



REPORT BY THE BOARD OF DIRECTORS IN RELATION TO THE MODIFICATION OF THE REGULATION ON THE ORGANISATION AND FUNCTIONING OF THE BOARD OF DIRECTORS OF NATURGY ENERGY GROUP, S.A. AND ITS COMMITTEES.

This is a free translation of a Spanish language document which has been provided for purposes of convenience. In case of discrepancies, the Spanish version shall prevail. Naturgy shall not be responsible for any deviations between the translation and the Spanish language document.



The Annual General Meeting is hereby informed, in accordance with the provisions of Article 528 of the Spanish Corporate Enterprises Act, of the modifications to the Regulation on the organisation and functioning of the Board of Directors of NATURGY ENERGY GROUP, S.A. and its Committees agreed in the meeting of the Board of Directors on 29 October 2019, that aims to progress the alignment of the Company with corporate governance best practices and, in particular, to fulfil Recommendation Nº. 26 of the Good Governance Code for Listed Companies of the CNMV that recommends that the Board of Directors meet with the necessary frequency to perform their functions efficiently and at least, eight (8) times a year according to the calendar and agendas set at the start of the year, to which each Director may propose the addition of initially unscheduled items.

Accordingly, Article 6 of the Regulation on the organization and functioning of the Board of Directors and its Committees was modified so as to set the minimum number of yearly meetings of the Board to eight (8) and explicitly recognise the right of any Director to request the inclusion of items on the Agenda read as follows:

*“**Article 6 Meetings of the Board of Directors***

***6.1** The Board shall meet at least **eight (8)** times a year, and, as the proposal of the Chairman, as often as the Chairman deems necessary for the proper functioning of the Company or when requested by at least one third of the Directors.*

***6.2** The notification of the meetings shall be performed by the Chairman, or by the Secretary or Vice Secretary, under the instructions of the Chairman, and shall be carried out by any of the notification channels that are provided for under the Articles of Association. The call notice shall include the venue at which the meeting is to be held and the agenda thereto and shall be issued at least five (5) days prior to the meeting.*

*In the event of an emergency duly justified by the Chairman and regarded as such by the Board at the start of the meeting, a call to meeting will be made by telephone, fax, e-mail or any other telematic means, with sufficient notice to allow the Directors to participate in the meeting. Prior to each meeting the information and documentation considered to be pertinent or relevant regarding the matters to be addressed in the Board Meeting shall be at the disposal of the Directors. In addition, the Directors shall be sent the Minutes of the previous meeting, regardless of whether said Minutes have been approved or not. The Chairman shall be responsible for establishing the agenda for the meetings, **however any Board Member may request item(s) to be included in the Agenda.**”*



Madrid, Spain, on 4 February 2020.

The Board of Directors of NATURGY ENERGY GROUP, S.A.