



**REPORT BY THE AUDIT AND CONTROL  
COMMITTEE OF THE BOARD OF  
DIRECTORS OF NATURGY ENERGY  
GROUP, S.A. ON THE INDEPENDENCE  
OF THE ACCOUNTS AUDITOR FOR  
FINANCIAL YEAR 2023**

## I. BACKGROUND

The Audit Committee, under Article 529. 14, (point 4, letter f) of the Spanish Companies Act. (Ley de Sociedades de Capital) has the function of, amongst others to:

*f) Annually issue, before issuing the accounts Audit Report, a report expressing an opinion on whether the independence of the account auditors or audit firms has been compromised. This report shall in all cases include a reason assessment of each of the additional services provided, as referred to in the previous section, considered separately and in their totality, that consists of services other than statutory audits and how they relate to the requirement of independence or to the regulatory legislation of the activity on auditing of accounts.*

In the previous letter e) of the same section and article it states that, it is the function of the Audit Committee to:

*e) Establish the appropriate relations with the external auditor to receive information on those issues that could threaten its independence, for consideration by the Committee, and any others related to the preparation process of the accounts audit, and, when appropriate, the authorization for the services other than those prohibited, under the terms referred to in articles 5(4) and 6.2 (b) of Regulation (EU) N<sup>o</sup>. 537/2014, of 16 April, and the provisions in section 3 of Chapter IV of Title I of the Accounts Audit Act 22/2015, of 20 July, on the independence, as well as those other communications provided for in the accounts auditing legislation and in the audit standards. In all cases, on an annual basis, the Audit Committee shall receive from the Auditors written confirmation of their independence vis-à-vis the company or entities related to it directly or indirectly, in addition to detailed and individual information on additional services of any kind rendered to these entities by the aforementioned auditors or person or entities related to them in conformity with the provisions of auditing legislation.*

Likewise, the Board of Directors of NATURGY ENERGY GROUP, S.A. in their meeting held on 24 November 2020, entrusted, amongst other functions, to the Audit and Control Committee the task of preparing the report on the independence of the Auditor, as well as assuring that the remuneration of the External Auditor for their work does not compromise their quality nor their independence.

During financial year 2023, KPMG Auditores, S.L (Accounts Auditors) have carried out accounts auditing tasks for the Company. The Audit and Control Committee have

established the working relationship with them with the aim of receiving information on those matters that may put their independence at risk, amongst other aspects.

## **II. REPORT ON AUDITOR INDEPENDENCE**

In order to guarantee the independence of the external auditor, the Audit and Control Committee has supervised throughout 2023 all the proposals for contracting services with the Auditor during the year, other than the auditing of accounts, in order to ensure that they are not incompatible with their work as auditors, thus not calling into question their independence, in accordance with the limitations established in current legislation and in particular with article 16 of the Audit Act in force..

The additional services provided by the Statutory Auditors have been mainly related to business and tax advisory services. However, in all cases, the Committee has received justification of the agreed fees and their competitive nature. When, for reasons of urgency, they have been authorised by the Chairman of the Audit and Control Committee, the Committee has in all cases ratified these decisions, by virtue of the delegation granted.

The fees invoiced in the 2023 financial year for the audit and related services amounted to 3,966 thousand euros, and those corresponding to additional services amounted to 1,054 thousand euros.

Likewise, KPMG Auditores, S.L have sent written confirmation of their independence by means of a letter attached to this report, in which they declare that during financial year 2023 no evidence of incompatibility set forth in the Accounts Audit Law was identified. In particular they confirm:

- Their independence in connection with the entities directly or indirectly related to NATURGY ENERGY GROUP, S.A., either with the aforementioned Company as well as the individual members that form part of their work team.
- The detail of allowed services additional to accounts auditing, provisioned by KPMG Auditores, S.L and by the individuals or entities related to the same, in accordance with that set forth in Law 22/2015 of 20 July on Accounts Auditing.
- That the amount of the fees billed by the Accounts Auditor for all concepts, do not exceed 5% of its total income over the last financial year.
- They have put into place the necessary safeguards to eliminate any threats to their independence, or to reduce them to acceptable levels.

### **III.- CONCLUSIONS**

As a result of the relations with the Accounts Auditor, the analysis of the contracts entered into different to those for accounts audit services and related services and the written confirmation of the Accounts Auditor on its independence, this Committee states that “it has not identified issues in the independence of the firm KPMG Auditores, S.L in the provision of its services, both those corresponding to the accounts auditor work and those services provided additional to the accounts audit and associated services.”

**Madrid, Spain, on 26 February 2024.**

**The Audit and Control Committee of the Board of Directors of NATURGY ENERGY GROUP, S.A.**

**ANNEX**  
**KPMG Auditores, S.L**



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28046 Madrid  
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*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)*

Naturgy Energy Group, S.A.  
Avenida de América, 38  
28028 Madrid

Our ref.: 2024f20aga2

For the attention of:  
Mr. Claudi Santiago Ponsa  
Chairman of the Audit and Control Committee

22 February 2024

Dear Sir/Madam,

On 9 March 2021, we were appointed as auditor of the individual and consolidated annual accounts of Naturgy Energy Group, S.A. (hereinafter, 'the Entity' or Naturgy) and its subsidiaries (hereinafter 'the Group') for the years ended 31 December 2021, 2022 and 2023.

In relation to our appointment as auditor and as required by Technical Auditing Standard (NIA-ES) 260 (Revised) on "Communication with those charged with governance" for Public Interest Entities (PIEs) which, exclusively for the purpose of that stipulated in the standards regulating the audit activity, are defined in article 3.5 of Law 22/2015 of 20 July 2015 (hereinafter the Spanish Audit Law) and in article 8.1 of the Regulation implementing the Spanish Audit Law 22/2015 of 20 July 2015, approved by Royal Decree 2/2021 of 12 January 2021, and the IESBA (International Ethics Standards Board for Accountants) Code of Ethics, and taking into consideration the provisions of article 529 quaterdecies 4.e) of the Revised Spanish Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July 2010 (amended by the fourth final provision of the Spanish Audit Law), and the provisions of article 80 of the Regulation implementing the Spanish Audit Law, we hereby confirm that:

- The audit engagement team, KPMG Auditores, S.L. and, where applicable, other persons belonging to the audit firm and, as the case may be, other firms of the network, with the applicable extensions, have met the independence requirements in accordance with the Spanish Audit Law and Regulation (EU) No 537/2014 of 16 April 2014.



**Naturgy Energy Group, S.A.**

Independence Letter

22 February 2024

- The fees charged by KPMG Auditores, S.L. and (where appropriate) other firms of the same network to the entity and its related entities for audit and non-audit services in the year ended 31 December 2023 are listed below, by item, to enable your assessment of those fees in relation to our independence:

	Euros				Subject to pre-approval by the Audit and Control Committee (1) + (2)
	Naturgy Energy Group, S.A. (the Company) (1)	Entities related to Naturgy Energy Group, S.A. through a relationship of control (2)	Other entities related to Naturgy Energy Group, S.A.	Total	
Audit services	876,599	3,089,698	42,406	<b>4,008,703</b>	3,966,297
Other audit-related services	131,983	388,456	25,283	<b>545,722</b>	520,439
<b>Total audit and related services</b>	<b>1,008,582</b>	<b>3,478,154</b>	<b>67,689</b>	<b>4,554,425</b>	<b>4,486,736</b>
Tax services	51,535	178,603	-	<b>230,138</b>	230,138
Other non-audit services	82,434	114,278	26,976	<b>223,688</b>	196,712
<b>Total non-audit services</b>	<b>133,969</b>	<b>292,881</b>	<b>26,976</b>	<b>453,826</b>	<b>426,850</b>
<b>Total professional services</b>	<b>1,142,551</b>	<b>3,771,035</b>	<b>94,665</b>	<b>5,008,251</b>	<b>4,913,586</b>

(\*) The figures listed under "other audit-related services", "tax services" and "other non-audit services" correspond to the latest available figures for fees accrued at 30 November 2023.

- We also inform you that, in addition to the services listed in the foregoing table, non-audit services were also provided during the period subject to this confirmation to your minority shareholders Criteria Caixa, S.A.U., IFM Global Infrastructure Fund and GIP III Canary 1, S.A.R.L., which exert material influence over Naturgy Energy Group, S.A. These services were subject to the corresponding analysis to detect and identify any threats to our independence and, where these threats were considered significant, the appropriate and sufficient safeguards were applied to eliminate them or reduce them to an acceptably low level that does not compromise our independence. For confidentiality reasons, the amounts corresponding to the non-audit services provided to Criteria Caixa, S.A.U., IFM Global Infrastructure Fund and GIP III Canary 1, S.A.R.L. are not disclosed in this letter.
- No other types of situations or relationships between the entity and its related entities and KPMG Auditores S.L. and other firms of the same network have been identified.



**Naturgy Energy Group, S.A.**

*Independence Letter*

*22 February 2024*

Our firm has implemented in-house policies and procedures designed, as described in the “Be ethical and independent” section of KPMG Auditores, S.L.’s 2023 Transparency Report available at [Transparency Report. KPMG Auditores, S.L. – KPMG](#), to provide you with reasonable assurance that KPMG Auditores, S.L. and its personnel and, where applicable, other persons subject to independence requirements (including personnel from the network firms), preserve their independence when required by applicable legislation. Such procedures include those aimed at identifying and assessing any threats that may arise from circumstances related to the audited entities, including those that could constitute grounds for incompatibility and/or that may call for the application of the required safeguards to reduce the threats to an acceptably low level.

This confirmation has been prepared solely for the addressees of this letter and, therefore, should not be distributed or used for any other purpose.

Kind regards,

*(Signed on original in Spanish)*

Eduardo González Fernández  
Partner





## Appendix I - Details of fees accrued by the Company and its related entities during the eleven-month period ended 30 November 2023

Other audit-related services (Figures in Euros)	Country	Naturgy Energy Group, S.A. (the Company)	Entities related to Naturgy Energy Group, S.A. through a relationship of control	Other entities related to Naturgy Energy Group, S.A.
Review of interim financial statements	Argentina, Panama, Brazil, Chile and Spain	103,733	237,972	-
Certifications on the information to be submitted to the Argentine Federal Administration of Public Revenue (AFIP) and the Argentine National Securities Commission (CNV).	Argentina	-	1,890	-
Reasonable assurance report on the information reported to the Portuguese Energy Regulator in accordance with ISAE 3000.	Portugal	-	19,803	-
Certification of Essential Assets 2021 and Certification of Tax Receivables and Payables 2021 to be submitted to the Ente Nacional Regulador del Gas (National Gas Regulator - "ENARGAS").	Argentina	-	1,794	-
Comfort letters	Spain and the Netherlands	6,555	4,826	-
Agreed-upon procedures report on compliance with financial ratios and other agreed-upon procedures reports	Spain and Mexico	-	42,000	18,134
Review of the financial reconciliation form for the aid received by the Institute for Energy Diversification and Saving (IDAE)	Spain	-	52,233	-
Special report set out in Article 13.3 bis of the Grants Act. (PMP)	Spain	-	27,938	7,149
Agreed-upon Internal Control over Financial Reporting (ICOFR) review procedures	Spain	21,695	-	-
<b>Total - Other audit-related services</b>		<b>131,983</b>	<b>388,456</b>	<b>25,283</b>



**Naturgy Energy Group, S.A.**

22 February 2024

Appendix I

Tax services (figures in Euros)	Ref.	Country	Naturgy Energy Group, S.A. (the Company)	Entities related to Naturgy Energy Group, S.A. through a relationship of control	Other entities related to Naturgy Energy Group, S.A.
General tax advisory services, tax compliance in relation to corporate income tax, VAT and local taxes	1	<u>EU</u> : Ireland  <u>Non-EU</u> : Australia, Israel, Kenya, Singapore and Uganda	-	55,166	-
Transfer pricing advisory services	2	<u>EU</u> : Portugal (branches), Ireland and Spain <u>Non-EU</u> : Australia, Dominican Republic, Panama and Singapore	51,535	122,309	-
Tax compliance (iXBL)	3	Ireland		1,128	
<b>Total tax services</b>			<b>51,535</b>	<b>178,603</b>	<b>-</b>

Other non-audit services (figures in Euros)	Ref.	Country	Naturgy Energy Group, S.A. (the Company)	Entities related to Naturgy Energy Group, S.A. through a relationship of control	Other entities related to Naturgy Energy Group, S.A.
Advisory services and gap analysis of operational processes with regard to the requirements laid down by applicable legislation	1	Spain	-	12,490	-
Financial and tax due diligence	2	Spain	-	93,048	-
Independent review on the non-financial information included in the Non-Financial Information Statement (NFIS) and/or the Sustainability Report, as well as EU taxonomy.	3	Spain	82,434	-	-
Independent review of the non-financial information included in the Sustainability Report,	4	Brazil	-	8,740	-
Mathematical and logical review of a financial model	5	Spain	-	-	26,976
<b>Total - Other services</b>			<b>82,434</b>	<b>114,278</b>	<b>26,976</b>



## Appendix II - Independence analysis

### Other audit-related services

Services provided to the entity and to its entities related through a relationship of control, included in “Other audit-related services” and listed in Appendix I, are required of the auditor as set out in the applicable legislation or when it is common practice that these services be rendered by the auditor, and include limited reviews, assurance services in accordance with defined standards (assurance reports, agreed-upon procedures and other standards set forth in local legislation), the performance of which is pursuant to regulatory requirements or best market practices.

In relation to these services, we confirm that:

- They are not services prohibited by article 5.1 or article 5.5 of Regulation (EU) No 537/2014 (REU) (depending on whether they are provided to entities inside or outside the European Union, respectively).
- We are not involved in the decision-making of the entities engaging the services.
- Based on the contents and regulation of the services, no threat to the auditors’ independence has been identified.

### Tax services

#### A) Tax services subject to pre-approval by the Audit and Control Committee

##### 1- General tax advisory services, tax compliance in relation to corporate income tax, VAT and local taxes.

The services are rendered to controlled entities in Ireland and are tax compliance services related to corporate income tax and general tax advisory services (Euros 8,488). These are services which, although subject to article 5.1 of the REU, comply with that set forth under article 5.3 of the REU in Ireland (applicable to entities related through a relationship of control domiciled in the EU) as they have no direct or have immaterial effect, separately or in the aggregate, on the audited financial statements.

Tax services provided in controlled entities outside the European Union (Australia, Israel, Kenya, Singapore and Uganda) include tax compliance in relation to corporate income tax, VAT and assistance with preparing local tax declarations (Euros 47,806). They are not services prohibited by article 5.5 of the REU (applicable to entities related through a relationship of control and located outside the EU) or under local legislation.



**Naturgy Energy Group, S.A.**

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For all these services we therefore confirm that:

- We are not involved in the decision-taking of the engaging entities.
- Insofar as our work consists of advising entities on general matters, always from a tax perspective, which does not depend on accounting treatment and is not intended to serve as a basis for the preparation of financial statements or other accounting documents, the results of our work are not considered to have a direct effect, separately or in the aggregate, on the audited financial statements and no significant self-review threat has been identified. Furthermore, regarding our assistance in preparing tax declarations, it should be noted that these documents are not intended to be used as the basis for preparing the financial statements and that the services are provided solely to comply with applicable tax requirements.

2- Transfer pricing advisory services.

Transfer pricing advisory services provided to Naturgy Energy Group, S.A. and its branches in Portugal, and to the controlled entity Naturgy LNG Marketing Limited, domiciled in Ireland (Euros 126,554). These are services which, although subject to article 5.1 of the REU, comply with that set forth under article 5.3 of the REU as they have no direct or have immaterial effect, separately or in the aggregate, on the audited financial statements.

Transfer pricing advisory services provided to controlled entities outside the European Union (Australia, Dominican Republic, Panama and Singapore) (Euros 47,290). They are not services prohibited by article 5.5 of the REU (applicable to entities related through a relationship of control and located outside the EU) or under local legislation.

For these services we therefore confirm that:

- We are not involved in the decision-taking of the entities engaging the services.
- Insofar as our work consists of providing assistance in the preparation of transfer pricing documentation, in line with the requirements laid down by tax legislation and which does not, under any circumstances, affect the data or information that the entities may consider in their decision-making or that may affect the audited financial information, no significant self-review threat has been identified.



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3- Tax compliance services (iXBRL).

Tax compliance service (iXBRL), provided to the controlled entities UFD Naturgy LNG GOM Limited and Naturgy LNG Marketing Limited in Ireland (Euros 1,128). In relation to this service we confirm that:

- These are not services prohibited by article 5.1 of the REU in Ireland.
- We are not involved in the decision-taking of the entities engaging the services.
- Insofar as our work consists of mapping the financial statements previously prepared by the entity in the format required by the taxation authorities in Ireland (iXBRL format), and our work does not have an impact in any way on the Spanish entity as it is provided solely for the purpose of meeting tax requirements instead of accounting requirements, with the entities being responsible for previously presenting the financial statements to be converted, complying with the tax obligations in time and in form, as well as any judgement contained therein, and under no circumstances is our work to be used as a basis for the preparation of the financial statements and other accounting documents, the self-review threat is not considered significant.

**Other services**

**A) Other services subject to pre-approval by the Audit and Control Committee**

1- Advisory service and gap analysis of operational processes with regard to the requirements laid down by applicable legislation.

Advisory service and gap analysis between the operational processes involved in "Regulatory Reporting" and the "Regulatory Database" and the requirements established by applicable legislation, provided to the controlled entity, Distribución Electricidad, S.A. in Spain (Euros 12,490).

In relation to this service we confirm that:

- We are not involved in the decision-making of the entity engaging the service.
- This is not a service prohibited by article 5.1 of the REU. Specifically, they do not fall within the services prohibited by article 5.1.e) since they consist of carrying out a gap analysis of the current operational processes involved in the 'Regulatory Reporting' associated with Royal Decree 1048/2015 and Spanish Official State Gazette BOE-A-2019-6180 and the "Regulatory Database" (BDR) vis-à-vis the requirements established in applicable legislation, the outcome of which has been the identification of areas for improvement for the consideration of the engaging entity. Under no circumstances does this entail the design of internal controls or processes related to financial information or the preparation of financial information that may be subject to statutory audit procedures. Accordingly, no significant self-review threat has been identified.



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2- Financial and tax due diligence service

Financial and tax due diligence service in the framework of a potential transaction, provided to Naturgy Renovables S.L.U. an entity related through a relationship of control in Spain (Euros 93,048).

In relation to this service we confirm that:

- This is not a service prohibited by art 5.1 of the REU or under local legislation.
- We are not involved in the decision-making of the entity engaging the service.
- Insofar as our work consists of the review and description of the financial situation, based on information provided by the targets and taking into account that the objective of our work does not include an accounting or tax review and in no case does it have an impact on the financial statements subject to audit, no significant self-review threat is identified.

3- ISAE 3000 Non-Financial Information Statement (NFIS), sustainability report and Green Bond report

Independent review service on the non-financial information included in the 2022 Non-Financial Information Statement (NFIS) under ISAE 3000, as well as the sustainability report and Green Bond report of Naturgy Energy Group, S.A. under ISAE 3000 (Euros 82,434).

In relation to this service we confirm that:

- They are not services prohibited by article 5.1 or article 5.5 of Regulation (EU) No 537/2014 (REU) (depending on whether they are provided to entities inside or outside the European Union, respectively).
- We are not involved in the decision-making of the entity engaging the service.
- Insofar as our work is based on the preparation of an assurance report following the criteria described in the International Standard on Assurance Engagements (ISAE) 3000, the Guidelines for assurance engagements on the Non-Financial Information Statement prepared by the Spanish Institute of Registered Auditors (ICJCE), as well as in the reporting requirements of the GRI Standards, always on the non-financial indicators of the NFIS, and the green bond, which are not within the scope of the audit and are not intended to be used as a basis for the preparation of the financial statements and other accounting documents, no significant self-review threat has been identified.



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- 4- Independent review services on the non-financial information including the 2021 sustainability report of the entity related through a relationship of control Companhia Distribuidora de Gas de Rio de Janeiro S.A., domiciled in Brazil, based on the reporting requirements of GRI standards (Euros 8,740)

In relation to this service we confirm that:

- These are not services prohibited by article 5.5 of the REU.
- We are not involved in the decision-making of the entity engaging the service.
- Insofar as our work is based on the review of non-financial indicators included in the sustainability report, based on the reporting requirements of the GRI standards, which are not within the scope of the audit and are not intended to serve as a basis for the preparation of the financial statements and other accounting documents, no significant self-review threat has been identified.

**B) Other services not subject to pre-approval by the Audit and Control Committee**

- 5- Service for mathematical and logical review of a financial model.

Mathematical and logical review of a financial model provided to Medina Partnership, S.A., an entity related through a relationship other than control in Spain (Euros 26,976). As the prohibitions under article 5.1 of the REU do not apply, the threats and safeguards have been analysed based on the extensions of articles 14 and 15 of the Spanish Audit Law.

In relation to this service we confirm that:

- We are not involved in the decision-making of the audited entity.
- Insofar as our work consists of a mathematical and arithmetic review of a financial model, previously prepared by the company, whose objective has been to verify that it fulfils the purpose for which it was designed, since the company is responsible for the input data and assumptions on which the model is based, and considering the fact that our work does not involve an accounting or tax review and has no impact on the financial statements subject to audit, no significant self-review threat has been identified.

With regard to the potential existence of a self-review threat under the terms established by the IESBA Code of Ethics in section R600.14, which requires compliance with the following conditions:

- *The results of the service will form part of or affect the accounting records, the internal controls over financial reporting, or the financial statements on which the firm will express an opinion; and*
- *In the course of the audit of those financial statements on which the firm will express an opinion, the audit team will evaluate or rely on any judgments made or activities performed by the firm or network firm when providing the service.*



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Based on the analysis performed, none of the services listed above might create a self-review threat in the terms previously described.

In relation to all the services listed above, insofar as the fees are not material for any of the parties, there is no contingent component, no business relationship exists, and there is no common economic interest in any of the cases, we confirm that we have not identified any service that, individually, has generated a significant self-interest or intimidation threat. In addition, the significance of the potential self-interest threat has been assessed in aggregate and likewise has not been considered significant.