and defence of natural capital, in order to install signs to protect sensitive environments.

- **Dominican Republic**: Participation in the 'Misión Recate Línea Roja' programme, through the sponsorship of the endangered species 'Pimienta Ozua', carried out in the Humedales del Ozama National Park (930 seedlings in the last 4 years). The activities to be carried out are planned with personnel from the institutions: Botanical Garden and ECORED.

- **Mexico**: Production of endemic plants to the region to support the construction of the 'Durango State Ethnobiological Garden'. Use of mycorrhizal fungi and vermicompost to improve the survival rate of reforested species. Production of native tree species in a nursery at the plant. Sea Turtle Protection and Conservation Project. Monitoring of birds and bats.

6.6.1 Factors directly affecting biodiversity loss and status

GPG's activities have a significant impact on the natural areas in which it operates, and the company is committed to identify and mitigate the direct factors that contribute to the loss of local biodiversity. These factors include the alteration of natural habitats due to the construction and expansion of the facilities, environmental pollution generated by air emissions, water discharges and waste generation, as well as the extraction of resources . To counteract these impacts, GPG implements measures such as careful planning of the location of new facilities, environmental assessments, environmental monitoring and control programmes including waste management and restoration of affected areas, ensuring a harmonious coexistence with the natural environment.

The installation and operation of energy infrastructures, such as solar plants, require sometimes or partially but not always the removal of the vegetation present in the area, which leads to the loss of habitats and can fragment ecosystems. This problem can be reversed when the facilities are dismantled and activity in the area ceases.

In addition, such operations have an impact on the status of species due to the mortality rate of fauna, especially birds, due to collisions and collisions with power transmission lines.

GPG is aware of these issues and has developed specific protocols to mitigate these impacts on biodiversity. Among the measures implemented is the establishment of a protocol for the rescue of species that become trapped in its facilities, with special attention to those that are protected by local laws. As part of the actions for the rescue, protection and conservation of wild flora and fauna species, animal species must be allowed safe passage through the fencing of the facilities, and the species found within the perimeter of the facility must be captured without damage and relocated in areas of high botanical and physical similarity, in accordance with the habitat from which they were extracted, so that they can be placed in environmental conditions that allow their survival.

These rescue and relocation efforts are designed to minimise wildlife mortality and ensure that animals can be released into suitable habitats. GPG implements environmental management measures to prevent incidents that may affect local wildlife, such as installing fencing and signage at its facilities to minimise potential interactions with surrounding wildlife, installing deterrents on vehicles to prevent roadkill, implementation of special meshing and covers to prevent small mammals from falling or entering, use of specific cables in buried electrical systems in solar facilities to prevent electrocution by "gnawing" the cable, development of artificial wet areas where necessary to concentrate birdlife away from the parks, etc...

6.6.2 Impacts on and dependencies on ecosystem services

To carry out its activities, GPG needs a serie of services provided by nature, also called ecosystem services, which can be classified into different typologies: Provisioning Services (mainly water and raw materials), Regulating Services (climate regulation, pollination or water purification among others) and Cultural Services (health and relaxation, ecotourism, etc.).

The main potential impacts of GPG on these ecosystem services are:

- **Water capture and consumption**, especially in water-stressed areas. One of the most relevant ecosystem services for GPG is the provision of water, especially in combined cycle plants that require large quantities of water for their cooling processes and electricity generation, which can negatively affect public water resources, biodiversity and local communities. To avoid this impact, all combined cycles are designed to avoid fresh water consumption by using sea water or reusing waste water from nearby municipalities.

Solar power plants may occasionally consume water for washing the solar panels, although the volume is insignificant compared to the amount consumed in combined cycle plants.

- **Land occupation and modification of ecosystems**, elimination of vegetation. The construction of new projects generates a modification of the terrestrial habitat, with solar plants being the facilities that generate the greatest impact due to the surface area occupied. The construction of power lines also involves the elimination and permanent maintenance of an area devoid of vegetation and the presence in the environment of a collision factor for birdlife. In this case, the effects are reversible, as the removal of the facilities would mean a return to normal for the fauna and the growth of vegetation.

- **Effects on marine ecosystems and water pollution** due to water discharges from combined cycle power plants, mainly due to the increase in the temperature of cooling discharges. To avoid this impact, studies of the aquatic environment and modelling of the discharge are carried out during the design phase of the plants to include the necessary measures to reduce the impacts. Subsequently, during the operation of the facility, periodic controls are carried out on the discharges, monitoring the main pollutants.

- **Atmospheric pollution** from GHG emissions and other atmospheric pollutants as a result of GPG's activity, for which the organisation has a serie of measures and objectives to improve the efficiency of production processes and reduce CO_2 intensity.

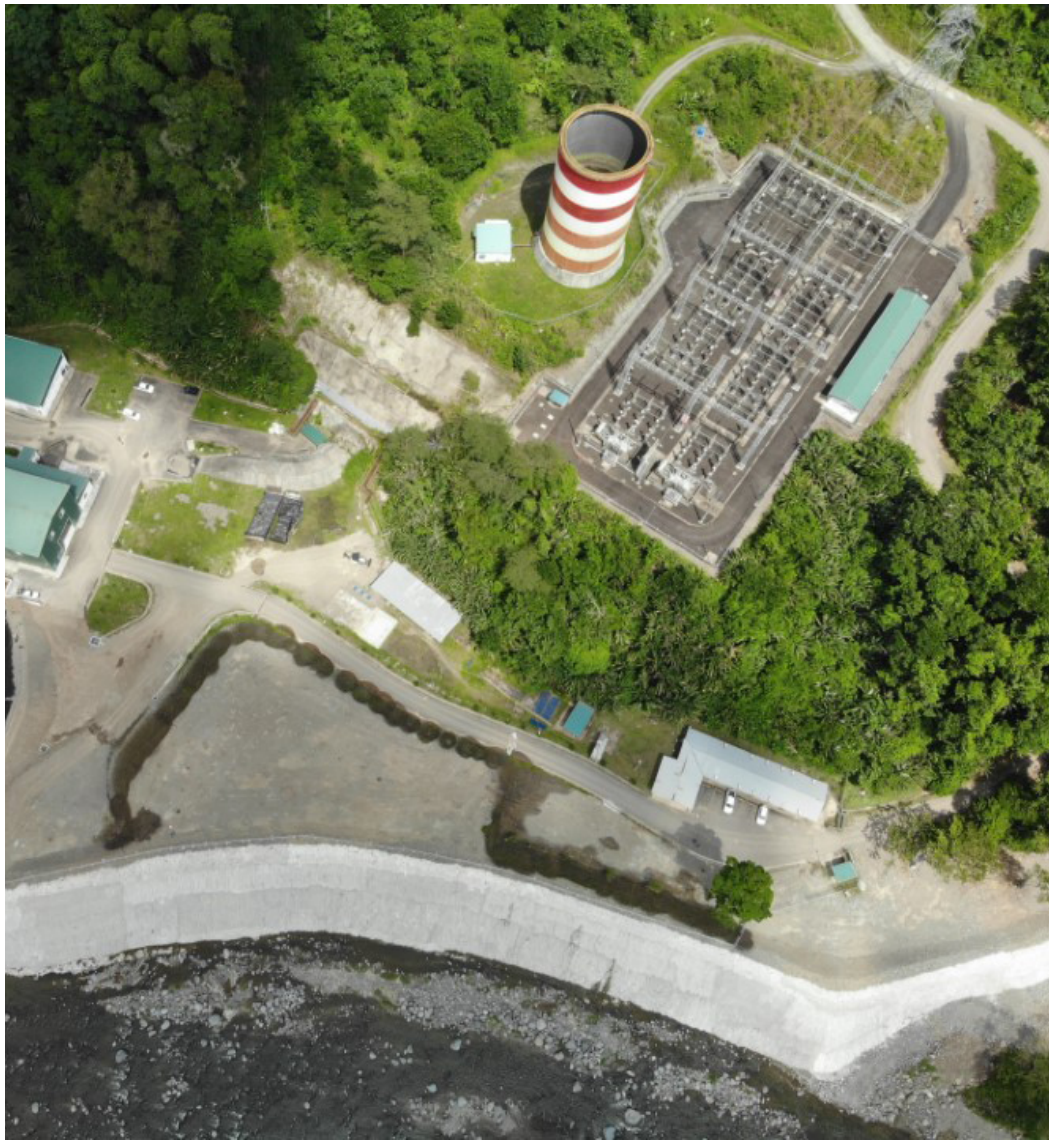
- **Soil contamination** due to accidental spills or inadequate management of waste generated or contaminating materials. To avoid incidents, such as leaks or spills, which could lead to soil contamination by oil or other waste, preventive management and monitoring measures are carried out during activities that could potentially generate spills (control of chemical dosage, filling of chemical tanks, oil control, etc. ....). All waste and chemical substance storage facilities are located on waterproofed concrete slabs and are equipped with spill containment devices and rapid action kits that are essential to prevent any impact on natural soil. All contracted waste managers are authorised and specialised in the collection and treatment of waste.

- **Noise disturbance** during the operation of the facilities, for which noise modelling and measurements are available to include the necessary measures to comply with legal limits and reduce environmental impacts.

- **Impact on fauna** due to the presence of the facilities, which can cause collisions or electrocution of animal species, especially birds, and the disruption of ecosystems, as well as the elimination of vegetation present in the area. To reduce these impacts, preliminary environmental studies are carried out and regular environmental monitoring is carried out during operation.

- **Landscape impact** due to the presence of the facilities, especially when they are located in rural or natural environments.

GPG assumes its role in protecting and enhancing these services, striving to implement management practices - such as those detailed previously throughout this report - that promote the sustainability of ecosystem services, such as sustainable energy and water management, the promotion of the circular economy and support for biodiversity.



Seven
Commitment and talent

Seven
Commitment and talent

7.1 Commitment and talent in 2023 at GPG

In 2023, GPG has a team of **488 people** and the backing and solvency of the Naturgy Group, a world leader in the energy sector.

The organisation develops its own projects and services for third parties, with the same standards of rigour and quality.

It also prioritises health and safety in the planning, development and execution of all its activities, with the aim of eliminating occupational accidents and guaranteeing the health of employees, contractors and collaborators.

During 2023, the main achievements in terms of engagement and talent at **Naturgy Group level** were:

- Opening of the **School of Happiness** within the Corporate University, which provides a training experience and a connection with the main trends, tools, experiences and practices in the field of well-being.
- Conclusion of the **360º Assessment** cycle, as a key process in the management of the company's executive and managerial talent. After obtaining the results of this multi-source and multidimensional assessment, a serie of feedback and development actions were deployed during the year in support of the ODAs (Annual Development Objectives) that each participant 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.
- Training hours on communication strategies for diversity and inclusive treatment for LGTBI+ people. Also training in global management of work-life balance 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 in October 2023, which will contribute to the achievement of the health and safety commitments and objectives assumed by the Board of Directors.
- Carrying out the **psychosocial assessment process at a global level**, which considers new emerging risks and forms of work organisation (teleworking, digitalisation of processes, cyberbullying, diversity, equality, gender perspective, etc.) 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, Oficina Soporte Gestión Telemática), either for the representation of Naturgy before the different Public Administrations or for the issuance of financial transactions with certain banks.

7.2 Interest in people

7.2.1 The staff

For GPG, people are the cornerstone of its success. For this reason, GPG is committed to provide an attractive working environment that promotes both the professional and personal development of its employees.

This commitment seeks to balance work and personal life, creating a team distinguished by its dedication, integrity, honesty, initiative and human quality. GPG is guided by the **Code of Ethics** and the **human rights policy**, which establish the principles and values that all **Naturgy Group** employees must follow.

These guidelines are in line with the values of safety and health, respect for the environment and respect for people. Its goals include ensuring that employees have the necessary skills, fostering a positive work environment and ensuring adequate compensation and retention of talent.

7.2.1.1 Total number and distribution of employees by gender, age, country and occupational classification at year-end 2023

Country	Men	Women	Total
Australia	25	8	33
Brazil	3	0	3
Chile	9	4	13
Costa Rica	16	0	16
Spain	49	32	81
Mexico	207(*)	50	257
Panama	14	1	15
Dominican Republic	55	15	70
Total	**378**	**110**	**488**

NOTE (*): Of the 207 men employed in Mexico, 10 belong to the La Caridad plant, a Grupo Mexico facility operated and maintained by GPG under an O&M contract.

Table 19. Total number and distribution of employees by gender and country in 2023.

Age	Men	Women	Total
Under 30	26	14	40
Between 30 and 50	246	72	318
Over 50s	106	24	130
Total	**378**	**110**	**488**

Table 20. Total number and distribution of employees by gender and age in 2023.

Professional category	Men	Women	Total
Executives	20	4	24
Middle management	24	9	33
Specialised technicians	144	46	190
Operational posts	190	51	241
Total	**378**	**110**	**488**

NOTE: Out of the 20 male managers who are part of the contracted workforce, 1 belongs to the La Caridad plant, a Grupo Mexico facility operated and maintained by GPG under an O&M contract. There are 3 middle managers and 6 specialised technicians.

Table 21. Total number and distribution of employment contract types in 2023.

7.2.1.2 Average annual hiring by type of contract, gender, age and professional category

Type of contract	Men	Women	Total
Permanent	378	110	488
Temporary	0	0	0
Total	**378**	**110**	**488**

Table 22. Total number and distribution of employment contract types in 2023.

7.2.1.3 Average annual hiring by type of contract, gender, age and professional category

Type of contract	Men	Women	Total
Permanent	21	10	31
Temporary	0	0	0
Total	**21**	**10**	**31**

Table 23. New recruitments by sex and type of contract in 2023.

Edad	Men	Women	Total
Under 30	6	6	12
Between 30 and 50	13	4	17
Over 50s	2	0	2
Total	**21**	**10**	**31**

Table 24. Average annual recruitment by gender and age in 2023.

Professional category	Men	Women	Total
Executives	0	0	0
Middle management	0	0	0
Specialised technicians	13	6	19
Operational posts	8	4	12
Total	**21**	**10**	**31**

Table 25. Average annual recruitment by gender and professional category in 2023.

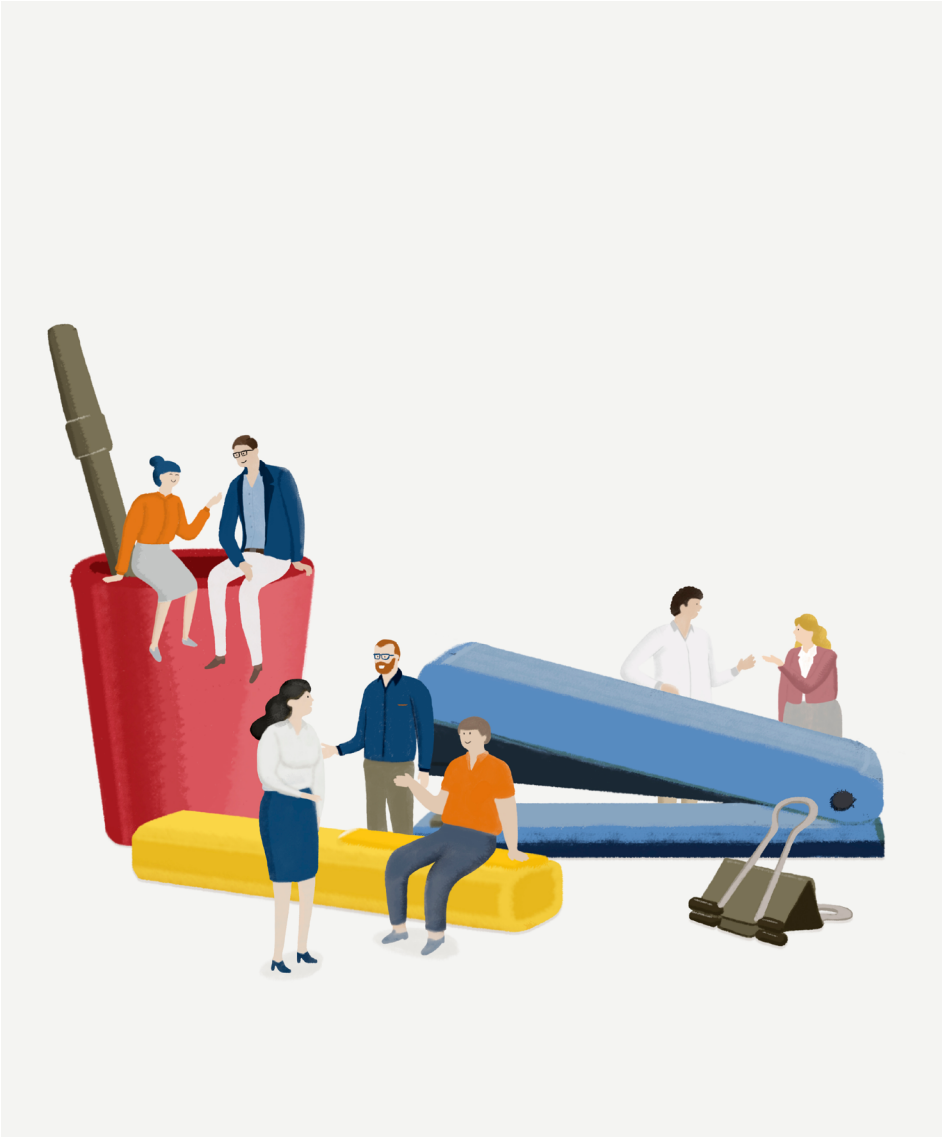
7.2.1.4 Number of redundancies by gender, age and occupational classification

Age	Men	Women	Total
Under 30	0	0	0
Between 30 and 50	0	0	0
Over 50s	0	0	0
Total	**0**	**0**	**0**

Table 26. Number of redundancies by sex and age in 2023.

Professional category	Men	Women	Total
Managers	0	0	0
Middle management	0	0	0
Specialised technicians	0	0	0
Operational posts	0	0	0
Total	**0**	**0**	**0**

Table 27. Number of redundancies by gender and professional category in 2023.



7.2.2 Flexibility and work-life balance

GPG has implemented work-life balance measures designed to effectively integrate the work and personal lives of its employees, emphasising the importance of a healthy balance that promotes both productivity and overall employee well-being.

To this end, through the Naturgy 2021-2024 collective agreement[1] , GPG has implemented measures that significantly promote both work-life balance and joint responsibility between men and women.

- Flexibility in the time of arrival and departure, as well as in the break period for lunch.
- Continuous working day during the period from June to September (four months) at Christmas and Easter for staff covered by the Collective agreement working in Spain and every Friday of the year for all staff (as long as the job permits).
- Longer paid leave for marriage, sickness and death of family members.
- Paid leave not covered by legislation such as separation or divorce, marriage of children or leave for mothers-to-be from the 38th week of pregnancy.
- Possibility of taking paid leave not necessarily on consecutive days.
- Reduced working hours for personal reasons in cases other than those provided for by law.
- Possibility of breastfeeding accumulation.
- Adaptation of the working week by one hour, as a measure to promote work-life balance.
- Remote work up to two days a week, for those workers who carry out functions which by their nature can be performed remotely.

1 It should be noted that the Naturgy 2021-2024 Collective Bargaining Agreement applies to personnel working in Spain. However, as far as possible, some of the measures indicated here are extensive to other countries, provided that the positions, labour agreements and contracts, and legislation allow it.

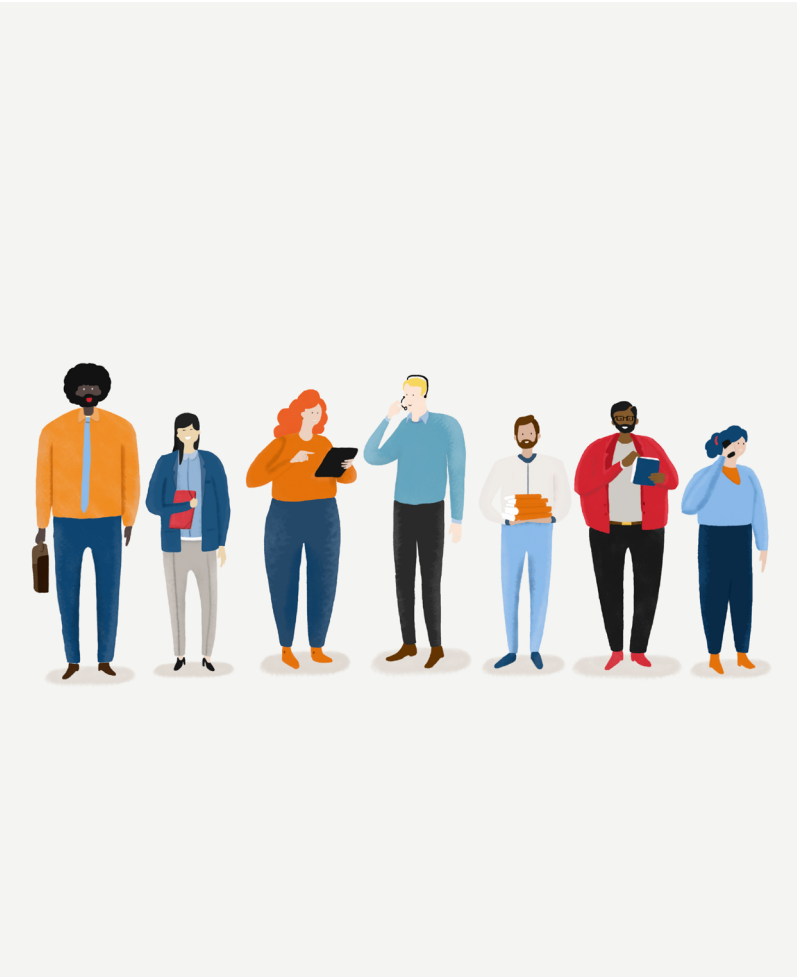
- Possibility of adapted remote work for positions which, due to the nature of their functions, cannot combine two days of remote working.
- Flexibility for the adaptation of the working week of up to two hours for those in shared custody situations.

These work-life balance initiatives are designed to support employees in effectively managing their time and resources, facilitating their performance, reducing stress and increasing job satisfaction. By promoting a work environment that values and respects the personal needs of employees, GPG strives to continuously improve the quality of life of its team, ensuring that all members of the organisation can benefit from a work environment that supports and facilitates an optimal work-life balance.

Data associated with GPG employees' family leave by gender during 2023 is shown below:

	Hombres	Women
Entitled	378	110
Who have taken leave	1	1
Total	**379**	**111**

Table 28. Number of employees entitled to parental leave and those who took parental leave.



7.2.3 Diversity and equality

It is essential for GPG to promote diversity and equal opportunities for all employees of the organisation. An environment of respect, listening and constant dialogue is fostered in order to achieve the goals set for gender and inclusion of people with disabilities. This supportive environment it is also extended to suppliers and partner companies.

This company commitment is reflected in its global vision, in its sustainability and people strategy, as well as in the Corporate Responsibility Policy, the Code of Ethics, the Protocol for the Prevention of Harassment in the Workplace and the Protocol for Sexual and Gender-based Harassment.

On Mar 8, 2023, the Naturgy Group signed its **Equality Plan**, which establishes a serie of specific measures and actions to maintain, correct and prevent deviations in terms of gender equality in any of the Group's businesses, including GPG.

In addition, at group level, the **Protocol on Sexual and/or Gender-based Harassment** has also been signed, which reinforces the company's commitment to zero tolerance towards situations of harassment and promotes greater involvement of social representatives in these matters.

GPG, in its firm commitment to equality, has set a target of 25% women in senior management positions by 2025, based on its comprehensive diversity programme, which covers several key dimensions: gender, education, skills and geography. Notably, in 2023, **22.8% of senior and middle management positions at GPG were held by women**.

In addition, GPG has obtained the **Bequal** Plus category **certification** in recognition of its inclusive policies for people with disabilities. Specifically, the Bequal Plus seal distinguishes organisations and entities committed to people with disabilities through legislative compliance, commitment to equal opportunities and universal accessibility and the improvement and increment in the levels and quality of employment of people with disabilities.

7.2.3.1 Employees with disabilities

Country	No. of people with disabilities	% of employees with disabilities
Australia	0	0
Brazil	0	0
Chile	0	0
Costa Rica	0	0
Spain	2	2.5%
Mexico	0	0
Panama	0	0
Dominican Republic	1	1.4%
Total	**3**	**0.6%**

Table 29. Number and percentage of employees with disabilities.

7.2.4 Labour relations

Labour relations are critical to the growth and success of the organisation, influencing employee well-being, productivity and the ability to achieve its strategic objectives.

Therefore, GPG strongly promotes a collaborative and communicative environment, valuing respect and listening in order to solve conflicts and strengthen trust. It is also committed to the professional development of the workers through continuous training and is committed to maintain an inclusive environment that ensures diversity and to implement policies that promote the health and safety of all the workers, encouraging the participation of the workers in the decision making process.

At the end of 2022, the 3rd Collective Bargaining Agreement of the Naturgy Group was signed which applies to personnel of GPG Spain for 4 years. In 2023, the Collective Bargaining Agreements were signed for each of the projects in Mexico valid until 2024. These contracts reinforce the channels of communication communication and negotiation channels with workers' representatives, establishing and articulating and articulating different commissions and spaces for dialogue to deal with the different aspects that affect labour relations. In the other countries, work is constantly carried out with workers to guarantee their welfare, productivity and their wellbeing, and ability to achieve strategic objectives.

Country	% Out of agreement	In agreement
Australia	100	0.0
Brazil	100	0.0
Chile	100	0.0
Costa Rica	100	0.0
Spain	55.6	44.4
Mexico	57.7	47.3
Panama	53.4	46.6
Dominican Republic	100	0.0
Total	**66.2**	**33.8**

Table 30. Employees not covered by collective bargaining agreements and those covered by collective bargaining agreements.

In order to identify weaknesses on which to act quickly and strengths to influence them and continue growing as an organisation, Naturgy makes available to all GPG employees the **Happyforce** tool. This practice allows the company to know the well-being of its staff and make informed decisions to continuously improve the working environment, fostering a more positive, collaborative and productive environment for all workers in the organisation.

GPG uses the NPS (Net Promoter Score) indicator to measure employee satisfaction. Specifically, this indicator assesses the willingness of employees to recommend their workplace to others.

In 2023, the percentage of employee promoters was 53.9%, well above the 2025 target of 40%.

7.2.5 Compensation and remuneration

Compensation and remuneration in GPG are governed by principles that ensure transparency, fairness and competitiveness. These principles ensure that all employees understand how their compensation is determined (transparency), that compensation is fair and reflects the value and contributions of each individual (equity), and that salary policies are attractive compared to the labour market (competitiveness).

For GPG, compensation and remuneration are management and investment tools framed within a broad and comprehensive employee value proposition that aims to provide employees with an enriching and satisfying work experience, thus promoting their well-being and performance within the organisation.

Any programme, policy, procedure, tool, negotiation, etc. related to GPG's remuneration and reward shall be guided by the principles defined in the Naturgy Group's strategy:

- **Provide a clear and transparent Total Reward offer.**
- **Fostering a culture of performance and results-orientation.**
- **Reward differentially according to individual contribution.**
- **Recognise the different needs of different groups.**
- **Reward fairly according to the contribution of the position in the company, and competitively with respect to the market.**
- **Work to create a self-financing, sustainable and up-to-date reward model.**

In addition, the organisation has defined the following reward philosophy at Naturgy Group level:

- To support the strategic business challenges, through excellence and quality of products and services through the people who work in the organisation.
- To have highly qualified and professional people, who work as a committed team with a clear focus on business objectives.
- To recognise especially those people who make a unique contribution to the achievement of business objectives, the loyalty of key profiles and the attraction of new skills.
- Contribution to the development, recognition and reward to ensure talent attraction and retention
- Work to differentiate itself in the market as a company committed to effective people management.

The company's remuneration policy is guided by two essential pillars: internal equality and market competitiveness.

Annual variable remuneration is structured according to homogeneous objectives that guarantee coherence and alignment with the company's strategic objectives. However, the specific metrics are differentiated according to the business unit, adapting to the particularities and needs of each area. This approach allows variable remuneration to accurately reflect individual and collective performance, encouraging employees to achieve and exceed the goals set in their respective units.

GPG Naturgy Group

7.2.5.1 Average earnings by gender, age and occupational classification and pay gap

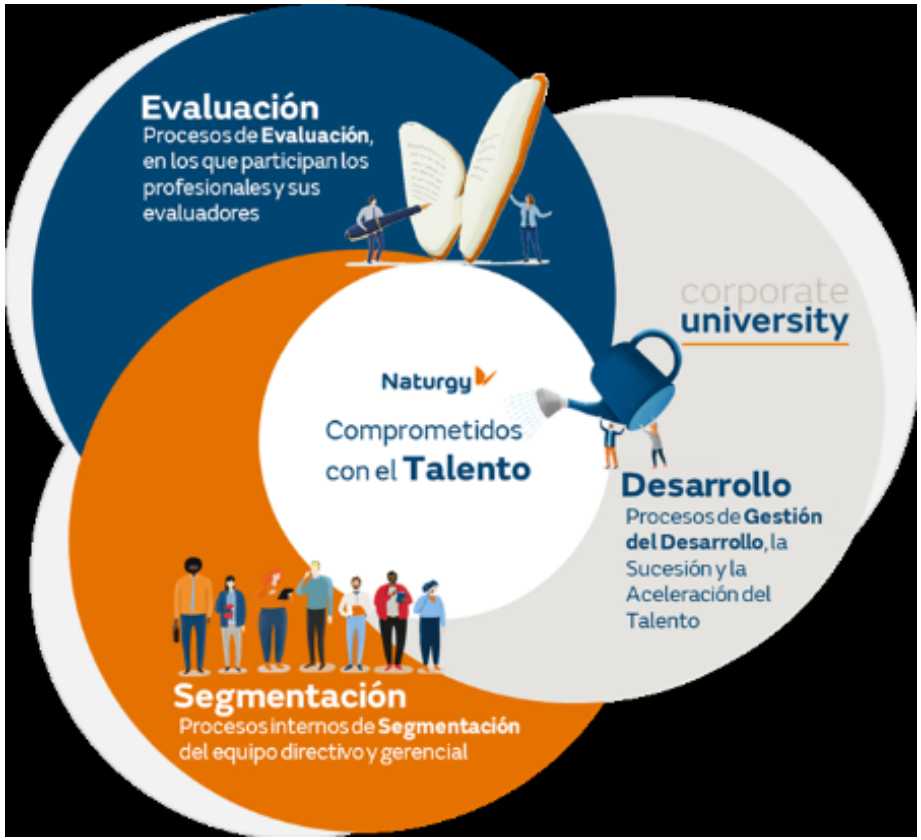
Country/ Professional classification	Managers	Middle management	Specialised technicians	Operational posts
Australia	0	101.229	74.781	0
Costa Rica	0	0	21.579	14.003
Dominican Republic	0	0	28.774	14.374

* **Note**: for the activities carried out in the countries of Brazil, Chile, Panama, Mexico and Spain there is no specific disaggregated information on the remuneration of GPG employees, but salaries are reported at Naturgy Group level in its EINF 2023, being in many of these countries the number of GPG employees a low percentage with respect to the total. GPG and Naturgy are working to improve and integrate this information in future reports.

Table 31. Average earnings (euros) by gender and age in 2023.

7.2.6 Talent management and retention

GPG follows Naturgy's talent management model, which places people at the centre and drives their growth in a continuous and evolutionary process, combining the dynamic processes of evaluation, segmentation and development.



The assessment for the management team consists of expert interviews (internal and external) to update, review and guide the development profile, encouraging feedback conversations and direct contrast with each professional on leadership competencies, motivational levers and career development interests.

A total of **284 interviews** were conducted during the financial year 2023.

The evaluation process is carried out every two years and combines self-assessment with the evaluation of the professional environment (manager, peers and collaborators). This evaluation provides the professional with a personalised assessment of their competencies, identifying strengths and areas for improvement. It is completed with periodic continuous feedback questionnaires for the setting, monitoring and progress of the Annual Development Objectives (ODA).

The development process continues through a final feedback, in which each person responsible, on the basis of the development reports obtained from the evaluation, shares the results individually with his or her team, in order to deepen, exchange visions and discuss development objectives and actions, with a two-year horizon.

In this context, an Annual Development Objective (ADO) is defined in line with the competencies of the leadership model, representing a valuable professional opportunity for reflection and awareness of growth and development.

With this diagnosis, training actions are deployed, both transversal and "tailored" to individual needs, to encourage and promote work in the areas identified for improvement.

After setting the ODA, segmentation and calibration is triggered, based on the achievement of results in terms of objectives (What) versus the quality of results in terms of behaviours (How), which activates the third lever of the Talent Model, development, focusing on talent management and acceleration processes.

This integrated view of the process makes it possible to ensure the covering of vacancies and to work on the succession of key positions in the organisation.

7.2.6.1. Attracting and developing diverse talent

GPG participates in the Flex & Lead programme of the Naturgy Group, focused on the recruitment of young people with or without work experience. This initiative aims to advance in the intergenerational and gender balance in the company, with a 2025 horizon to achieve the following objectives:

- 40% female presence in the company's executive and management levels in Spain.
- 10% of the workforce under 30 years of age.
- Recruitment of young people with a STEM profile.
- Recruitment of 60% of women in Flex programme (young people without experience).
- Recruitment of 70% of women in the Lead programme (young people with experience).

The experience of this new talent includes participation in major projects, internal mobility between business areas and participation in career acceleration processes.

The monitoring of progress and compliance with the contracting objectives of both programmes is carried out by Naturgy's Management Committee, to which a scorecard formed by all businesses and corporate areas reports. These indicators are also reported to the Sustainability Committee of the Board, according to the commitments assumed in the Sustainability Plan.

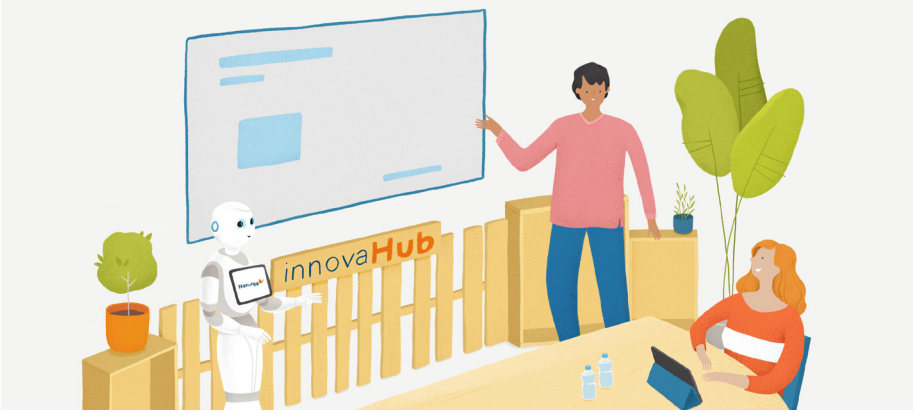
7.2.6.2 Developing internal talent

The organisational model and the talent model promote professional development in line with the business plan of the parent company Naturgy, from a transversal management and at the same time segmented by business units, with initiatives to adapt to the reality and specific requirements of each one, according to their own objectives and groups.

In this context, various development initiatives have been deployed during 2023, among which the most important for the GPG business:

- **Management and technical development**

With a vision of synergies, the Renewable Energy, New Businesses and Innovation business has promoted development initiatives aimed at the management and technical teams of the wind, solar and hydroelectric operations areas, with the aim of aligning and transferring greater responsibility in their areas of expertise and influence. For the management team, this has meant working on personal and professional skills and competencies, focusing on communication, assertiveness, empathic skills, active listening and teamwork and leadership skills. For the technical teams, this initiative has involved transferring the work done with the managers and accompanying them with mentoring processes.



7.2.6.3 Training model

In GPG, the training of professionals is one of the strategic levers for transformation and development in the company. In GPG, training is mainly channelled through the Corporate University (UC) of the Naturgy Group, which provides key knowledge, with the latest trends and technologies, as well as the development of skills and competencies linked to the leadership and cultural models of the company.

UC deploys its training model through three academies: Transformational Leadership Academy (TLA); Tech Academy (TA) and Extended Academy (EA).

During 2023, training courses have been given to the entire GPG workforce, reaching the figure of 45 hours of training per person, exceeding the global average of the Naturgy company, which reached 41.5 hours per person, the planned target was 35 hours.

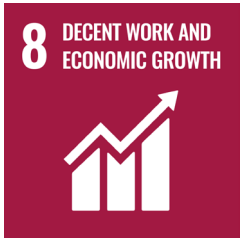
In 2023, courses have been organised in the following areas:

- Transversal programmes on company culture and values.
- Digital Profile Boosting Programmes.
- Leadership development programmes.
- Programmes to connect with trends and the environment.

7.2.7 Health and Safety

7.2.7.1 Safety, health and healthy organisation (Strategy)

Naturgy's safety strategy is aligned with the Sustainable Development Goals and is integrated in the 2021-2025 Sustainability Plan, contributing both directly and indirectly to the fulfilment of its objectives.



GPG maintains a firm commitment to the health and safety of people, based on Naturgy's policies and through Naturgy's actions and actions aimed at preserving and promoting responsibility in this area, not only at a collective level, but also at an individual level, both for its own employees and for the collaborating companies (EECC). This commitment is led by senior management and assumed by the entire supply chain.

GPG works continuously to prevent and mitigate negative impacts on the health and safety of its own and EECC's employees by keeping working environments free of risks or reduced to the minimum possible, and by integrating health and safety management at all levels of the organisation and in all its decisions and operations.

The management system implemented in GPG also establishes specific actions aimed at minimising the accident rate associated with the most critical risk factors, both through operational control tools and through the definition of "red lines" whose overcoming implies the application of the sanctioning regime.

The promotion and care of health is another of Naturgy's priorities, implementing actions aimed to reduce the impact of activities, improving the quality of life, well-being and health of the people who make up the communities where the company operates, and investing in new educational strategies that allow the workplace to become a forum for the transmission of healthy behaviours for workers and their environment.

Naturgy's safety strategy is based on the principle that "**nothing is more important than the safety, health and well-being of people**", and is developed in collaboration with the business units, to foster a culture of safety and health throughout the organisation. It aims to avoid and prevent accidents and damage to health, while providing a safe and healthy environment.

GPG's health and safety commitments are as follows:

- Ensure that health and safety is a non-delegable individual responsibility, which through a visible collective commitment is led by top management and assumed in a proactive and integrated manner by the entire organisation, as well as by suppliers and collaborating companies.
- Establish health and safety as an individual responsibility that conditions the employment of Naturgy's workers, as well as the activity of its collaborating companies.

- To promote well-being by maintaining a working environment with safe and healthy working conditions, integrating occupational risk prevention and actions to protect and promote health and well-being into business management.
- Prevent potential injures and damage to health by ensuring that any potential hazardous situations that could affect workers, suppliers, customers, the general public and the safety of the premises are assessed and managed in an appropriate manner to eliminate hazards and reduce risks.
- Establish a management model as a driver of the safety, health and well-being culture based on continuous learning, consultation and participation of workers and their representatives, analysis of accidents and incidents, dissemination of lessons learned and health education and promotion.
- Integrate demanding health and safety criteria and objectives in business processes, in new projects, activities, facilities, products and services, as well as in the selection and evaluation of suppliers and collaborating companies, non-compliance with which conditions the commencement or continuity of the activity.
- To be a benchmark in new strategies for health education, disease prevention and health promotion, enabling the workplace to become a vector for the transmission of healthy habits and behaviours, as well as a generator of positive influence on the health and wellbeing of workers, their families and their environment. To implement actions aimed to the continuous improvement of the quality of life, well-being and health of the people who make up the organisation, as well as the communities where the company operates.
- Provide the necessary resources and means to enable compliance with applicable legal requirements, as well as with the safety, health and welfare standards assumed by the organisation.

GPG's commitment to safety and health, emanating from the Board of Directors, focuses on governance and links directly to senior management, reinforcing its leadership in safety, health and well-being.

The Global Health and Safety Policy is based on five principles that govern all activities and are shared and extended to all collaborating companies.

GPG Naturgy Group

Health and safety principles

01 Nothing is more important than safety and health

02 Every accident can be avoided

03 Safety is a management responsibility

04 Safety is an individual responsibility

05 All the works must be planned and executed with safety in mind.

7.2.7.2 Occupational Health and Safety Management System

GPG, as a member of the Naturgy Group, has an Occupational Health and Safety Management System (OHSMS) that has been audited and certified by third parties. This system is common to the whole Group and has been developed in collaboration with all the business units, with especial focus on the areas with the highest risk.

This system covers 100% of the employees, as well as workers who, although they are not direct employees, carry out their activities in the work centres owned by Naturgy. Furthermore, the OHSMS is integrated with Naturgy's existing quality and environmental management systems, and is governed by the ISO 45001 standard, being audited and certified by third parties.

Specifically, in order to verify compliance with these systems, both their effectiveness and compliance with legislation, annual internal and external audits have been carried out, as well as a safety diagnosis.

At the beginning of 2023, TÜV Rheiland was the entity in charge of carrying out the audits and certifications. All the external audits carried out by this internationally renowned entity have concluded with a positive assessment of the level of implementation and integration of the management system in all the audited processes, which is effectively maintained and complies with the obligations established by the legislation in force with a focus on improving occupational health and safety performance.

In addition, the re-certification audit of the Healthy Organisation Management System was carried out by AENOR, auditing the model in Spain, Brazil, Mexico and the Dominican Republic.

The scope of this system is global, covering all the businesses and countries in which Naturgy operates, and is structured around five fundamental lines of action.

The development of the occupational health and safety management system is structured on the basis of the following elements:

- An integrated occupational health and safety management system, audited and certified by a third party, covering all businesses.
- The integration of safety and health into the value chain, including procurement, design and planning of activities and facilities.
- Action plans to address the most critical aspects to ensure the implementation of preventive and/or corrective measures and strategic lines of work.
- Itineraries and training requirements tailored to the job.
- Homogeneous supervision tools for the assessment and monitoring of risks, legal requirements, accidents and lessons learned and their dissemination.
- Regular reporting of safety and health performance, tailored to the needs of different stakeholders, with transparent and clear communication.
- Compliance with relevant international occupational health and safety standards and regulations, such as ISO 45001.
- Consultation and participation of workers or their representatives.
- A commitment to continuous improvement of the occupational health and safety management system.
- The establishment of quantitative targets for the improvement of occupational health and safety performance, linked to the monitoring of the evolution of indicators and action plans arising from incidents and accidents.

7.2.7.3 Healthy Organisational Model

In 2023, GPG has upgraded its certified Healthy Organisation Model in 2022, evolving its management system towards a high-level organisational structure. This reflects its commitment to international principles and recommendations, with the aim of continuously promoting and protecting the health, safety and well-being of its employees, their families and the communities in which it operates. This effort involves the active participation of all stakeholders.

To ensure that the Healthy Organisation management system continues to be effective and maintains the conditions that justified its concession, AENOR carries out annual follow-up audits during the period of validity of the certificate.

In addition, at Naturgy Group level, work has been carried out to integrate the Healthy Organisation Model into the company's management system. The implementation of this model in GPG covers Spain, Mexico and the Dominican Republic. Work has been done to integrate the Healthy Organisation Model into the company's management system. The system implemented, based on the FMEA (Failure Mode and Effects Analysis) methodology for the analysis of the factors that influence the healthy organisation, allows the integration of the 4 factors:

- Health and safety of people in the organisation.
- Lifestyle.
- Culture focused on the well-being of the organisation.
- Community engagement.

7.2.7.4 Workers' access to information about health issues in the company

GPG ensures that employees have access to all information related to health issues in the company. Health managers implement a policy of personalised and committed attention to health and wellness issues which, depending on the country, require both the intervention of health professionals and the individual and collective awareness of employees, extending their influence to the family environment.

GPG's commitment to health and wellness also extends to other stakeholders, such as customers and local communities. Examples of this commitment are the energy and environmental volunteering actions, as well as the company's commitments included in its strategic plan to protect the environment and reduce its carbon footprint.

To facilitate communication between employees and the integrated health team, GPG has made several channels available:

- **SAE (Employee Assistance Service)**: Employees can access health services directly by requesting an appointment through the SAE, which serves to resolve health-related questions and requests.
- **Communication**: A significant effort is made to deepen the company's health and wellness culture through awareness and communication campaigns. The aim is to raise awareness among employees and their families about the importance of taking care of their health and preventing problems to ensure future quality of life. During 2023, this channel was used on a daily or weekly basis to inform employees about the most relevant aspects.
- **Training**: The health model implemented has led GPG to promote content within the Group's Corporate University, developing key training itineraries for health and well-being.
- **Intranet**: Employees can access content related to comprehensive health care, such as nutrition, mindfulness and prevention of musculoskeletal injuries, among others.
- **My Benefits Portal**: This portal, accessible from different devices (PC, tablet and smartphone), allows employees to access various health-related services, such as health insurance and policies, as well as informative content (videos and health contacts).
- **Consultation and participation**: All actions and campaigns included in the annual health plan are presented to the Health and Safety Committee, allowing workers' representatives to show their opinions on the health team's proposals, consult doubts and propose health campaigns of interest to them.

In addition, to complement these initiatives, GPG carries out campaigns and actions aimed to achieve achieving greater personal, physical and emotional wellbeing, as well as combating risk factors and stressors to health.

For workers who are not GPG's own employees, but whose work or workplace is under the organisation's control, GPG transfers its own protocols and procedures to the external prevention services in order to provide suppliers with lines of action in the event of possible health problems.

With these actions, GPG reinforces its commitment to the health and well-being of its employees, their families and the communities in which it operates.

7.2.7.5 Absenteeism

Absenteeism means any kind of absence by an employee from work, which may be caused by a justified reason, sick leave or leave due to illness, or for unjustified reasons on the part of employees.

The hours lost in GPG during the year 2023 are shown below:

Country	2023
Costa Rica	64
Dominican Republic	2.596

* **Note**: for the activities carried out in the countries of Australia, Brazil, Chile, Panama, Mexico and Spain, there is no specific information on the hours of absenteeism of GPG employees, but the hours lost are reported at Naturgy Group level in its EINF 2023, being in many of these countries the number of GPG employees a low percentage with respect to the total. GPG and Naturgy are working to improve and integrate this information in future reports.

Table 32. Number of hours lost due to accidents at work, health problems, etc.

7.3 Clients

7.3.1 Satisfaction and incidents

For GPG, customers are at the heart of all the company's activities and strategies. GPG recognises that the success and sustainability of its business depends directly on the satisfaction of its customers.

In order to understand and improve the customer's perception of the degree to which their expectations, objectives and requirements have been met, the organisation carries out a rigorous evaluation of customer satisfaction.

This evaluation applies to all services and activities developed by GPG that have an impact on customers, through annual surveys. The most important phases of the process are summarised below:

- **Preparation of Satisfaction Surveys**: GPG prepares a model satisfaction survey that is sent annually to its clients.
- **Results Monitoring and Analysis**: Once the surveys completed by customers have been compiled, GPG monitors and analyses the results to assess customer perception. The results are consolidated and integrated in the Management review reports that are carried out under the Integrated Management System, allowing the company to identify areas for improvement and to adopt pertinent measures to maintain high levels of satisfaction.
- **Corrective and Preventive Actions**: When satisfaction results reflect a score below 7, GPG generates corrective and preventive actions within the management system. Observations and comments from customers are actively managed, implementing, if necessary, corrective and preventive actions to correct any deviations detected, in order to improve the service provided.
- **Audits and Evaluations**: To ensure the effectiveness of the satisfaction system, GPG carry out annual audits and evaluations. These audits verify that the customer satisfaction system remains effectively implemented and evaluate the effectiveness of corrective actions implemented.
- **Communication and Engagement**: GPG maintains constant communication and active engagement with customers, efficiently handling any complaints or grievances. In addition, regular meetings can be held with customers to follow up in detail the results of the satisfaction process and resolve any concerns. These meetings also serve to verify the effectiveness of the actions implemented.
- **Model Extension**: The extension of the customer satisfaction assessment model at GPG applies to both commercial and non-commercial customers. In plants where direct surveys are not feasible, indirect surveys and other means are used to assess customer satisfaction, ensuring that all GPG units and operations are aligned with customer satisfaction standards.

This comprehensive and meticulous approach enables GPG to maintain high levels of satisfaction among its customers, ensuring continuous improvement of its services and compliance with the highest quality standards. As a result, in 2023, the overall satisfaction with the quality of service of GPG's customers reached a 9.5 out of 10.

7.4 Social responsibility

7.4.1 Social responsibility in 2023 in GPG

The Corporate Responsibility Policy is aligned with the Sustainable Development Goals and is specified in five principles that govern all actions.

Naturgy's **Corporate Responsibility Policy** provides the common framework for action and guides the socially responsible behaviour of all the companies that form part of the Naturgy Group. The main objective of this Policy is to define the principles of action and commitments to its stakeholders, consistent with the company's corporate strategy, reinforcing the social dimension of the company's sustainability model.

GPG considers **Social Responsibility** as a set of actions designed to establish trustworthy, stable, solid and mutually beneficial relationships with its stakeholders and the regions in which it operates. This responsibility translates into its commitment to economic and social development, contributing knowledge, management capacity and allocating resources to social investment.

On the other hand, Naturgy's **Human Rights Policy** includes respect for communities and the improvement of their living conditions; compliance with this policy involves assessing the social impact of the company's activities and defining initiatives and programmes to manage the social impacts identified in the surrounding communities. GPG's priority is to generate a positive social impact on the environment of its facilities.

The Naturgy Group has a Social Relationship Model, coming from the Corporate Responsibility Policy and implemented in GPG, which materialises the social commitment that the company acquires in the territories where it is present. This model is based on a simple, flexible and practical approach, and aims to adequately manage the social response and create shared value.

The model is based on four principles:

- **We are one more in the territory**: we recognise, respect and protect local values and idiosyncrasies.
- **We communicate as equals**: we encourage early and transparent communication and open channels of active listening and easy access, as a first step towards empowering communities.
- **We generate shared value**: together with the community, we promote actions that improve the quality of life in our environment.
- **We offer opportunities**: we are a driving force for development in the territory and a lever for supporting local employment and training in the sector.

7.4.2 Main actions in Social Management

7.4.2.1 Social management in Australia

In 2023, the most significant growth of GPG's business was recorded in Australia, with the commencement of construction of three wind farms and a solar plant; the entry into operation of another wind farm (Berrybank 2) and the commissioning of the organisation's first battery storage plant. This intense activity has been complemented with the development and implementation of a specific Social Relationship Model, which begins in the development phase of the projects and continues during the operation phase, focused on constant communication with the most relevant stakeholders in the environment.

Some of the most outstanding initiatives of these programmes have been:

- Actions for community benefit: Neighbourhood engagement events such as the Smoking Ceremony, Community Open Day, collaboration with the Melbourne Royal Children's Hospital and sponsorship of festivals in the Crookwell 2 area.
- Designation of a specific person to run the community engagement programme and the creation of a community engagement committee for each project.
- Training and internship programmes.
- Scholarship programmes in collaboration with several universities.
- Project website.

7.4.2.2 Social management in Mexico

GPG maintains a constant collaboration with local communities, highlighting the following initiatives per facility:

- **Bii-Hioxo wind farm**: GPG has made several donations of materials and social work vouchers to vulnerable people in nearby communities. In addition, the organisation has supported the cooperatives of the fishing sector in the Seventh Section by donating vouchers, and has carried out rehabilitations of roads, sanctuaries and sports infrastructure. It has also maintained and adapted the Community House located in the Seventh Section of Juchitán, repaired the Fire Department ambulance, and built a classroom in the bilingual school "5 de Septiembre" to preserve Zapotec and other indigenous cultures.

- **Tuxpan III and IV Combined Cycle Power Plant**: The relationship plan with the communities along the state highway "Carretera de los Kilómetros" from kilometre point 0.000 to 16.000 continues. GPG has developed activities such as the Xalag Chuchut Water School and various initiatives to strengthen the Nakú Kayám Villamar Sea Turtle Camp.

- **Durango Combined Cycle Power Plant**: Collaboration with the Bebeleche Museum, the Adopt-a-School Programme and support for the Area for the Care of People with Disabilities.

- **Naco Nogales combined cycle power plant**: The support plan for the communities near this power plant located near the city of Agua Prieta (Sonora), has focused on education and protection of the educational community. This year, GPG has carried out various training and updating initiatives for youth volunteers, workshops on meaning and life projects for students, as well as support for the high school canteen.

- **Hermosillo combined cycle power plant**: The organisation has carried out the rehabilitation of roads and irrigation canals in Ejido La Manga. It has also participated in the Adopt-a-school programme, supporting the La Cholla primary school and the CECYTES high school. It has also carried out team building initiatives with companies collaborating with the plant, volunteering and participation of the workers themselves.

7.4.2.3 Social management in Brazil

During 2023, GPG has continued with the implementation of the Quilombola Basic Environmental Project (PBAQ), associated with the 30 MW Sobral I solar plant, located in the municipality of São João do Piauí (Piauí, Brazil), in order to create shared value and positive social impact in the territory of Riacho dos Negros and Saco / Curtume. For the development of the PBAQ, GPG has maintained a close and continuous relationship with the community and local authorities, in order to identify, design and implement actions aimed to promote economic and social development in the region. The project has several lines of action, which include a serie of particular actions of which the following have been developed:

- Recovery of infrastructures in the territory for community use, such as water pumps and public lighting.
- Launch of a productive project based on beekeeping production in the territory.
- Scholarships for university and technical studies.

7.4.2.4 Social management in the Dominican Republic

In the Dominican Republic GPG has developed social initiatives related to:

- Donation of electronic equipment and materials and services for the creative workshops of Canillitas with Don Bosco.
- The repair of the truck of the fire brigade in Pedro Brand municipality.
- Lighting project for the main road to prevent accidents and minimise the risk of vandalism.

7.4.2.5 Social management in Chile

In Chile, the following social actions stand out:

- The Cabo Leones II wind farm, through its territorial community relations management area, has a dynamic working tool to formally and sustainably engage with communities over time. Its design considers annual applications for financing social projects.

- At the San Pedro I&IV solar plant, the commitment to collaborate with the "Desert Interpretation and Renewable Energy Centre" to be developed by Parque Eólico Los Vientos S.A. was established in Exempt Resolution N°260. This collaboration consists on fitting out a room in the Centre by means of mural decoration (four murals), visual projection on two screens or TV murals and two photovoltaic modules. The acceptance of this material by the managing body of the Centre took place on 7 July 2023.

7.4.3 Sponsorship activity

7.4.3.1 Actividad de patrocinio

GPG collaborates with society through cultural, social, environmental and sustainability programmes through economic contributions that reinforce GPG's interest in being part, in a positive way, of each community and country where it has business activity.

This commitment is materialised in sponsorship and donation actions, whose activity and processes are defined with total transparency in the GPG General Sponsorship and Donation Procedure common to the Naturgy Group. The main lines of action are:

- Education, training and development: collaboration with entities dedicated to promote and train young people.
- Environment and sustainability: collaboration with institutions dedicated to the preservation, conservation and rehabilitation of the environment, and also with entities which carry out educational and corporate volunteer activities on sustainability, energy and the environment. For example, collaboration with the International Foundation for Ecosystem Restoration (FIRE).
- Artistic and musical culture: in the field of cultural sponsorship, the promotion of music, art and education has particular importance.

7.4.3.2 Social action

GPG focuses its social action activities mainly in the geographical areas where it is present. In these areas, the organisation carries out actions based on the contextual situations and the particular needs of the people who live there, especially those in situations of vulnerability.

The most pressing aspects identified by the company push for greater awareness of environmental care and the use of energy resources or social action with young people or groups in vulnerable situations. Thus, GPG carries out initiatives on energy, efficient use and safe management of water, electricity and gas.

7.4.3.3 Volunteering

As a sign of GPG's commitment to people and the environment, the organisation participates in the volunteer activities developed by the company Naturgy. These activities are structured in three areas: energy, social and environmental.

In total, 21,586 hours have been dedicated to corporate volunteering at Naturgy Group level, with the participation of 908 employees from the workforces of several countries, including those in which GPG is present. Eighty-seven initiatives of a one-off, temporary or continuous nature have been carried out, 33 social volunteering actions, 22 environmental volunteering actions and 321 energy volunteering actions with 3,291 volunteer participants. The number of beneficiaries has reached to 33,387 in 2023.

Below there is a description of some of the volunteering actions carried out specifically by GPG volunteers during 2023:

- Attendance of the scholarship holders of the Solidarity Day of the Ruta de los kilómetros Tuxpan, Veracruz, to the training of the Summer Course 2023 in the community house Nacanu' Bií of the wind farm Bií Hioxo. The objective of this training was to transfer knowledge to the scholarship holders so that in the future they can replicate what they have learned in their own communities.

- Various social activities were carried out at the Norte Durango combined cycle plant, supported by the voluntary work of the GPG in Mexico team. The organisation made a donation of food and toys to two of the communities closest to GPG in Mexico's facilities. Together with the municipal DIF of Durango (public body in charge of coordinating the National System of Public and Private Social Assistance) GPG donated wheelchairs, canes and walkers to people with disabilities. With the Benito Juárez primary school in the community of Abraham González, the organisation carried out improvements and refurbishments to the facilities such that the children have dignified spaces for study and safe spaces for leisure.

- Volunteering at the Rancho Nuevo Beach Turtle Sanctuary: GPG in Mexico supported the cleaning of nests and the release of olive ridley turtle hatchlings, specie in danger of extinction, as well as monitoring tours to observe nesting females of this specie.

It is worth to highlight the creation in 1997 by the employees of all Naturgy Group businesses (including GPG) of the "**Solidarity Day**". This is a non-profit association whose social purpose is to promote the education and training of vulnerable children and young people and to improve the living conditions of the most disadvantaged communities in the countries where the Naturgy Group operates.

This association consists on the voluntary donation, by the employees who participate, of one day's salary per year to carry out education projects. The Naturgy Group donates to Solidarity Day an amount equal to the amount collected among employees and assumes the management costs so that 100% of the contribution is allocated to the selected annual project. In total, 941 employees the world participate in this initiative.

In 2023, the Group's employees donated 172,837 euros from their salaries and the company made an additional contribution of the same amount. Since its inception, Solidarity Day has raised 3.6 million euros in donations from employees and an equal amount from the company.

During the year, **Solidarity Day** has financed the education of 2,268 students in school, technical and university education, as part of ongoing regular projects being implemented in various countries. Some examples are:

Mexico,

- In the Municipality of Tuxpan, the “Bachillerato al Aire Libre” Project: The project consists on providing scholarships to students of a Telebachillerato centre in Tuxpan (Veracruz) between 14 and 18 years of age. The pupils are allocated a half-yearly sum to cover the costs of school maintenance, school materials, transport, meals and uniforms. In 2023, 75 students received scholarships.

- In the Municipality of Tuxpan, the spin-off project “Con Día Solidario voy a la Universidad”: The project consists of providing scholarships to students from a Telebachillerato centre in Tuxpan (Veracruz) who complete their studies with a high level of performance and who wish to pursue university studies. In 2023, this programme had a total of 9 beneficiaries.

- In Agua Prieta, the project “Scholarships Solidarity Day for the educational expansion of high school in Agua Prieta” - Vecinos Dignos Dignos APSON: The project consists of providing scholarships to high school students from the following educational centres located in Agua Prieta (Sonora, Mexico): CONALEP, CBTIS #82, COBACH and CAED, with the organisational support of the Association “Vecinos Dignos APSON”. In 2023, 128 scholarships were awarded.

In the **Dominican Republic**,

- The “Don’t Abandon Your Dream” Project - CENAPEC: The project consists on providing 75 teenage mothers with scholarships to complete their baccalaureate. The studies will be carried out in a hybrid way, in person and online, prioritising women from the areas of Palamara and La Vega, and will last for 3 years, extendable to 5. Women from the eighth year of primary school to the fourth year of baccalaureate have been selected, with the aim that they all complete the baccalaureate. Seventy students have started the programme.

- The project “Support for university studies for vulnerable women” - EHPMAB. The project consists on providing 6 women with scholarships to attend university until they complete their studies. The women are students who lived in the home school and have already finished their baccalaureate studies. There are a total of 6 beneficiaries.

In addition, the association continued developing the donation of computers that are being replaced to employees and that are in perfect working conditions. These computers go to organisations and schools which use them to reduce the digital divide for the most vulnerable people. To date, more than 1,000 computers have been donated to more than 40 organisations in Spain, Chile, Panama and Portugal.

Eight
Governance information

Eight
Governance information

8.1 Corporate culture

8.1.1 Corporate culture

GPG's corporate culture is based on the principles of integrity, trust, transparency and sustainability, which are reflected in the values, beliefs and behaviors that guide employee actions, constituting the bases on which the business model is based.

For GPG, it is essential to foster a culture that prioritizes sustainability, integrating it into all its operations and aspects of the business, from two strategic lines:

- Encourage innovation to optimize energy efficiency, exploring and developing clean technologies and new energy sources renewable. The objective is to improve and expand the operations carried out obtaining the maximum performance and minimizing environmental impacts.

- Implement clear policies that reinforce the integrity and honesty of all employees of the organization at all levels and in all areas business interactions and operations. Transparency of actions carried out by GPG is essential for the optimal development of the organization and to demonstrate its commitment to sustainability and ethics to its Interested Parties or stakeholders.

The regulatory framework is underpinned by the Code of Ethics and complemented by other policies, including the Supplier Code of Ethics, the Compliance Policy, the Criminal Prevention Model, the Anti-Corruption Policy, tax policies, the Human Rights Policy and other control standards and models that ensure operational efficiency, mitigate key risks in each area of the company and guarantee the continuity of operations.

Acting as an ethical company requires strict adherence to tax obligations, for which we have a Tax Strategy and a Tax Risk Control and Management Policy that regulate the basic principles guiding our tax function, as well as the main lines of action to mitigate and properly control tax risks.

Furthermore, the commitment to integrity involves understanding and managing not only our own risks but also considering and including in decision-making the potential risks that the company's activities may have on people. With this premise in mind, the Human Rights Policy becomes especially relevant, considering the ten commitments it outlines to address the needs of stakeholders who may be affected by our activities, particularly the most vulnerable.

8.1.2 Supplier Relationship Management

GPG considers its suppliers and partner companies as key players in the optimal functioning of its value chain. Therefore, it seeks to maintain trustworthy, stable, and mutually beneficial relationships based on transparency and risk management.

The selection of suppliers is carried out through objective and impartial evaluation mechanisms common to all Naturgy Group businesses, ensuring that the supply chain complies with the principles established in the Supplier Code of Ethics. All suppliers must adhere to this Code, which comes from Naturgy's Code of Ethics, the Human Rights Policy, the Health and Safety Policy, the Environmental Policy, and the Anti-Corruption Policy, as well as internationally recognized principles of good governance.

This is important because GPG can be affected by the practices of its suppliers in areas such as the environment, health and safety, human rights, and corruption. The management of these risks is included in the global supply chain management model, which is based on the assessment of the intrinsic risk factors associated with the outsourcing of a service or the supply of a product. This approach allows the establishment of controls that minimize risks and ensure a level of compliance from suppliers equivalent to the standards that the Group meets in its internal operations.

GPG undertakes the procurement of works, goods, and services, as well as the evaluation, monitoring, and development of suppliers, in accordance with the general principles established in Naturgy's policies, rules, and procedures. This ensures a homogeneous, efficient, and sustainable model that goes beyond mere regulatory compliance.

Some of the organization's commitments to its supply chain include:

- Extending its culture to the supply chain, conveying the objective of excellence and efficiency in the use of resources and processes.
- Promoting compliance with Naturgy's policies within the supply chain, especially in areas such as human rights, ethics, health and safety, and remuneration.
- Encouraging the hiring of local suppliers, generating employment in the areas where activities are developed, and fostering the local economy.
- Implementing practices that favor traceability and fair trade of materials.

The procurement and supplier management model establishes a management process with unified and universal criteria for the entire Naturgy operational scope, including GPG. Key processes of these functions are centralized to ensure global coordination, enabling the identification of improvement opportunities. 100% of supplier contracts based on the single contractual model include these clauses. The global general contracting conditions and the specific conditions for each country are published on the Group's corresponding websites.

GPG supports the generation of positive social impact by promoting the hiring of suppliers from the country or region where its activities are carried out, preserving the Group's reputation, and ensuring Naturgy's sustainable operating principles in procurement and contracting processes.

The key elements of supply chain management are as follows:

- Corporate Responsibility Policy: Establishes the commitments and actions for the sustainable management of the supply chain.
- Supplier Code of Ethics: All suppliers must adhere to this Code of Ethics to provide any service.

- Human Rights Policy: The evaluation of suppliers includes considerations related to human rights practices, which are disqualifying if the response is unsatisfactory. In 2023, no violations of human rights were detected among suppliers.

- Transparency in procurement and communication with suppliers: Ensures free competition, objectivity, impartiality, transparency, and traceability throughout the entire procurement process, using secure electronic means for managing all tenders.

- Coordination of Business Activities: GPG ensures compliance with occupational risk prevention legislation with its suppliers in the countries where it operates. It guarantees that activities are carried out in accordance with Naturgy's five basic principles of safety and health. The "Controlar" tool facilitates monitoring and document control during the execution of the work.

- Notification channel: Allows suppliers and companies to contact through the web portal.

In terms of environmental sustainability, since 2022, a new criterion has been applied in procurement processes that includes a progressive assessment of suppliers' carbon footprint measurement in tenders and company performance evaluations.

In 2023, it became mandatory to have a carbon footprint certificate for tenders involving services or products with high climate change risk or large purchase volumes. Additionally, for other tenders, suppliers can voluntarily include, as part of their technical offer, a certificate verifying their carbon footprint measurement by an accredited entity, which will be positively evaluated by Naturgy in the award decision.

Furthermore, since January 2022, Naturgy contractually requires certain suppliers, based on their climate change risk or the contract amount they are bidding for, to annually inform the company of their climate performance through the completion of the CDP Supply Chain questionnaire.

8.1.3 Corruption and Bribery

Compliance in matters of integrity and trust is one of the challenges that GPG addresses in a coordinated manner across all levels of hierarchy. Corruption and bribery not only pose significant legal and financial risks, but they can also irreparably damage the company's reputation and erode the trust of investors and stakeholders. In a business environment where transparency and ethics are increasingly valued, preventing corruption and bribery is essential for the long-term success and sustainability of GPG's activities and economy.

Naturgy's Compliance management model encompasses all company actions to ensure the principles of integrity and trust are upheld. To this end, Naturgy has a model based on a serie of commitments expressed through policies, supervisory bodies and safeguarding mechanisms applicable to all company businesses, including GPG.

The Code of Ethics, along with other policies and standards, and the Compliance Policy, establish the principles and values that must guide and be observed by employees in the performance of their duties, as well as the various channels and mechanisms made available to employees to resolve issues or report behaviors that do not comply with these policies.

Some of these policies include:

- **Compliance Policy**: Defines the roles and responsibilities of the management system to promote a culture of compliance and zero tolerance for regulatory violations, ensuring the prevention, detection, supervision, training, and response to regulations to avoid potential penalties or reputational damage.
- **Anti-Corruption Policy**: Establishes the principles that employees and managers must follow in their conduct and behavior regarding any corrupt practices within the company. It focuses on prevention, detection, investigation, and resolution.
- **Business Courtesies Policy**: Sets the conditions under which employees and managers may accept or offer courtesies to business counterparts in the course of their professional duties to avoid inappropriately influencing relationships.
- **Conflict of Interest Policy**: Provides guidelines for employees to follow in situations of conflict of interest, emphasizing loyalty and the defense of the company's interests.
- **Counterparty Due Diligence Procedure**: Ensures that corruption and reputational risk analyses are efficiently conducted and monitored across all Naturgy Group businesses when third parties are involved in the business relationships of the companies within the Naturgy Group.
- **Supplier Code of Ethics**: Regulates the behavior expected of suppliers and external collaborators.
- **Internal Information System Policy and Management Procedure**: Establishes a set of guidelines and procedures to manage and protect internal information, safeguarding the informant and ensuring the integrity, confidentiality, and availability of information for efficient and secure use.

Additionally, the Group has a supervisory body and safeguarding mechanisms to ensure the proper functioning of the policies and to minimize potential risks arising from possible non-compliance.

The Ethics and Compliance Committee plays a fundamental role in promoting and enforcing the principles and values established in the Code of Ethics, ensuring compliance with its provisions, and advising those in need.

Among its functions are the dissemination of the Code of Ethics through

various internal communication channels to keep employees informed about ethical policies and any relevant updates. It also supervises the implementation of measures by conducting regular follow-up meetings and preparing reports to inform on the status and progress of these measures. Additionally, the Committee is supported by a compliance unit responsible for monitoring compliance with external regulations and policies implemented within the Group.

Regarding safeguarding mechanisms, the compliance management model establishes a serie of mechanisms to minimize potential risks arising from possible non-compliance. These mechanisms include:

- **Criminal Prevention Model**: With international reach and updated annually, it collectively outlines the policies, procedures, and internal controls to identify, prevent, and mitigate the risks of personnel committing crimes within the company. In addition to all anti-fraud and anti-corruption policies and plans, GPG has mechanisms to prevent, detect and address potential non-compliance in anti-money laundering measures, such as annual audits, an internal information control system, disciplinary regime, etc.
- **Complaints Channel**: This tool allows for secure, swift, and anonymous reporting of complaints.
- **Counterparty Due Diligence Procedure**: Enables the identification and analysis of counterparties with whom the organization operates to assess corruption and reputational risks.
- **Disclosure and Training Actions**: Regular training actions are carried out to promote the organization's commitment against corruption and to ensure that all employees and stakeholders are adequately informed and aware of existing procedures and tools.

Whistleblower protection is crucial to maintaining a culture of transparency, ethics, and responsibility. Naturgy implements robust mechanisms that allow for the reporting of rights violations or misconduct, protecting those who report such improper or illegal behavior.

Aware of the potential risks related to the integrity of the company, its employees, suppliers, and individuals associated with the organization, GPG has a serie of policies and procedures that govern the ethical behavior of these individuals.

8.2 EU Taxonomy Report (Regulation 2020/852)

The European Green Taxonomy was introduced as part of the European Union's Sustainable Finance Action Plan, launched in March 2018. This plan aims to guide investors, companies, and policymakers in redirecting capital flows toward sustainable investments, integrating the concept of sustainability into financial risk management, and fostering transparency and resilience in long-term activities.

The taxonomy constitutes a classification system designed by the European Union to provide a common framework for investors and companies to differentiate which economic activities can be considered environmentally sustainable and which negatively impact the environment. It also addresses compliance with the EU's climate objectives, the Paris Agreement, and the United Nations' Sustainable Development Goals.

In particular, the taxonomy seeks to mitigate the contribution of activities to climate change, reduce adverse impacts that may arise from current or future climate situations, and adapt to these conditions. It is based on the sustainable use and protection of natural resources, such as water, ecosystems and biodiversity, promoting a transition toward a circular economy and preventing and controlling pollution, with special attention to the protection and restoration of biodiversity and ecosystems.

The taxonomy defines two types of activities:

- **Eligibility**: An activity is eligible if it is included in the lists of Delegated Acts (published in 2021, 2022 and 2023).
- **Alignment**: A subset of eligible activities that are listed and meet the criteria for substantial positive contribution to environmental objectives, do not cause significant harm to the goals and comply with social safeguards.

GPG, according to the regulations, has analyzed five of its main energy generation activities, establishing a process with a serie of steps to assess the applicability of the taxonomy to its operations.

The analyzed activities are:

- **Electricity generation from hydropower.**
- **Electricity generation through solar technology.**
- **Electricity generation through wind energy.**
- **Electricity storage using lithium-ion batteries.**

For each of these activities, the organization has conducted an analysis of the following established applicability criteria:

1. **Identification of eligible economic activities**: All activities carried out by GPG are identified, indicating whether they are included in the list of eligible operations published in the Delegated Acts or if they are aligned. The five analyzed activities meet this eligibility criterion by being included under Section 4 of the document.

2. **Substantial contribution to an objective**: The eligible activities identified in the previous step are analyzed in depth to determine and verify compliance with the specific technical criteria established to measure substantial contribution to climate change mitigation.

The most relevant criteria used for this analysis are climate change mitigation and adaptation.

a) **Climate change mitigation**: It is worth noting that in the case of hydropower generation plants, GPG did not need to estimate power density, as all are run-of-river plants. The other renewable generation technologies are technologies that avoid CO_2 emissions. In the case of the battery energy storage project, it also meets this criterion of substantial contribution to mitigation.

b) **Climate change adaptation**: The analysis to confirm compliance with the substantial contribution criterion was based on the results of physical climate risk assessments and the adaptation solutions and plans implemented at sites where risks were material. A quantitative risk analysis was conducted by business and facility type for the different assets, considering various climate scenarios. For sites where there is a significant level of risk, existing measures were analyzed to verify that they met requirements, including not adversely affecting other adaptation efforts or stakeholders and being consistent with existing strategies and plans.

Regarding adaptation measures, it should be noted that the facilities are designed to operate under extreme weather conditions and have specific protocols in place in case of adverse weather alerts, incorporating applicable risk control measures. These guidelines are complemented by the emergency and self-protection plans for the facilities, which are updated periodically.

3. **Do no significant harm**: After determining that the activity is eligible, it undergoes an analysis that includes the study of various criteria to determine whether an activity is aligned with the taxonomy. These criteria include:

- **Climate change mitigation**: Greenhouse gas emissions from activities are analyzed.

- **Climate change adaptation**: Since 2021, Naturgy has been working on conducting climate risk assessments following the TCFD recommendations. The CV@R climate risk assessment tool from MSCI, designed to evaluate physical risks with specific geographic coordinates and transition risks for all Group activities, was used for this exercise. The result of this risk assessment was documented in the report issued by MSCI in July 2022, which quantifies the risk of certain adverse effects of climate change on the company's value. According to Naturgy's corporate risk criteria, significant risk is considered when the financial impact in the aggressive scenario (according to MSCI's study) exceeds 5 millions euros.

- **Sustainable use and protection of water and marine resources**: For the hydropower plants, the National Water Resource Management Plans of Costa Rica and Panama, facility permits, their respective environmental documents, operational procedures, environmental specifications for service contracts, the Environmental Adaptation and Management Programs (PAMA) for the Panama facilities, and the Environmental Management Plan for the Torito plant in Costa Rica, as well as specific regulations in Costa Rica and Panama, and environmental certifications audited by independent third parties, were analyzed. In this regard, audits conducted in Costa Rica by the Environmental Regency and in Panama by the Ministry of the Environment, attest to the proper environmental performance of the facilities.

- **Transition to a circular economy**: The availability of highly durable and recyclable equipment and components, ease of disassembly and refurbishment, etc., are evaluated. Facilities are designed for a long lifespan, and dismantling is planned in projects, prioritizing the recovery of components. In procurement processes, there are environmental specifications for suppliers and contractors with specific requirements for waste management and the use of recycled materials. It should be noted that the General Standard NG.00010, Global Environmental Policy, and the 2021-2025 Sustainability Plan regulate and establish the guidelines that should govern environmental matters for all Group facilities or activities, setting demanding waste-related objectives, which also include GPG's activities.

- **Prevention and control of pollution**: Where applicable, measures and resources are available to prevent possible accidental spills or other forms of pollution, as well as to minimize their impact and control them in case they occur. All facilities have procedures in place for extreme weather conditions and spill kits, as well as Emergency and Self-Protection Plans.

- **Protection and restoration of biodiversity and ecosystems**: For the analysis of this criterion, it is necessary to verify that facilities have environmental impact studies and that preventive and corrective measures have been implemented. In the case of GPG, no facility is located in a biodiversity-sensitive area (Natura 2000 Network, UNESCO World Heritage Sites, Key Biodiversity Areas or other protected areas). It should be noted that the legislation regulating environmental impact assessments depends on the country in which the facility is located. All have the relevant authorization and supporting environmental documentation. In the specific case of Australia and Chile (projects with more recent permits), the application file and associated documentation can be consulted on publicly accessible websites. Regarding the implementation of corrective and preventive measures, monitoring is carried out at each facility, and an annual report is prepared that includes the status of the implementation of these measures. These reports are submitted to the administration and include an evaluation of compliance with the conditions of the permits.

4. **Social safeguards**: The organization's policies and procedures are analyzed to ensure compliance with the requirements of the Delegated Act. These policies include the Code of Ethics, the Global Human Rights Policy (notably the due diligence process carried out for the Ryan Corner wind farm project in Australia, which is applicable to other projects in the country), the Corporate Responsibility Policy, etc. It should be noted that GPG facilities have implemented a Social Relationship Model that seeks to integrate social management as a discipline throughout the life cycle of renewable generation projects. GPG is committed to people, their development, and the promotion of safe and healthy work environments, as detailed in Chapter 7 of this report.

5. **Calculation of financial metrics**: Associated with each economic activity according to the classification made in the previous steps, including the calculation of turnover, CAPEX, and OPEX.

After analyzing all the criteria defined for each of GPG's activity, they are all considered eligible and aligned with climate change mitigation. The next step is to define the financial metrics with homogeneous criteria defined by Naturgy for all businesses with eligible and aligned activities. In line with these criteria, and in general terms, the definition of CAPEX in GPG has considered investments in new renewable projects, including pre-construction procedures and investments in innovation and development related to any of the eligible and aligned activities. In the case of OPEX, the expenses related to the operation and maintenance of these facilities, referred to as Repair and Conservation in the system, have been included. In 2023, the reported values for these metrics were 249.5 millions euros in CAPEX and 24.9 millions euros in OPEX.

GPG aims to generate an eligible and aligned CAPEX to the European taxonomy accumulated from 2022 to 2025, targeting the direct value in MUSD of eligible CAPEX, not the percentage. For 2023, the results show a value of 596 millions euros, with a 2025 target of more than 1.8 billions euros.

8.3 Tax information

8.3.1 Profits earned by country: profit taxes paid

GPG is firmly committed to comply with all its tax obligations, ensuring the payment of the taxes in accordance with the regulations in force in each country in which it operates. This commitment reflects not only legal compliance, but also a fundamental principle of corporate responsibility and business ethics.

Tax compliance is an essential component of GPG's corporate social responsibility, demonstrating the integrity of its operations and its commitment to ethical business practices. Paying taxes fairly contributes to the economic and social development of the communities in which the company operates, as well as maintaining a policy of payment transparency to strengthen the confidence of investors and other stakeholders.

In this way, the organisation also ensures compliance with tax obligations and minimises the risk of legal sanctions by protecting the company's reputation against potential tax scandals.

To maintain transparency and ensure compliance with these obligations, GPG regularly reports detailed information on its pre-tax profits and taxes paid in each territory in which it operates.

The main financial figures of GPG, published in Naturgy's Consolidated Annual Report are as follows:

VALUES IN MILLIONS OF EUROS	Thermal Generation Latin America		Renewable Generation Latin America		Renewable Generation Australia	
	2023	2022	2023	2022	2023	2022
INCN	777	1,080	155	134	15	33
Procurement	(441)	(760)	(8)	(19)	-	-
Gross Margin	336	320	147	115	15	33
Other operating income	-	2	15	14	-	-
Staff costs	(25)	(19)	(14)	(14)	(4)	(3)
Tributes	(1)	(1)	(3)	(5)	(1)	(1)
Other operating expenses	(40)	(37)	(38)	(36)	(15)	(14)
EBITDA	270	265	107	74	(5)	15
Depreciation, provisions and other	(252)	(84)	(55)	(65)	(21)	(12)
EBIT	**18**	**181**	**52**	**9**	**(26)**	**3**

In 2023, EBITDA of Thermal generation (Mexico and the Republic Dominican Republic) reached to 270 million euros, 1.9% more than in 2022, mainly due to increased production and higher margins in the Dominican Republic, as well as higher margins in the market for surplus production from the combined cycles of Mexico, partially offset by lower energy produced for the PPAs.

These results were offset by the negative impact of the type of change (9 million euros). In 2023 an impairment of assets has been recognized in this business for an amount of 168 million euros.

In the case of renewables in Latin America (Mexico, Brazil, Chile, Costa Rica and Panama) EBITDA reached to 107 million euros, 44.6% higher than 2022, driven by increased production, especially in the wind farm in Mexico, and for the improvement of the unit margin and collection of payments held in Cabo Leones (Chile). The impact of the exchange rate contributes positively by 2 million euros.

In Australia the EBITDA has been -5 million euros compared to 15 million euros in 2022. The reduction is mainly explained by the inefficiency in electricity sales hedging relationships in long-term contracts, with an impact on the net amount of the turnover of -28 million euros (-5 million euros in 2022) partially offset by the effect of the increment in wind production of 25.9%.

In the year 2023, GPG has not received any public subsidy for the development of the company, its operations, expansion projects, infrastructure or technology development.

Annex I
Table of correspondence

Annex I

Table of correspondence between Law 11/2018 of December 28, GRI 2021, SDG and ESRS

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	4. Objectives and strategies	2-6	-	ESRS GOV-1: The role of governance, management and supervisory bodies	
	5. Main factors and trends that may affect its future development	2-6	-	ESRS GOV-4: Due Diligence Statement	
General	Mention in the report of the national, European or international reporting framework used for the selection of non-financial key performance indicators included in each of the sections	-	-	ESRS 2 BP-1: General bases for the preparation of the sustainability statement ESRS 2 BP-2: Disclosures relating to specific circumstances ESRS 2 IRO-2: Disclosure requirements set out in the ESRS covered by the company's sustainability statement	6
Policies	A description of the organisation's policies with respect to such issues, including	2-19	-	ESRS 2 MDR-P: Policies adopted to manage material sustainability issues ESRS 2 MDR-A: Actions and resources in relation to material sustainability issues	43
	1. The due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts	-	-		
	2. Verification and control procedures, including what measures have been taken	-	-		
	The results of these policies, including relevant non-financial key performance indicators	-	-	MDR-T: Monitoring the effectiveness of policies and actions through targets	

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	2. To promote comparability across societies and sectors, in accordance with the national, European or international frameworks of reference used for each subject	-	-		
Risks	The main risks related to these issues associated with the organisation's activities, including, where relevant and proportionate, its business relationships, products or services that may have a negative impact on these areas, and how the organisation manages these risks, explaining the procedures used to identify and assess them in accordance with the national, European or international frameworks of reference for each area. This should include information on the impacts that have been identified, providing a breakdown of these impacts, in particular the main short, medium and long-term risks	-	-	General ESRS 2 GOV-5: Risk management and internal controls for sustainability disclosures IRO-1: Description of processes to identify and evaluate material impacts, risks and opportunities IRO-2: Disclosure requirements set out in the NEIS covered by the company's sustainability statement	28
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Environmental issues. Environment	1. Detailed information on the current and expected effects of the company's activities on the environment and, where appropriate, health and safety, environmental assessment or certification procedures	-	-	ESRS GOV-2: Information provided to, and sustainability issues addressed by, the company's management, governing and supervisory bodies ESRS 2 GOV-3: Integration of sustainability-related performance into incentive systems ESRS 2 SBM-3: Material issues, risks and opportunities and their interaction with the strategy and business model	46
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		305-6	3.9 y 12.4	E2-3: Pollution-related targets E2-4: Pollution of air, water and soil E2-5: Substances of concern E2-5: Substances of concern and substances of very high concern E2-6: Expected financial impacts of pollution impacts, risks and opportunities E2-6: Expected financial impacts of pollution impacts, risks and opportunities	
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