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**NATURGY ENERGY GROUP, S.A.
ANNUAL GENERAL MEETING OF SHAREHOLDERS
26 MAY 2020**

REPORT DRAWN UP BY THE BOARD OF DIRECTORS OF NATURGY ENERGY GROUP, S.A. FOR THE PURPOSES OF ARTICLE 286 OF THE SPANISH CORPORATE ENTERPRISES ACT (*LEY DE SOCIEDADES DE CAPITAL*) GOVERNING AMENDMENTS TO THE ARTICLES OF ASSOCIATION.

This report has been prepared in compliance with Article 286 of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital* or “LSC”) which requires the Board of Directors to draw up a written report justifying any proposed amendment to the Articles of Association.

JUSTIFICATION FOR AMENDING THE ARTICLES OF ASSOCIATION

1. Option to attend General Meetings via telematic means

Article 182 of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital* or “LSC”) allows shareholders to attend the annual or extraordinary General Meeting of Shareholders (hereinafter “General Meeting”) via telematic means provided that the subject’s identity is duly guaranteed. However, the law dictates that this option be expressly stated in the company’s Articles of Association, while leaving it up to the Board of Directors to determine the relevant timeframes, methods and procedures for exercising shareholder rights.

The recent experience of the COVID-19 health crisis underscores the reasons of expediency to grant shareholders the option, aside from attending in person, of attending General Meetings via telematic means, as long as these remote attendees may participate in real time to the extent that they can exercise their legal rights via this form of attendance.

Accordingly, the Board of Directors is to lay before the shareholders at the Annual General Meeting an amendment to Article 6 to include a new paragraph to section 3, that will thereafter read as follows:

“3. Annual or extraordinary General Meetings of Shareholders may be attended via telematic means, provided the identity of the shareholder or his or her proxy is duly guaranteed. The Board of Directors shall ensure that the call to the meeting establishes the procedure whereby shareholders may exercise their rights via this form of attendance.”

2. Adaptation of the powers of the Board of Directors to the prevailing legal framework

Article 406 of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital* or “LSC”) grants the Board of Directors the powers to agree upon the issuance and admission to trading of bonds, and also to agree upon the granting of guarantees for the issuance of bonds, unless the Articles of Association state otherwise.

With the current economic situation, it is essential that there is no room for doubt with respect to the interpretation of the powers of the Board so that they can respond in a flexible way within the limits of the law.

Accordingly, the Board of Directors is to lay before the shareholders at the Annual General Meeting an amendment to paragraph 2 of Article 6 “GENERAL MEETING” that will thereafter read as follows, with the new section underlined:

“2. The attendance of shareholders, whether in person or represented by proxy, holding at least fifty per cent (50%) of the subscribed voting share capital will be required on first call in order to validly ratify and carry, at a annual or extraordinary General Meeting, any motion to issue bonds convertible into shares or bonds that confer upon their holders an interest in the company’s profits or earnings, to increase or reduce capital, or to disapply or limit pre-emptive subscription rights on issues of new shares or convertible bonds, as well as motions concerning the transformation, merger, spin-off, global transfer en bloc of assets and liabilities, or to move the registered office abroad and, in general, any amendment to the Company’s Articles of Association. On second call, shareholders, whether in person or represented by proxy, holding at least twenty-five per cent (25%) of the said capital shall suffice as the necessary quorum.”

Madrid, 22 April 2020