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## **ANNUAL GENERAL MEETING**

**17 MARCH 2020**

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### **PROPOSED RESOLUTIONS**

#### **I. ANNUAL ACCOUNTS AND SHARE MANAGEMENT**

**ONE.-** Review and approval, as the case may be, of the Annual Accounts and of the Management Report of NATURGY ENERGY GROUP, S.A. for the financial year ending 31 December 2019.

**Proposed resolution:**

***One.-*** Approve the Annual Accounts and of the Management Report of NATURGY ENERGY GROUP, S.A. for the financial year ending 31 December 2019.

**TWO.-** Review and approval, as the case may be, of the Consolidated Annual Accounts and the Management Report of the Consolidated Group of NATURGY ENERGY GROUP, S.A. for the financial year ending 31 December 2019.

**Proposed resolution:**

***Two.-*** Approve the Consolidated Annual Accounts and the Management Report of the Consolidated Group of NATURGY ENERGY GROUP, S.A. for the financial year ending 31 December 2019.

**THREE.-** Review and approval, as the case may be, of the report on the status of consolidated non-financial information of NATURGY ENERGY GROUP, S.A.

**Proposed resolution:**

**Three.-** *Approve the report on the status of consolidated non-financial information included in the Consolidated Management Report of NATURGY ENERGY GROUP, S.A.*

**FOUR.-** **Transfer to the “Voluntary Reserves” account the sum of €27.162.020,19 from “Goodwill Reserve Account”.**

**Proposed resolution:**

**Four.-** *Transfer to the “Voluntary Reserves” account the sum of €27.162.020,19 from “Goodwill Reserve Account”.*

**FIVE.-** **Review and approval, as the case may be, of the management activities of the Board of Directors during financial year 2019.**

**Proposed resolution:**

**Five.-** *Approve the management activities of the Board of Directors during the financial year 2019.*

## **II. APPOINTMENT OF DIRECTORS**

**SIX.-** **Re-election, ratification and appointment, as the case may be, of the Members of the Board of Directors.**

**6.1.-** **Re-election of Mrs. Helena Herrero Starkie as Director, in the category of Independent Director.**

**6.2.-** **Ratification and appointment of Rioja S.à.r.l. as Director, in the category of Proprietary Director.**

**Proposed resolution:**

**6.1.-** *Re-elect, on the proposal of the Appointments and Remuneration Committee and pursuant to favourable report from the Board of Directors, as Director of the Company, for a term of four (4) years as stipulated in the Articles of Association, Mrs. Helena Herrero Starkie, whose personal particulars are those that shall be entered in the certificate to be issued and that are already registered in the Companies Register of Madrid.*

*The Director, Mrs. Helena Herrero Starkie, shall continue to hold the category of Independent Director on the Board of Directors that she has been exercising up until now.*

*Mrs. Helena Herrero Starkie shall accept their appointment either during or after the Annual General Meeting.*

**6.2.-** *To ratify the appointment, pursuant to the co-option system, of RIOJA S.à.r.l., represented by MR. JAVIER DE JAIME GUIJARRO, authorised by the Board of Directors on 1 August 2019, pursuant to the provisions of 529 decies of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital) and to appoint, on the proposal of the Appointments and Remuneration Committee and pursuant to favourable report from the Board of Directors for a term of four (4) years as stipulated in the Articles of Association starting at the time said proposal is approved by the Annual General Meeting, to RIOJA S.à.r.l., represented by Mr. JAVIER DE JAIME GUIJARRO, whose personal particulars are those that shall be entered in the certificate to be issued and that are already registered in the Companies Register of Madrid.*

*The Director, RIOJA S.à.r.l., shall continue to hold the category of Proprietary Board Member on the Board of Directors that they had been exercising up until now.*

*RIOJA S.à.r.l. shall accept their appointment either during or after the Annual General Meeting.*

### **III. SHAREHOLDERS AND DIRECTOR REMUNERATION**

**SEVEN.-** **Review and approval, as the case may be, of the proposal for the application of the results of the financial year 2019.**

**Proposed resolution:**

**Seven.-** *Approve the proposal for the application of the results of the fiscal year closed on 31 December 2019, in the following way:*

**PROPOSED DISTRIBUTION OF EARNINGS**

**BASIS OF DISTRIBUTION**

*Basis of Distribution..... €4,415,378,721.90*

**DISTRIBUTION:**

BY DIVIDEND: amount, whose aggregate gross amount is the sum of the following amounts (the “Dividend”):

(i) €753,743,625.92 (the “Total Interim Dividend”), corresponding to the two interim dividends of financial year 2019 paid by NATURGY ENERGY GROUP, S.A., together amounting to 0.767 cents/€ per share by the number of shares that are not directly held Own Shares on the corresponding dates; and

(ii) The resultant amount from multiplying 0.603 cents/€ per share by the number of shares that are not directly held Own Shares on the date (the “Record Date”) on which the registered holders with the right to receive a dividend are determined (the “Final Dividend”).

The distribution of the Final Dividend is to be made through participating entities in the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), authorising the Board of Directors for this purpose, with express powers to replace the Director(s) that it deems necessary, so that it can perform as many actions as may be necessary or required to carry out the distribution and, in particular, indicative, and without limitation, so that it can (i) set the date on which the registered holders with the right to receive a dividend are determined (the “Record Date”) as well as the date on which the same is paid (the “Payment Date”); (ii) ascertain the definitive amount of the Final Dividend; and (iii) designate the Agent who is going to act as the Payment Agent.

REMAINDER: Determinable amount is the result of subtracting from the distribution Base the amount destined to the Dividend.

**TOTAL DISTRIBUTED AMOUNT ..... €4,415,378,721.90**

**EIGHT.- Approval of a reduction in share capital through redemption of a maximum of 21,465,000 Own Shares by implementing a Share Buy-Back Programme.**

**Proposed resolution:**

**Eight.-** Reduce the amount of share capital of NATURGY ENERGY GROUP, S.A. (hereinafter, “the **Company**”) up to a maximum of €21,465,000, corresponding to (i) 465,000 Own Shares held by the Company on close of the Market on 24 July 2019; and (ii) 21,000,000 additional shares, each with a nominal value of one euro acquired or to be acquired for redemption by the Company pursuant to the Own-Shares Buy-Back Programme (hereinafter the “**Buy-Back Programme**”), approved by the Company under the EU Regulation N°

596/2014 on market abuse and published as Relevant Fact on 24 July 2019 (Registry Number 280,517), whose closing acquisition date expires on 30 June 2020, inclusive.

As a result, the maximum amount of the reduction in share capital (the “**Share Capital Reduction**”) is €21,465,000, through the redemption of up to a maximum of 21,465,000 Own Shares with a nominal value of one euro each, proportional, approximately 2.18% of the share capital of the Company at the time of the adoption of the resolution. Accordingly, on 31 January 2020 the Company held in Own Shares 5.841.764 shares, acquired under the terms of the aforementioned Programme for redemption.

The definitive amount of the Share Capital Reduction shall be fixed by the Board of Directors of the Company depending on the definitive number of shares that are finally acquired pursuant to the Buy-Back Programme under the conditions established in the following section.

#### **Procedure for acquiring shares to be redeemed**

The Company may acquire, on exercising the Buy-Back Programme, for redemption, no greater than an additional 21,000,000 own shares with a nominal value of one euro per share, that shall be at the same time proportional, no greater than approximately 2.13% of the share capital of the Company on the date of resolution, an amount that is within the legal limit and contemplated in the authorisation for acquiring own shares conferred by the Annual General Meeting held on 5 March 2019 under item Five (5) on the Agenda.

The purchase of shares that are acquired on exercising the Buy-Back Programme shall be carried out under Article 144 a) of the Spanish Corporate Enterprises Act and under the provisions of Articles 338 and 342 of the said Act, insofar as it is applicable, of Article 12.2 of Royal Decree 1066/2007, of 27 July, of Article 5 of the EU Regulation Nº 596/2014 of the European Parliament and the Board, on 16 April 2014, on Market Abuse, and the EU Delegated Regulation 2016/1052 of the European Commission, on 8 March 2016, without the need, therefore, for preparing a Public Tender Offer for shares in the Company acquired in exercising the Buy-Back Programme.

In accordance with Article 340.3 of the Spanish Corporate Enterprises Act, if the Company does acquire the maximum number of 21,000,000 own shares with a nominal value of one euro per share, no later than 30 June 2020, inclusive, it shall be construed that the share capital is reduced by the sum of the nominal value of (i) the 465,000 own shares held by Company on close of the Market on 24 July 2019, and (ii) the shares acquired within the framework of the Buy-Back Programme up to said date, inclusive.

#### **Procedure for reduction and reserves**

The Share Capital Reduction is to be exercised the month after finalising the Buy-Back Programme, in accordance with that set forth in Article 342 of the Spanish Corporate Enterprises Act. Even though the shares to redeem are owned by the Company at the time

*of the Share Capital Reduction this does not imply that the same are to be refunded rather they are redeemed out of available reserves through a Capital Redemption Reserve Account for an amount equal to the nominal value of the so redeemed shares, out of which, in application of that set forth in Article 335 c) of the Spanish Corporate Enterprises Act, will only be available under the same requirements as those for the Share Capital Reduction.*

*As a direct result, pursuant to that set forth in said provision, the Creditors of the Company are not entitled to the right of objection as referred to in Article 334 of the Spanish Corporate Enterprises Act.*

### **Ratification of actions and resolutions of the Board of Directors**

*Ratify the resolution of the Board of Directors in regard to continuing with the Buy-Back Programme up to 30 June 2020 and the fixing of its terms and conditions that include the maximum amount of the same and term, as well as ratify the activities, declarations and management carried out to date, with respect to said Buy-Back Programme.*

### **Delegation of Powers**

*Delegate to the Board of Directors the powers necessary so that, in a term no later than one month from the completion of the Buy-Back Programme, they can proceed with exercising this resolution, being able to determine those provisions that have not been explicitly established in the foregoing resolution or that are not a consequence of the same.*

*In particular, by way of illustration, the Board of Directors shall have the following powers:*

- a) Proceed, in a term of one month from the completion of the Buy-Back Programme, to exercise the Share Capital Reduction subject to the conditions herein agreed.*
- b) Fix the definitive number of shares that are to be redeemed and, therefore, the amount by which the share capital of the Company is to be reduced in accordance with the rules established in this resolution.*
- c) Reword Article 4 of the Articles of Association that fixes the share capital so that it reflects the capital amount and the number of resultant shares in circulation after exercising the Share Capital Reduction.*
- d) Carry out all necessary actions necessary to fulfil the requirements set forth in the Spanish Corporate Enterprises Act, the consolidated text of the Spanish Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October, Royal Decree 878/2015 of 2 October, on registry, compensation and settlement of accounted for marketable securities through book entries and other applicable rules, including the publication of the corresponding announcements mandatory in nature.*
- e) Perform as many actions and procedures as may be required or deemed necessary and submit the documents that may be necessary to the competent bodies so that, once*

shares of the Company have been redeemed and the Share Capital Reduction Deed has been issued and registered in the Companies Register, the trading of the redeemed actions is then excluded from the Stock Exchanges in Bilbao, Madrid, Barcelona and Valencia, through the Spanish Stock Exchange Interconnection System (Continuous Market) and the corresponding accounting entries of the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) are cancelled.

f) To act as deemed necessary or convenient to exercise and formalise the Share Capital Reduction before any entity or public or private legal entity, Spanish or foreign in origin, including those of declaration, complementary or rectification of any defects or omissions that could impede or hinder the successful execution of the foregoing resolutions.

The Board of Directors are expressly authorised, pursuant to that set forth in Article 249 bis l) of the Spanish Corporate Enterprises Act, to enable them to sub-delegate (with powers to replace, when appropriate) on the Board or Directors, each and every one of the powers delegated under this resolution, that it deems necessary.

#### **NINE.- Approval of the Policy on the Remuneration of Directors of NATURGY ENERGY GROUP, S.A. for the years 2020-202.**

##### **Proposed resolution:**

**Nine.-** Approve the Policy on the remuneration of the Directors of NATURGY ENERGY GROUP, S.A. for the years 2020-2022, the text of which has been made available to the shareholders together with the other documentation relating to the General Meeting from the date of its call. This policy was favourably reported on by the Appointments and Remuneration Committee at its meeting of 4 February 2020.

#### **TEN.- Consultative vote in relation to the Annual Report regarding the Remuneration of the Members of the Board of Directors.**

##### **Proposed resolution:**

**Ten.-** Approve the Annual Report regarding the remuneration of the Board Members of NATURGY ENERGY GROUP, S.A. approved by the Board of Directors at a meeting held on 4 February 2020, the text of which has been available to Shareholders, together with the rest of the documentation in relation to the Annual General Meeting, as from the date of the call notice.



#### IV. OTHER BUSINESS

**ELEVEN.-** Authorization for the Board of Directors to issue bonds, obligations or similar securities, straight or secured, non-convertible bonds into shares, or perpetual subordinated securities, in the form and amount the General Meeting decides, in compliance with the Law, annulling the authorisation agreed by the Annual General Meeting on 14 May 2015.

**Proposed resolution:**

*11.1.- Render null and void, in the part not drawn, the authorisation granted by the Board of Directors by the Annual General Meeting on 14 May 2015 to issue fixed-income securities, within five (5) years, at the time deemed most appropriate, once or several times, up to a total of THREE BILLION EUROS (€3,000,000,000).*

*11.2.- Authorise the Board of Directors with the powers to, within five (5) years, at the time deemed most appropriate, issue non-convertible or exchangeable fixed-income securities in shares, representing debt, bonds, promissory notes, straight obligations, mortgage or secured in any form admitted by Law, up to a total of THREE BILLION EUROS (€3,000,000,000), once or several times, represented by bearer securities or account entries, that shall constitute in each issue one numbered series, identified by the issue date, of the nominal value that shall be set by the Board of Directors in each case, being the Board itself, at time of issue, who fixes the interest rate according to market trend and the content of the administrative authorisations, as well as, any other characteristics of the same, the term and redemption premiums and other advantages, forms and conditions they deem appropriate to ensure the success of the operation.*

*In the case of obligations represented by securities, the Board are authorised to group them into multiple securities, with the issuing company being legally responsible to break them down into single securities on request of any interested holder with the expenses incurred for said breakdown being assumed by the Company.*

*In the case of issuing mortgage bonds, the Board are authorised to determine and describe the assets to be mortgaged securing the operation, spreading the responsibility and stipulating any other pertinent conditions according to the law in force.*

*11.3.- Likewise, authorize the Board to issue once only fixed-income securities up to a maximum set by the General Meeting, putting into circulation, once or several times, partial*



*amounts that they deem appropriate and with the depreciation tables, applicable as of the date of issue and circulation, subject to obtaining the authorisations imposed in each case by the supervisory bodies, as well as that set forth in the Spanish Corporate Enterprises Act and within the limits authorised at all times.*

*11.4.- Authorise the Board of Directors to, as the case may be, formulate the regulatory standards of the Syndicate of Bondholders, to designate to the Commissioner, and to request the listing of the securities issued pursuant to this resolution to be traded on any national or foreign markets, official or unofficial, and perform in general all those acts deemed necessary or desirable with the National Securities Market Commission in Spain (Comisión Nacional del Mercado de Valores or CNMV), or any other Regulatory Body or foreign counterpart Supervisory Body), Stock Exchanges (national or foreign), IBERCLEAR (or any other foreign company responsible for the register, clearing and settlement of securities) and its participating entities and with any other body, organism, entity and or public or private registry, both national and foreign.*

#### **TWELVE.- Modification to the Regulation on the organisation and functioning of the Board of Directors of NATURGY ENERGY GROUP, S.A. and its Committees.**

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 N<sup>o</sup>. 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 meetings shall be convened 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.***

**THIRTEEN.- Delegation of powers for the supplement, development, execution, interpretation, correction and formalisation of the resolutions adopted by the Annual General Meeting.**

**Proposed resolution:**

**13.1.** *To delegate upon the Board of Directors, with express powers to delegate upon the Executive Committee or upon the Board Member or Members that it deems necessary or upon the Secretary of the Board of Directors, and as broadly as may be required at law, all powers that are deemed necessary for the purposes of supplement, development, execution, interpretation, correction and formalisation any of the resolutions adopted by the Annual General Meeting, and accordingly to carry out and formalise any modifications, addendum and inclusions as may be required or necessary for the efficacy and performance of the foregoing resolutions.*

**13.2.** *To delegate and authorise, as broadly as may be required at law, the Chairman and Secretary of the Board of Directors, in order that, either one of them, indistinctly, may sign and formalise all private documents and may formalise before any Notary Public of their*

*choice, any public documents, that are deemed necessary or adequate for the efficacy and performance of the foregoing resolutions and to register said resolutions at the corresponding registers, with the express power to rectify and correct said documents, without altering the scope, nature or inherent terms thereof.*

**Madrid, Spain, on 4 February 2020.**

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