

## NATURGY ENERGY GROUP, S.A.

NATURGY ENERGY GROUP, S.A. (formerly called GAS NATURAL SDG, S.A.), in compliance with the provisions of article 228 of the consolidated text of Act 24/1988, of 28 July, on the Securities Market, and as a complement to the regulatory information nr. 267283 of June 28th 2018 relating to the Strategic plan of the Company, hereby notifies the National Securities Market Commission of the following

### REGULATORY INFORMATION

#### **New long term remuneration scheme of the management team**

In the context of the presentation to the market of the new Strategic plan 2018-2022, made public last June 28th, the Company informed about the general principles of the incentives to be established for the management team of the Company, which would be aligned with the goals of the plan and, especially, of those of the shareholders.

The Board of directors has therefore approved a long term incentive plan –named LTIP - that will last at least until July 31st 2023 and comprises up to 200 managers, including the Executive chairman.

This new LTIP scheme replaces the former PREMP system and differs in three main aspects:

i) it is directly linked to the total value generated for a shareholder during the period; to that end, value creation means the result of the sum of all the dividends effectively paid during the period and the share price increase.



ii) the incentive will become due by the end of the period, instead of the annual payments of the old PREMP scheme. It includes a claw back clause for the following 18 months.

iii) in the new LTIP, the only target variable is the total value created for the shareholder during the period. There is also a minimum threshold required for the incentive to become due, consistent with the financial discipline requirements contained in the Strategic plan. In this respect, the new LTIP is significantly different to the former PREMP that considered a basket of targets, most of them operational, which caused an overlap with the annual variable incentive.

The LTIP of the Executive chairman, that spans until July 2023 takes as base incentive an amount 1.25 times his fixed annual payment multiplied by the duration of the scheme.

In order to pay the incentive amounts of the LTIP, it is envisaged to establish a corporate vehicle to which sufficient resources and an adequate capital structure will be provided in order to acquire Naturgy shares. The vehicle will benefit, as the rest of shareholders, from the investment return and the net result to be generated would be used to pay the incentive minimizing thereby the cost of the plan for the Company.

As required by law, the amendment to the Executive chairman's contract, whose main terms were already approved by the Annual shareholders meeting last June, will be subject to a condition precedent and will therefore not entry into force until its approval by the next ordinary Annual shareholders meeting

Madrid, August 3rd, 2018