



**REPORT OF THE BOARD OF DIRECTORS IN
RELATION TO THE AMENDMENT OF THE
REGULATIONS GOVERNING THE
ORGANIZATION AND FUNCTIONING OF THE
BOARD OF DIRECTORS OF NATURGY
ENERGY GROUP, S.A. AND ITS
COMMITTEES**



The General Shareholders' Meeting is hereby informed, in accordance with article 528 of the Capital Companies Act, of the amendments made to the Regulations governing the organization and operation of the Board of Directors of NATURGY ENERGY GROUP, S.A. and its Committees agreed at the meetings of the Board of Directors held on 10 February and 10 June 2022. and its Committees agreed at the meetings of the Board of Directors held on 10 February and 14 June 2022, the purpose of which was i) to adapt the rules of operation of the Board's Committees to the new ownership structure of the Company, and ii) to continue working to align the Company with best corporate governance practices.

At the meeting of 10 February 2022, the Board of Directors resolved to amend article 27 of the Regulations, regarding the composition of the Sustainability Committee, to remove the reference to the minimum number of independent directors that must form part of this Committee. This was due to the change in the Company's shareholding structure and the significant reduction in the free float, which has resulted, in order to preserve the shareholders' right to proportional representation, in the reduction of the number of independent directors from five to three.

At the meeting of 14 June 2022, the Board agreed to amend Article 7 of the Regulations, regulating the minimum percentage of attendance of directors in each year and the incorporation of a new article, Article 9 bis, to establish the different categories of directors who may sit on the Board.

The amended articles are worded as follows:

"ARTICLE 7.- Conduct of meetings.

1.- The Board shall be validly constituted when the majority of its members are present or represented at the meeting.

2.- The Chairman shall organise the debate, seeking and promoting the participation of all the Councillors in the deliberations of the body.

Each director may grant a proxy to another director, with no limit on the number of proxies that each director may hold to attend the Board, although he/she must attend at least 75% of the meetings to which he/she is called each year. The Board of Directors may waive this obligation in justified cases. Proxies for absent directors may be granted by any written documentary means, any electronic means addressed to the Chairman or Secretary of the Board prior to the commencement of the meeting being valid.



Resolutions must be adopted with the vote of an absolute majority of the directors attending in person or by proxy, unless the law, the bylaws or these regulations establish a greater majority.

In particular, a favourable vote of more than two-thirds of the directors attending in person or by proxy shall be required for the valid adoption of resolutions on the following matters, which are reserved to the full Board and, therefore, may not be delegated:

- a) The acquisition or disposal of assets belonging to the Company (irrespective of the legal means used for this purpose and, in particular, even if carried out through mergers, spin-offs or other operations of subsidiaries) in excess of 500,000,000 euros, unless their approval corresponds to the General Meeting or they are carried out in execution of the Company's budget or strategic or business plan.*
- b) Approval of the annual budget and strategic plan of the Company.*
- c) The modification of the dividend distribution policy and the approval of a new one.*
- d) The execution, amendment, renewal, non-renewal or termination by the Company of financing or refinancing agreements in excess of 500,000,000 euros.*
- e) The execution, modification, renewal, non-renewal or termination by the Company of any material contract, other than those contemplated in section d) above, the amount of which exceeds 800,000,000 euros in the case of both gas supply contracts and other contracts.*
- f) Material changes in the Company's accounting or tax policies and criteria, unless they are due to changes in applicable legislation or to compliance with the guidelines and criteria established by the competent authorities in this area.*
- g) The restatement of the Company's annual accounts, unless such restatement is due to a change in legislation or to compliance with the guidelines and criteria laid down by the competent authorities in the matter.*
- h) The making of capital investments (capex) not foreseen in the annual budget of the Company in excess of 200,000,000 euros.*
- i) The modification of the matters in sections a) to i) or the modification of the reinforced voting majority provided for any of them.*

5.- Meetings of the Board of Directors may be attended by any person the Chairman deems appropriate".

"ARTICLE 9 bis.- Categories of Directors

The Board of Directors shall be made up of Directors of the categories indicated below:

1.- Executive Directors, who shall be those who perform management duties in the Company or its Group, whatever their legal relationship.

2.- Non-executive directors, who shall be all other directors of the Company, and who in turn are classified as follows:

- a. Proprietary directors: those who hold a shareholding interest equal to or greater than that legally considered significant at any given time or who have been appointed on account of their status as shareholders, even if*



their shareholding interest does not reach that amount, as well as those who represent shareholders of the aforementioned.

b. Independent directors: those directors who, appointed on account of their personal and professional qualifications, may perform their duties without being conditioned by relations with the Company or its Group, its significant shareholders, its management personnel or with the other directors, except for those who are in any of the situations established for such purposes in the Capital Companies Act.

c. Other external directors: directors who are not executive directors but who do not meet the requirements to qualify as proprietary or independent directors".

"ARTICLE 27. The Sustainability Committee

The Board may resolve to set up the Sustainability Committee, which shall consist of a minimum of three and a maximum of six Directors, appointed by the Board of Directors from among the Non-Executive Directors, taking into account the knowledge, aptitudes and experience of the Directors and the duties of the Committee. Its members shall retire when they cease to be Directors, or when so decided by the Board of Directors.

The Board of Directors shall elect the Chairman of the Committee, who shall be an Independent Director and shall not have a casting vote. The Secretary of the Committee shall be the Secretary of the Board of Directors, although the Deputy Secretary, if any, may act as Secretary of the Committee.

The Sustainability Committee shall have such powers as may be specifically entrusted to it by the Board of Directors.

The Committee, convened by its Chairman, shall meet when necessary to issue reports or proposals within its competence or when deemed appropriate by its Chairman or at the request of two of its members, and at least three times a year. The Committee may invite to its meetings any manager or employee it deems appropriate".

Madrid, 14 February 2023

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