

REPORT OF THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE OF NATURGY ENERGY GROUP, S.A. FOR THE PURPOSES OF ARTICLE 529.10 OF THE CORPORATE ENTERPRISES ACT ON THE RATIFICATION AND APPOINTMENT OF INDEPENDENT DIRECTORS.

1.- Background

On 27 June 2022, the four-year term of office of the independent directors Mr. Claudi Santiago Ponsa and Mr. Pedro Sainz de Baranda Riva came to an end, and they therefore continue to exercise their functions under an extended term of office until the next General Shareholders' Meeting is held.

Article 529 decies of the Corporate Enterprises Act attributes to the Appointments and Remuneration Committee, among other duties, the function of submitting to the Board of Directors proposals for the appointment of independent directors for submission to the General Meeting of Shareholders.

2. Analysis of the profile of the proposed Directors

Given that both directors are members of the Appointments, Remuneration and Corporate Governance Committee, and one of them, Mr Sainz de Baranda, is also its Chairman. In view of this, the coordination of the selection process has been entrusted to the coordinating independent director, Ms Herrero.

In accordance with the applicable regulations and, in particular, the policy for the selection of directors, the steps to be followed in the selection process are as follows:

- The starting point is the competence matrix of the Board.



- The appointment should encourage professional, knowledge and gender diversity within the Board of Directors.
- The proposed directors must have the appropriate professional knowledge and experience for the performance of their duties.
- There should be no conflicts of interest

The Committee considers that it follows from the above that diversity on the Board must be considered in a pluralistic manner, in terms of professional diversity, knowledge and gender. The combination of all these elements, contrasted with the competency matrix published by the company, means that it would be difficult to seek external profiles other than those of Mr. Santiago and Mr. Sáinz de Baranda in order to improve this matrix. This is also confirmed by the results of the self-assessment of the Audit and Appointments Committees, which specifically asked about the performance of their chairmen. In terms of gender diversity, the group of independent directors has already reached the percentage that the current policy sets as an aspiration. And while it is true that the aspiration is for the Board as a whole, it seems disproportionate that only one of the criteria determines the selection of independent directors to the point of preventing the other two diversity criteria from being considered.

The Committee considers that there is also a special aspect that the selection policy could not take into account when it was approved: we are living in an exceptional context due to the energy scenario. Such a scenario makes it inadvisable to incorporate on this occasion advisors who would necessarily require a period of training and adaptation to a complex sector and at such a changing time.

For all these reasons, she considers that the most prudent thing to do at this time is to propose the renewal of both independent directors.

The Committee, with the abstention of the candidates whose renewal is proposed and the participation of the co-ordinating councillor, has unanimously agreed to propose the re-election of:



1.- Mr Claudi Santiago Ponsa, as Director on the Board of Directors of NATURGY ENERGY GROUP, S.A., whose curriculum vitae is as follows:

Degree in Computer Science from the Universidad Autónoma de Barcelona. International Executive Program at INSEAD Business School (France). Postgraduate studies at Georgetown University and Harvard Business School.

From February 2012 to June 2020, Mr. Santiago was Managing Partner and Chief Operating Officer of First Reserve Corporation, the world's largest Private Equity firm specialising in investments in the Energy Industry.

Prior to his experience at First Reserve, Mr. Santiago developed his 32-year professional career at GE. In particular, from April 1999, until December 2011, Mr. Santiago was Senior Vice President of GE and Executive Chairman of GE Oil&Gas.

He has spent most of his professional career in the General Electric Group, where he held the position of President and CEO of GE OIL&GAS from 1999 to 2011. Previously he held the position of General Manager Global Services at NEW PIGNONE, ITALY (leader in advanced technology equipment and services for all segments of the oil & gas industry in more than 100 countries), and various positions at GE EQUIPMENT SERVICES.

Mr. Pedro Sainz de Baranda Riva, as Director on the Board of Directors of NATURGY ENERGY GROUP, S.A., whose curriculum vitae is as follows:

Mining Engineer, University of Oviedo. Specialising in Energy. Extraordinary End of Degree Award. Ph.D in Engineering, Rutgers University, New Jersey MBA, Sloan School of Management of the Massachusetts Institute of Technology (MIT).

He has spent most of his career in the industrial sector within the United Technologies Corporation (UTC) and Otis Elevator Company. Starting in R&D, he led the team that developed the technical innovation that made possible the launch of the Gen2 lift, the best-selling product in Otis' 160-year history. For this work he received the George Mead Medal, the highest technical award from UTC's Board of Directors, and more than 30 international patents. He was



subsequently responsible for new equipment at Otis Mexico, Executive President of Otis Portugal, Managing Director and CEO of ZARDOYA OTIS, S.A. and President of Otis for Southern Europe and the Middle East. Finally, in 2012 he became Executive Chairman of Otis Elevator Company, a world leader in the elevator industry with more than 64,000 employees and presence in more than 200 countries and territories. As Group CEO, he was responsible for defining and executing the strategy, focused on improving productivity and growth through New Installations in Asia, mainly in China, and improving customer loyalty among service customers, which has come to account for more than 50% of the Group's sales.

Co-founder of SAINBERG INVESTMENTS in 2015, a company specialising in control investments in small and medium-sized companies. He has invested in food and retail companies.

He is currently a member of the Board of Directors of TK Elevator GmbH (industrial) and Gestamp Automoción S.A. (industrial). He is also a member of the Social Council of the Carlos III University of Madrid (Education) and a member of the Boards of Trustees of the Nebrija University (Education) and the Princess of Asturias Foundation. Member of the Madrid /Central Madrid Regional Advisory Board of Banco de Sabadell (Financial).

3. Conclusion

The Committee, with the abstention of the directors whose re-election is submitted for consideration, has concluded, by unanimous resolution, to propose the re-election of Mr Claudi Santiago Ponsa and Mr Pedro Sainz de Baranda Riva as directors of the Company, with the classification of independent.

Madrid, 7 de febrero de 2023.

La Comisión de Nombramientos, Retribuciones y Gobierno Corporativo de NATURGY ENERGY GROUP, S.A