



REPORT ON THE FUNCTIONING
OF THE APPOINTMENTS,
REMUNERATION AND
CORPORATE GOVERNANCE
COMMITTEE OF NATURGY
ENERGY GROUP, S.A. DURING
FINANCIAL YEAR 2024.



In accordance with Recommendation no. 6 of the Good Governance Code of Listed Companies, section 11 of Technical Guide 1/2019 of the National Securities Market Commission on Appointments and Remuneration Committees, and article 8 of the Regulations on the organization and functioning of the Board of Directors and its committees), this report is issued regarding the functioning of the Appointments, Remuneration and Corporate Governance Committee, in accordance with the following considerations and conclusions.

I.- BACKGROUND AND LEGAL REGULATIONS

The Articles of Association of Naturgy Energy Group SA establish in Article 8 that the Company shall have an Appointments, Remuneration and Corporate Governance Committee, setting forth the basic characteristics of the same with respect to their composition and functioning. Article 25 of the Regulation of the Board alludes to the Appointments, Remuneration and Corporate Governance Committee, underscoring, amongst other provisions, that it shall have the powers and functions provided for under the Law as well as the general or specific powers and functions delegated thereto by the Board of the Directors. The Board of Directors at its meeting on 24 November 2020 adopted a decision supplementing this list.

II.- COMPOSITION OF THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

The Appointments, Remuneration and Corporate Governance Committee is composed of five directors (two of whom are independent) and a non-director secretary. The Chairman is an independent director.

As at 31 December 2024, the distribution of positions on the Appointments, Remuneration and Corporate Governance Committee was as follows:

Chairman:	Mr. Pedro Sainz de Baranda Riva	Independent
Committee Members:	Mr. Claudio Santiago Ponsa	Independent
	Mr. Rajaram Rao	Proprietary
	Mr. Enrique Alcántara García-Irazoqui	Proprietary
	Mr. Javier de Jaime Guijarro (RIOJA S.à.r.l.)	Proprietary
Secretary:	Mr. Manuel García Cobaleda	

The profile of each of the members is available on the website of the Company www.naturgy.com (Shareholders and Investors - Corporate Governance - Governing Bodies - Composition of the Board of Directors of NATURGY ENERGY GROUP, S.A.).

Taking into consideration the profiles of the members of the Commission during the year 2024, it can be concluded that its composition is balanced, with profiles that accredit extensive management experience in general and people management experience in particular, with knowledge of the energy sector and in matters of health and safety, financial vision and international vision.



III.- POWERS AND FUNCTIONS

The Appointments, Remuneration and Corporate Governance Committee exercise the powers and functions that the Board of Directors, pursuant to the provisions set forth in Article 529 15 of the Spanish Corporate Enterprises Law, the Articles of Association and its Organisation and Functioning Regulation have assigned to them.

The Appointments, Remuneration and Corporate Governance Committee, in addition to the functions of the Spanish Corporate Enterprises Law exercises, in response to resolution of the Board of Directors on 24 November 2020, the following functions:

1. To make proposals and report on initiatives in the field of Corporate Governance.
2. To prepare the report on the functioning of the Appointments and Remuneration Committee.
3. To verify the policy for the selection of Directors and report thereon in the Annual Corporate Governance Report.
4. To prepare a report in the event of the removal of an independent director before the expiry of the statutory period for which he/she has been appointed.
5. To prepare a report in the event that the Board proposes the adoption of measures when it becomes aware that the actions of any director may damage the credit and reputation of the company or is considered to be under investigation in a criminal case.
6. Organise and coordinate the periodic evaluation of the Board and the chief executive of the company.
7. To verify the independence of the external consultant selected to carry out the evaluation of the Board and its committees.
8. Propose to the Board of Directors the basic conditions of the contracts of senior management.
9. To verify compliance with the remuneration policy established by the Company.
10. Periodically review the remuneration policy applied to directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual remuneration is proportionate to that paid to other directors and senior officers of the company.
11. Ensure that any conflicts of interest do not impair the independence of the external advice given to the committee.
12. Verify the information on directors' and senior officers' remuneration contained in the various corporate documents, including the annual report on directors' remuneration.
13. Supervising compliance with the company's corporate governance rules, ensuring that the corporate culture is aligned with its purpose and values.
14. Evaluating and periodically reviewing the adequacy of the company's corporate governance system, so that it fulfils its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of other stakeholders.



15. Draw up a report on remuneration systems that award shares, options or financial instruments when the director requests their disposal within three years of their award in order to deal with extraordinary situations that so require.

IV.- FUNCTIONING

In compliance with that set forth in Article 25 of the Regulation, the Appointments, Remuneration and Corporate Governance Committee shall meet when necessary for submitting reports and proposals within the scope of their competency, when deemed appropriate by its Chairman or on prior request by two (2) of its members.

The Secretary of the Appointments, Remuneration and Corporate Governance Committee has ordinarily called meetings with a notice period over that set out in the Regulation, following instructions from the Chairman and taking with them to the calls all-available information considered appropriate or relevant on the issues to be discussed.

During financial year 2024, the Nomination, Remuneration and Corporate Governance Committee met on 3 occasions (two of them in writing and without a session) and the attendance rate was 100%.

The Chief People Officer attended most of the Committee's meetings.

The Coordinating Director has also been invited to some of the meetings at the proposal of the Chairman of the Committee, as well as because the recommendations of the CNMV so advise, considering that she could contribute a relevant point of view to the debate.

The Executive Chairman has participated in one of the meetings, at which the modification of the long-term variable remuneration scheme associated with the remuneration of the members of the board of directors with executive functions was analysed at his request.

The Committee has also benefited from the services of various external advisors, mainly in labour matters.

V.- KEY FACTS

In addition to the regular supervisory functions, the Committee has dealt with the following relevant matters during 2024:

- The proposed remuneration of the executive director, management team and members of the board of directors.
- The review of the long-term variable remuneration scheme for the Executive Chairman
- The process of updating the Board's competency matrix
- The talent management process and the succession plan for key executives
- The director training plan
- Analysis of compliance with CNMV recommendations and action plan.
- Monitoring and analysis of the implications of Organic Law 2/2024 of 1 August on equal representation and balanced presence of women and men.



- Analysis of the working environment
- Evaluation of the Board and its Committees

1.- Evaluation process of the Board and its Committees

The Committee has implemented and coordinated the process of self-evaluation of the Board and its Committees, with internal means. This evaluation has shown that Naturgy has a Board made up of professionals with excellent skills and a high professional level, as well as a deep experience and knowledge in corporate governance. The existence of complementary profiles and the capacity to contribute perspectives and a global vision of the markets and the business are also favourably valued.

During 2025, the action plan agreed at its meeting on 11 December will be implemented on the basis of the observations of this self-assessment..

2 Remuneration:

The Committee has been responsible for implementing the Directors' Remuneration Policy approved by the 2022 General Shareholders' Meeting, as well as supervising the remuneration policy of the management team.

Proposed to the Board the modification of the long-term variable remuneration scheme associated with the Executive Chairman's remuneration.

3 Appointments:

With regard to the functions related to the appointment of directors, during the financial year 2024, no shareholders' meeting was held at which it was necessary to propose any appointment of a director of the Company, nor was it necessary to appoint any director by co-option.

4 Supervision of the functions of the executive director:

The Committee has evaluated the performance of the executive director, at the beginning of the year to set their remuneration and on an ongoing basis during the year.

VI. MONITORING OF PRACTICAL GUIDES

During the 2024 financial year, the Appointments, Remuneration and Corporate Governance Committee has taken into consideration the Technical Guide 1/2019 on Appointments and Remuneration Committees, approved by the Spanish National Securities Market Commission (CNMV) on 20 February 2019, as well as the existing standards and best practices in corporate governance.

VII. SIGNIFICANT DEVIATIONS

During the financial year 2024, there were no significant deviations from the procedures adopted or irregularities brought to the attention of the Board of Directors in writing in matters within the competence of the Committee.

VIII.- CONCLUSION



The Appointments and Remuneration Committee functioned normally during the 2024 financial year, exercising its powers fully and without interference. As regards the Chairman's performance of his duties, he has fully complied with the Committee's resolutions.

**This assessment report of the functioning of the Appointments, Remuneration and Corporate Governance Committee corresponding to financial year 2024 was approved in the meeting held on 11 February 2025*