

ORDINARY GENERAL SHAREHOLDERS' MEETING

15 MARCH 2022

REPORT PREPARED BY THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE OF NATURGY ENERGY GROUP, S.A. IN RELATION TO THE PROPOSED REMUNERATION POLICY.

The Appointments, Remuneration and Corporate Governance Committee of NATURGY ENERGY GROUP, S.A. shares what is stated in the report prepared by the Board of Directors, in accordance with the obligation established in article 529 novodecies.2 of the Capital Companies Act, which is included in the proposed resolution of the General Shareholders' Meeting of the Company.

The main objectives of the proposed Policy, as reflected in the aforementioned report of the Board of Directors, are as follows:

(i) to incorporate all those references necessary to comply with the new wording of art. 529 novodecies of the Capital Companies Act, with respect to (i) their contribution to the business strategy and to the long-term interests and sustainability of the company, (ii) the express reference to the relative proportion of the different components of the remuneration, (iii) the explanation of how the conditions of remuneration and employment of the company's employees have been taken into account when setting the remuneration policy and (iv) the explanation of the decision-making process followed for its determination.

This committee considers that the proposal made by the Board of Directors, which continues the Remuneration Policy for the period 2021-2023 approved by the General



Meeting of Shareholders held on 9 March 2021, is respectful of the principle of determining sufficient remuneration to compensate the dedication of the directors in the performance of their duties and also rigorously complies with the changes required by the amendment of article 529 novodecies of the LSC.

ii) ii) To take account of the new 2021-2025 Strategic Plan, which translates in particular into the adaptation of the executive director's multi-year variable remuneration scheme already authorised by the 2019 Shareholders' Meeting.

The Board of Directors has approved an adaptation of the incentive, making the incentive coincide with the new Strategic Plan 2021-2025 which now ends in December 2025. To this end, the Board of Directors has approved a new Regulation identical to the previous one except for the duration and the powers of the Board of Directors in the management of the Incentive Plan.

The Board has carried out all the necessary preparatory work, including the consent to the extension of the term by all affected executives, establishing also a liquidity amount for such extension, and subjecting them to the condition precedent that the amendment be approved by the Naturgy Shareholders' Meeting in 2022.

In the event that the General Meeting decides not to approve the modification of the incentive or if 30 June 2022 arrives without approval, the Executive Chairman will not receive the amounts for modification of the scheme and will maintain his multi-year variable remuneration rights in accordance with the ILP approved at the 2019 Shareholders' Meeting, without modifications and expiring in July 2023. In the event that the shareholders' meeting does approve the amendment, such amounts will be deducted from the final settlement of the incentive, if any.

The Committee considers that the implementation of this amendment is very positive as it allows maintaining at all times a long-term horizon of this remuneration component,



beyond the term of the Remuneration Policy itself and the long-term incentive programme in force during such period.

Madrid, 25 January 2022.

The Appointments, Remuneration and Corporate Governance Committee of **NATURGY ENERGY GROUP, S.A.**