

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

IDENTIFICATION OF ISSUER

ENDING DATE OF REFERENCE FINANCIAL PERIOD 31/12/2023

CIF A-08015497

Registered Name:

NATURGY ENERGY GROUP, S.A.

Registered Office:

Avenida de América, 38 – 28028 Madrid

A. OWNERSHIP STRUCTURE

A.1 Including, where applicable, those corresponding to shares with loyalty voting rights, at the end of the financial year:

Indicate whether the company's articles of association contain provision for double loyalty voting:

Yes No

Date of approval at the general meeting:

Minimum period of uninterrupted ownership required by the articles of association:

Indicate whether the company has attributed loyalty votes:

Yes No

Date of last change of share capital	Share capital (€)	Number of shares	Number of voting rights (not including additional votes attributed for loyalty)	Number of additional voting rights attributed corresponding to loyalty voting shares	Total number of voting rights, including additional votes attributed on the basis of loyalty
21/07/20	969.613.801	969.613.801	969.613.801		

Número de acciones inscritas en el registro especial _____

pendiente de que se cumpla el periodo de lealtad _____

Comments _____

Please indicate if there are different types of shares with different rights associated:

Yes No

Class	Number of shares	Face value	Number of voting rights	Rights and obligations conferred by

Comments _____

A.2 List the direct and indirect holders of significant ownership interests in your company at year-end, including directors having a significant shareholding:

**Naturgy Energy Group, S.A. and subsidiaries
2023**

Name or company name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting rights	Of the total number of voting rights attributed to the shares, indicate, if applicable, the additional votes attributed that correspond to the shares with loyalty voting	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
	GLOBAL INFRASTRUCTURE MANAGEMENT LLP		20,6%				20,6%
SOCIÉTÉ NATIONALE POUR LA RECHERCHE, LA PRODUCTION, LE TRANSPORT, LA TRANSFORMATION ET LA COMMERCIALISATION DES HYDROCARBURES	4,1%				4,1%		
FUNDACIÓ N BANCARIA CAIXA D'ESTALVIS I PENSIONS DE BARCELONA		26,7%			26,7%		
CVC Capital Partners SICAV-FIS S.A.		20,7%			20,7%		
IFM GLOBAL INFRASTRUCTURES FUND.		14,90%			14,90%		

Detail of the indirect holding:

**Naturgy Energy Group, S.A. and subsidiaries
2023**

Name or corporate name of the indirect owner	Name or corporate name of the direct owner	% voting rights attributed to shares (including out of loyalty)	% voting rights through financial instruments	Total % of voting rights	Of the total number of voting rights attributed to the shares, indicate, if applicable, the additional votes attributed that They correspond to shares with voting loyalty
GLOBAL INFRASTRUCTURE PARTNER III ⁽¹⁾	GIP III CANARY 1, S.À R.L.	20,6%		20,6%	
FUNDACION BANCARIA CAIXA D'ESTALVIS i PENSIONS DE BARCELONA	CRITERIA CAIXA S.A.U.	26,70%		26,70%	
CVC Capital Partners SICAV-FIS S.A. ⁽²⁾	RIOJA ACQUISITION S.À R.L.	20,7%		20,7%	
IFM Global Infrastructure Fund ⁽³⁾	Global InfraCo O (2) S.à r.l.	14,90%		14,90%	

Observaciones

For the sake of clarity, the above percentages have been calculated on the basis of the share capital. As there are 8,879,595 treasury shares (section A.9) which therefore have no voting rights, the percentage of significant shareholders in terms of voting rights is slightly higher than the percentage in terms of share capital.

(1) GIP III Canary 1 S.à.r.l. is an investment vehicle controlled by the private fund Global Infrastructure Partners III whose investment manager is Global Infrastructure Management LLC, a US-based specialist infrastructure fund manager.

(2) Rioja Acquisition S.à.r.l is indirectly majority owned (74.269%) by CVC Fund VII. CVC Capital Partners VII Limited is the general partner and manages each of CVC Capital Partners VII (A) L.P, CVC Capital Partners VII Associates L.P and CVC Capital Partners Investment Europe VII L.P (together, CVC Fund VII). CVC Capital Partner VII Limited is controlled by CVC Capital Partners SICAV-FIS S.A. 25.731% of Rioja Acquisition S.à.r.l is indirectly owned by Corporación Financiera Alba S.A.

(3) Global InfraCo O (2) S.à. r.l. held as at 31 December 2023 14.9% of the voting rights is indirectly owned by the Trust IFM Global Infrastructure Fund whose principal advisor is IFM Investors Pty Ltd which, in turn, has no legal personality and is represented and acts through the regulated trustee, Conyers Trust Company (Cayman) Limited. IFM GIF maintains its participation in Global InfraCo O (2) S.à r.l. through a chain of companies headed by Global InfraCo S.à r.l. In this sense, the direct shareholder of Naturgy Energy Group, S.A. is a company owned 100% by Global InfraCo O (1) S.à r.l., which is in turn owned 100% by Global InfraCo Spain, S.L.U., which is in turn owned 100% by Global InfraCo Spain, S.L.U., which is in turn owned 100% by Global InfraCo S.à r.l. Global InfraCo NL Coöperatief U.A. is 99.9995% owned by Global InfraCo S.à.r.l., which is in turn owned 100% by Global InfraCo Spain, S.L.U., which is in turn owned 100% by Global InfraCo NL Coöperatief U.A. InfraCo S.à r.l., with the remaining 0.0005% owned by IFM GIF. Finally, Global InfraCo S.à r.l. is 100% owned by IFM GIF.

Indicate the most significant changes in the shareholder structure occurred during the year:

Most significant movements

There have been no significant movements in the year

**Naturgy Energy Group, S.A. and subsidiaries
2023**

Name or company name of shareholder	Date of the transaction	Description of the transaction

A.3 Complete the following tables regarding the members of the company's Board of Directors who hold voting rights over the company shares:

Name or company name of Director	% voting rights attributed to the shares		% voting rights through financial instruments		% of total voting rights	% voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr. FRANCISCO REYNES MASSANET		0,008			0,008		
RIOJA S.À.R.L	0				0		
THEATRE DIRECTORSHIP SERVICES BETA, S.à.r.l.	0				0		
Mrs. LUCY CHADWICK	0				0		
Mr. PEDRO SAINZ DE BARANDA RIVA		0,002			0,002		
Mr. RAMÓN ADELL RAMÓN	0,002				0,002		
Mrs. ISABEL ESTAPÉ TOUS	0,0005				0,00		
Mr. CLAUDIO SANTIAGO PONS	0				0		
Mr. ENRIQUE ALCANTARA-GARCIA IRAZOQUI	0,003				0,003		
Mr. JAIME SILES FERNÁNDEZ PALACIOS	0				0		
Mrs. HELENA HERRERO STARKIE	0				0		
Mr. RAJARAM RAO	0				0		
% total voting rights held by the Board of Directors						0,015 %	

Comments

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Detail of the indirect holding

**Naturgy Energy Group, S.A. and subsidiaries
2023**

Name or company name of Director	Name or company name of the direct holder	% derechos de voto atribuidos a las acciones (incluidos votos por lealtad)% voting rights attributed to the shares	% voting rights through financial instruments	% of total voting rights	% voting rights that can be transferred through financial instruments
Mr.. Francisco Reynés Massanet	ABREYGI, SL	0,008			
Mr.. Pedro Sáinz de Baranda Riva	INVERSORES DE TORNÓN S.L.	0,002			

Give details of the total percentage of voting rights represented on the board:

total % of voting rights represented on the board of directors 0,01 %

Observations:

A.4 Indicate, where applicable, the family, commercial, contractual or corporate relations which could exist between the owners of significant stakes, provided they are known by the company, unless they are irrelevant or arise from normal trading activities, excluding those enquired about in section A.6:

Name or company name of related parties	Relationship type	Brief outline

Observations

A.5 Indicate, where applicable, the commercial, contractual or corporate relations which could exist between the holders of significant shares and the company and/or its group, unless they are irrelevant or arise from normal trading activities:

**Naturgy Energy Group, S.A. and subsidiaries
2023**

Name or company name of related parties	Relationship type	Brief outline
CRITERIA CAIXA S.A.U	COMMERCIAL	Existing relationships arise in the ordinary course of business and, where applicable, are referred to in section D.2 and in the annual accounts.
CVC Capital Partners SICAV-FIS S.A.	COMMERCIAL	Existing relationships arise in the ordinary course of business and, where applicable, are referred to in section D.2 and in the annual accounts.
GIP III CANARY 1, S.À R.L.	COMMERCIAL	Existing relationships arise in the ordinary course of business and, where applicable, are referred to in section D.2 and in the annual accounts.
IFM GLOBAL INFRASTRUCTURES FUND.	COMMERCIAL	Existing relationships arise in the ordinary course of business and, where applicable, are referred to in section D.2 and in the annual accounts.

A.6 Describe the relationships, unless they are scarcely relevant to the two parties that exist between the significant shareholders or those represented on the board and the directors, or their representatives, in the case of legal entity administrators.

Explain, where appropriate, how significant shareholders are represented. Specifically, give details of those directors who have been appointed on behalf of significant shareholders, those whose appointment would have been promoted by significant shareholders, or who are linked to significant shareholders and/or entities of their group, with a specification of the nature of such relationships. In particular, mention shall be made, where appropriate, of the existence, identity and position of board members, or representatives of directors, of the listed company, who are, in turn members of the administrative body, or their representatives, in companies that hold significant holdings in the listed company or in entities of the group of said significant shareholders.

**Naturgy Energy Group, S.A. and subsidiaries
2023**

Name or company name of related director or representative	Name or company name of significant related shareholder	Company name of the significant shareholder group	Description of the relationship/ position
MR. ENRIQUE ALCANTARA-GARCIA IRAZOQUI	CRITERIA CAIXA S.A.U	Criteria Caixa S.A.U	Proprietary/ Director
MRS. ISABEL ESTAPÉ TOUS	CRITERIA CAIXA S.A.U	Criteria Caixa S.A.U	Proprietary/ Director
MR. RAMÓN ADELL RAMÓN	CRITERIA CAIXA S.A.U	Criteria Caixa S.A.U	Proprietary
MRS. LUCY CHADWICK.	GLOBAL INFRASTRUCTURE MANAGEMENT LLP		Proprietary/ Partner
MR. RAJARAM RAO	GLOBAL INFRASTRUCTURE MANAGEMENT LLP		Proprietary/ Partner
MR.. JAVIER DE JAIME GUIJARRO	CVC CAPITAL PARTNERS SICAV-FIS S.A.		Proprietary/ Employee
MR.. JOSÉ ANTONIO TORRE DE SILVA LÓPEZ DE LETONA	CVC CAPITAL PARTNERS SICAV-FIS S.A.		Proprietary/ Employee
MR JAIME SILES FERNANDEZ PALACIOS	IFM GLOBAL INFRASTRUCTURES FUND		Proprietary/ Employee

Observations

A.7 Indicate whether or not the company has been notified of parallel shareholders agreements that affect it as per Articles 530 and 531 of the Spanish Corporate Enterprises Act. Where applicable, give a brief description and list the shareholders associated with the agreement:

Yes No

Parties to parallel shareholders agreements	% of share capital affected	Brief outline of agreement	Expiration date of the agreement, if there is one
CRITERIA CAIXA, S.A.U GIP III CANARY 1, S.À R.L.	47,3%	The agreement reported in Relevant Fact No. 242612 of 12/09/2016 specifies that the intervening parties assume certain undertakings concerning corporate governance of the Company and which are for the purpose of respecting the rights to proportional representation both on the Board as well as on Committees.	
ALBA EUROPE S.À R.L. RIOJA CAPITAL RESEARCH AND MANAGEMENT COMPANY INVESTMENT S.À R.L.,	20,7%	The agreement reported in Relevant Fact No. 265818 of 18 May 2018 was modified on 1 August 2019 to include the new shareholder, Rioja Acquisitions SARL replacing Rioja Bidco Shareholdings (Relevant Fact Nº 281047). This Agreement affects 1.- The proposal for designation of directors in representation of Rioja Acquisitions Sarl, 2.-The adoption of decisions on the Board at the Meeting, and 3.- The system for transfer of shares.	
Global InfraCo O (2) S.à. r.l. GIP III CANARY 1, S.À R.L.	35,5	According to the letter dated 25 January 2021 attached by IFM to the previous announcement of the takeover bid, it has entered into an agreement with GIP in which GIP undertakes to vote in favour and support resolutions and actions at an initial or subsequent General Shareholders' Meeting, with the objective that the composition of Naturgy's Board of Directors reflects the principle of proportional representation taking into account the CNMV's corporate governance recommendations of June 2020, and subject to GIP and IFM maintaining a stake of over 5% in Naturgy's share capital.	
Global InfraCo O (2) S.à. r.l. RIOJA ACQUISITION S.À R.L.	35,6	According to the letter dated 25 January 2021 attached by IFM to the previous announcement of the takeover bid, it has entered into an agreement with Rioja in which the latter undertakes to vote in favour and support reasonable resolutions and actions at the General Shareholders' Meeting with the objective that the composition of Naturgy's Board of Directors be adjusted to reflect the principle of proportional representation established by Spanish law.	

Indicate whether or not the company is aware of the existence of concerted actions among its shareholders.
Give a brief description as applicable:

Yes No

Parties to concerted action	% of share capital affected	Brief description of the concerted action	Expiry date of the concerted action, if there is one

If any modification or cancellation of said agreements or concerted actions have taken place during the year, please make express mention of this:

NOT APLICABLE

A.8 Indicate whether any individual or legal entity currently exercise control or could exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify:

Yes No

Name or company name

Observations

A.9 Complete the following table on the company's treasury share:

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
240.000,00	8.639.595,00	0,916%

Observations

Details of significant changes

(*) Through

Name or company name of the direct direct holder of the interest	Number of direct shares
Naturgy Alfa Investments S.A.	8.639.595
Total:	8.639.595

Observations

Explain the significant changes during the year:

Explain the significant changes

N/A

A.10. Give details of the terms and conditions corresponding to the General Meeting of Shareholders current mandate to the Board of Directors for issuing, repurchasing or assigning own shares.

1.- The General Meeting of Shareholders held on 5 March 2019, in item 5 on the Agenda, authorised the Board of Directors to agree to acquire company shares by onerous title and to do so within a deadline of five (5) years, under the following conditions:

Fifth.- To authorise the Board of Directors so that over a term of five (5) years it can acquire by onerous title, on one or several occasions, fully paid-out shares in the Company, so that the nominal value of the shares directly or indirectly acquired, when added to those that the Company and its shareholders already hold never exceeds 10% of the subscribed capital, or any other that were to be legally established for the same. The price or value of the consideration cannot be less than the nominal value of the shares nor exceed its price or value on the Stock Exchange. The Board are hereby authorised to delegate the current authorisation to the person(s) whom they deem fit. The current authorisation extends to the acquiring of shares in the Company for the named companies.

For the purposes of Article 146 of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital), the shares acquired under the current authorisation, as well as those that the Company and its subsidiaries already hold, may be delivered, either in full or part, directly or as a result of the exercising of option rights, to employees or administrators of the Company or companies in its Group.

This authorisation replaces and renders null and void, to the extent of the unused portion, the authorisation granted by the Board of Directors by the General Meeting of Shareholders held on 14 May 2015 to acquire by onerous title shares in the Company.

2.- The General Shareholders' Meeting of 15 March 2022 , under item fourteen of the Agenda, authorised the Board of Directors to resolve to increase the share capital within a period not exceeding 5 years, under the following conditions:

"To delegate to the Board of Directors, as broadly as is legally necessary, the power to increase the share capital of the Company, in accordance with the provisions of article 297.1. b) of the Capital Companies Act, within the legal period of five years from the date of this General Meeting, up to the maximum amount corresponding to 50% of the Company's share capital at the time of this authorisation, with the power to carry out the increase on one or more occasions, in such amount as it may decide, by issuing new voting or non-voting shares, ordinary or preference, including redeemable shares, or any other type of shares permitted by law, with or without a share premium, the consideration for such shares consisting of cash contributions; and may establish the terms and conditions of the capital increase, inter alia, determine the par value of the shares to be issued, the issue premium, their characteristics and any privileges conferred on them, the attribution of the right of redemption and the conditions thereof, as well as the exercise thereof by the Company.

Any capital increases resolved by the Board of Directors under this delegation of powers shall be carried out through the issue and flotation of new ordinary, preference or redeemable shares, voting or non-voting, or any other type, with a fixed or variable premium, or without premium, the consideration for which shall consist of cash contributions.

The Board of Directors may establish, in all matters not provided for in this delegation resolution, the terms and conditions of the capital increases, including, but not limited to, the characteristics of the shares, the type of issue, the investors and markets for which the increases are intended and the placement procedure, as well as freely offer the new shares that are not subscribed for within the preferential subscription period or periods, in the event that this right is not excluded.

The Board of Directors may also provide that, in the event of incomplete subscription, the capital increase shall be without effect or that the share capital shall be increased only by the amount of the subscriptions made, as well as redraft Article 4 of the Articles of Association concerning the share capital and the number of outstanding shares, after each increase has been approved and implemented.

2.- The Board of Directors is also expressly empowered to:

- a. that, in accordance with the provisions of article 506 of the Capital Companies Act, it may exclude, in whole or in part, shareholders' pre-emptive subscription rights when the corporate interest so requires. In this case, the capital may be increased, once or several times, up to a maximum nominal amount equal to 20% of the share capital of the Company at the time of approval of this resolution.
- b. to apply for admission to trading, continued listing and, if appropriate, delisting on organised secondary markets, in Spain or abroad, of the shares that may be issued by virtue of this authorisation, taking the necessary or appropriate steps and actions before the competent bodies of the various national or foreign securities markets for admission to trading, continued listing and/or, if appropriate, delisting.
- c. to delegate or replace the powers contained in this resolution.
- d. to redraft the article of the Articles of Association relating to share capital once the increase has been agreed and implemented.

3.- This delegation implies the express revocation, insofar as it has not been used prior to the adoption of this resolution, of the delegation conferred on the Board of Directors, by virtue of the resolution adopted by the Ordinary General Shareholders' Meeting held on 20 April 2017, with an analogous nature to that included in this item on the Agenda".

A.11 Estimated floating capital:

	%
Estimated floating capital	13,00%

Observaciones

A.12 Indicate whether there is any restriction (statutory, legislative or of any other nature) on the transferability of securities and/or any restrictions on the voting rights. In particular, the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market, as well as those authorisation or prior notification systems that apply to acquisitions or transfers of financial instruments of the company through sectoral regulations, will be reported.

Yes No

Description of the restrictions

As a Company that incorporates certain regulated and quasi-regulated assets and activities into its Group, the acquisition of NATURGY ENERGY GROUP S.A. shares may be subject to the provisions laid down in Additional Provision 9 of Law 4/2013, of 4 June, governing the National Commission on Markets and Competition.

Given its nature as a major operator in the gas and electricity markets, the holding of its shares is subject to the restrictions laid down in article 34 of Decree-Law 6/2000, governing Urgent Measures to intensify competition in the goods and services markets.

Additionally, there are certain restrictions on foreign investments - including intra-community investors - that affect NATURGY ENERGY GROUP S.A., both as a listed company and as operating in a sector subject to foreign investment control. These restrictions are regulated in Article 7 bis of Law 19/2003, of July 4, on the legal regime of capital movements and economic transactions with abroad, the Sole Transitory Provision of Royal Decree-Law 34/2020, of November 17, on urgent measures to support business solvency and the energy sector, and in tax matters, and Royal Decree 571/2023, of July 4, on foreign investments..

A.13 Indicate whether the General Meeting of Shareholders has agreed to take up measures of neutralisation against a takeover bid by virtue of the provisions laid down in Law 6/2007.

Yes No

If appropriate, indicate the different types of shares and, for each type of share, the rights and obligations conferred.

Explain the measures approved and the terms under which inefficiency will occur.

A.14 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes No

If appropriate, indicate the different types of shares and, for each type of share, the rights and obligations conferred.

B. GENERAL MEETING OF SHAREHOLDERS

B.1 Indicate and, where applicable, give details of whether the quorum required for constitution of the General Meeting of Shareholders differs from the system of minimum quorums established in the Corporate Enterprises Act ("LSC" in Spanish).

Yes No

	% quorum different to that laid down in Article 193 LSC for general cases	% quorum different to that laid down in Article 194 LSC for special cases
Quorum required for the first call to meeting		
Quorum required for the second call to meeting		
Description of the differences		

B.2 Indicate and, as applicable, describe any differences between the company's system of adopting corporate agreements and the framework established in the Corporate Enterprises Act ("LSC" in Spanish):

Yes No

Describe how the system differs from that of the LSC.

	Reinforced majority other than that laid down by Article 201.2 LSC for the cases of 194.1 LSC	Other cases of reinforced majorities
% laid down by the institution for the adoption of agreements		
Describe the differences		

B.3 Indicate the rules governing amendments to the company's Articles of Association. In particular, indicate the majorities required to amend the Articles of Association and, if applicable, the rules for protecting shareholders' rights when changing the Articles of Association.

The amendment of the Articles of Association is regulated in article 6.2 of the Articles of Association and in article 12 of the Regulations on the General Meeting of Shareholders, which is supplemented with the corresponding provisions of the Corporate Enterprises Act.

The shareholders constituted in a duly convened General Meeting of Shareholders, shall generally decide by simple majority vote (except in cases where a higher majority is required by law or in the Articles of Association) on the matters which fall to the terms of reference of the Meeting. In such case an agreement shall be deemed adopted when it obtains more votes in favour than against of the share capital either present or represented.

All shareholders, including dissidents and those that have not taken part in the meeting, are subject to the resolutions of the General Meeting of Shareholders.

In order for the ordinary or extraordinary General Meeting of Shareholders to validly agree the issue of bonds convertible into shares or bonds that give bondholders a share in company profits, the increase or reduction of share capital, the removal or limitation of the preferential subscription right for new shares or convertible bonds, as well as the transformation, merger, spin-off or global assignment of assets and liabilities, the transfer of the company's registered office abroad and, in general, any modification to the Articles of Association, will require, at the first call to meeting, the attendance of shareholders, either present or represented, that hold at least fifty percent (50%) of the subscribed share capital with voting rights. In the second call to meeting, it will be sufficient for twenty-five (25%) of the share capital to be present.

Agreements that require specific or special majorities by mandatory legal provision remain safe.

The modification of the Articles of Association must be agreed by the General Meeting of Shareholders and requires the concurrence of the following requisites:

- 1) 1) The Board of Directors or, where appropriate, the shareholders that make the proposal, must compile a written report with justification for the amendment.
- 2) The call to meeting must clearly express the proposed points of change, as well as the right all shareholders have to examine, at the registered office, the full text of the proposed modification and a report on this. They also have the right to ask for handover or free-of-charge sending of said documents.
- 3) The agreement must be adopted by the General Meeting of Shareholders in accordance with the provisions set out in these Articles of Association.
- 4) Under the circumstances, the agreement must be set out in a public deed, which will be registered with the Mercantile Registry and published in the Official Bulletin of the Mercantile Registry.

B.4 Indicate the attendance data of the General Meetings held during the financial year to which this report refers and that of the previous financial year:

**Naturgy Energy Group, S.A. and subsidiaries
2023**

Date of General Meeting of Shareholders	Attendance data				Total
	% physical presence	% represented	% represented	% remote voting Electronic	
9/3/2021	71,38%	11,02%	0%	0%	82,40%
Of which free float 2021		11,02%	0%	0%	11,02%
15/3/2022	81,85%	8,49%	0%	0%	90,34%
Of which free float 2022	0,09%	4,36 %	0%	0%	4,46%
28/3/2023	87,70%	4,10%	0%	0%	91,85%
Of which free float 2023	0,10%	4,13%	0%	0%	4,23%

B.5 Indicate whether at the General meetings held during the year there has been any item on the agenda that, for whatever reason, has not been approved by the shareholders.

Yes No

Agenda items that have not been approved

% of votes against (*)

(*)If the non-approval of the item is for a reason other than a vote against, this will be explained in the part of the text and "n/a" will be placed in the "% of votes against" column".

B.6 Indicate whether or not there is a statutory restriction to the minimum number of shares required to attend the General Meeting of Shareholders.

Yes No

Number of shares required to attend the General Meeting of Shareholders

Number of shares required to vote remotely

Observations

B.7 Indicate whether it has been established that certain decisions, other than those established by Law, which involve the acquisition, disposal, the contribution to another company of essential assets or other similar operations must be submitted to approval of the general meeting of shareholders.

Yes No

Explanation of the decisions that must be submitted to the board other than those established by law

B.8 Indicate the URL of the company and the means of access to corporate governance content and other information concerning the general meetings and which must be made available to shareholders through the company's website.

With regard to the Corporate Governance section, the path is as follows:<https://www.naturgy.com/accionistas-e-inversores/gobierno-corporativo>

With the following itinerary www.naturgy.com → Shareholders and Investors → Corporate Governance.

With regard to the General Meeting of Shareholders section, the itinerary is as follows:

<https://www.naturgy.com/>

[accionistas-e-inversores/gobierno-corporativo/junta-general-de-accionistas-2023](https://www.naturgy.com/accionistas-e-inversores/gobierno-corporativo/junta-general-de-accionistas-2023), with the following itinerary www.naturgy.com → Shareholders and Investors → General Meeting of Shareholders 2023.

C. STRUCTURE OF THE COMPANY'S MANAGEMENT

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors stipulated in the Articles of Association and the number set by the General Meeting of Shareholders:

Maximum number of directors	15
Minimum number of directors	11
Number of directors set by the General Meeting of Shareholders	12
Observations	

C.1.2 Complete the following table with Board members' details.

**Naturgy Energy Group, S.A. and subsidiaries
2023**

Name or company name of Director	Representative	Type of director	Position on the board	Date of first appointment	Date of last appointment	Election procedure	Date of birth
Mr.. Francisco Reynes Massanet		Executive	Chairman	6/02/2018	28/03/2023	Agreement General Meeting of Shareholders	08-04-1963
Mr. Ramón Adell Ramón		Proprietary	Director	10/02/2022	15/03/2022	Agreement General Meeting of Shareholders	09-01-1958
Mrs Isabel Estapé Tous		Proprietary	Director	16-03-2020	26-05-2020	Acuerdo Junta General de Accionistas	05-04-1957
Mr. Enrique Alcantara-García Irazoqui		Proprietary	Director	13-05-2021	15/03/2022	Agreement General Meeting of Shareholders	21-10-1944
Mr. Jaime Siles Fernández Palacios		Proprietary	Director	10/02/2022	15/03/2022	Agreement General Meeting of Shareholders	26-05-1986
Mrs. Helena Herrero Starkie		Independent	Director	04/05/2016	26/05/2020	Agreement General Meeting of Shareholders	13-06-1959
Mr. Rajaram Rao		Proprietary	Director	21/09/2016	26/05/2020	Agreement General Meeting of Shareholders	03-04-1971
RIOJA, S.à.r.l	Mr. Javier de Jaime Guijarro	Proprietary	Director	01/08/2019	26/05/2020	Agreement General Meeting of Shareholders	26-11-1964
Mr. Claudi Santiago Ponsa		Independent	Director	27/06/ 2018	28/03/2023	Agreement General Meeting of Shareholders	20-09-1956
Mr. Pedro Sáinz De Baranda		Independent	Director	27/06/ 2018	28/03/2023	Agreement General Meeting of Shareholders	23-03-1963
Mrs. Lucy Chadwick		Proprietary	Director	16-03-2020	26-05-2020	Acuerdo Junta General de Accionistas	11-02-1967
Mr. José Antonio Torre de Silva López de Letona		Proprietary	Director	18/05/2018	28/03/2023	Agreement General Meeting of Shareholders	23-10-1971
Total number of directors							12

Indicate the removals from office due to resignation, dismissal or for any other reason that have occurred on the Board of Directors during the reporting period:

Name or company name of Director	Category of director at time of vacancy	Date of last appointment	Date of vacancy	Specialist committees of which he or she was a member	Indicate whether the removal from office occurred before the end of the mandate
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Reason for the dismissal, when it has occurred before the end of the term of office and other observations; information on whether the director has sent a letter to the other members of the board and, in the case of dismissals of non-executive directors, an explanation or opinion of the director who has been dismissed by the AGM

C.1.3 Complete the following tables on board members and their respective categories:

EXECUTIVE DIRECTORS

Name or company name of Director	Position in the company's management structure	Profile
Mr. Francisco Reynes Massanet	Executive Chairman	Engineering and international business profile: Industrial Engineer, specialising in mechanics, with a degree from the Polytechnic University of Barcelona, and an MBA from IESE; he has also completed Senior Management programmes in the United States and Germany.
Total number of executive directors		1
% of the entire board		8,33%

OBSERVATIONS

EXTERNAL PROPRIETARY DIRECTORS

**Naturgy Energy Group, S.A. and subsidiaries
2023**

Name or company name of Director	Name or title of significant shareholder represented by the director or that has proposed the director's appointment	Profile
Mrs. Isabel Estapé Tous	CRITERIA CAIXA S.A.U	Economic, legal and business profile: Graduate in Economics and Business Studies. Notary Public. Director of Criteria Caixa and Patron of la Caixa. She is also a full member of the Royal Academy of Economic and Financial Sciences.
Mr. Enrique Alcántara-García Irazoqui	CRITERIA CAIXA S.A.U	Economics and business profile: Degree in Business Administration and Management and Master's degree in Business Administration and management from ESADE.
Mr. Ramón Adell Ramón	CRITERIA CAIXA S.A.U	Expert profile in the financial and accounting area: Doctor in Economic and Business Sciences. Lawyer. Professor of Financial Economics and Accounting. He is a corresponding member of the Royal Academy of Economic and Financial Sciences of Spain and Honorary Member of the European Higher Council of Doctors and Honorary Doctors.
Mr. Rajaram Rao	GIP III Canary 1 S.à r.l.	IT, economics and international business profile: Qualified Electronic and Telecommunications Engineer. He also holds an MBA from the University of Delhi and a Master's degree in Finance from the London Business School.
Mrs. Lucy Chadwick	GIP III Canary 1 S.à r.l.	IT, economics and International profile: She is a member of GIP's senior management and Global Head of ESG. Formerly Director General at UK Department for Transport, and executive in Accenture
Rioja S.à.r.l. (D. Javier de Jaime Guijarro)	Rioja Adcquisitions Sarl, S.L.U	Economics, international and business profile: Graduate in law from the Comillas University (ICADE) and MB from Houston University.
THEATRE DIRECTORSHIP SERVICES BETA, S.à.r.l. (D. José Antonio Torre de Silva López de Letona)	Rioja Acquisitions S.à.r.l.	Economics, international and business profile: Degree in industrial Engineering from the Higher Technical School of the Comillas Pontifical University (ICAI) and MBA from the University of Navarre (IESE).
Mr. Jaime Siles Fernández Palacios	Global InfraCo O (2) S.à. r.l.	Economic and business profile. Civil Engineer from the Polytechnic University of Valencia and Executive MBA from the Collège des Ingénieurs de Paris.
Total number of proprietary directors		8
% of the entire board		67 %

OBSERVATIONS

They represent shareholders representing 82.5% of the share capital.

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of Director	Profile
Mr. Claudi Santiago Ponsa	IT and international business profile; energy sector: Degree in Computer Engineering from the Autonomous University of Barcelona (UAB) and International executive programme (INSEAD) through the Executive International Business at Georgetown University.
Mr. Pedro Sáinz de Baranda Riva	Engineering and international business profile; capitals market: Mining Engineer from the University of Oviedo, PhD in Engineering, Rutgers University of New Jersey and an MBA from the Sloan School of Management of Massachusetts Institute of Technology (MIT).
Mrs. Helena Herrero Starkie	IT, and R&D&i and international business profile: Degree in Chemical Sciences. She is the Chairperson and CEO of Hewlett Packard (HP) for Spain and Portugal.
Total number of independent directors	3
% total of the board	25

OBSERVATIONS

The percentage of share capital that is not represented by proprietary directors is 17.1%.

Indicate whether or not any director qualified as independent receives from the company, or from its group, any amount or benefit for an item other than remuneration as director, or holds or has held, over the last year, a business relationship with the company or any other group company, whether in their own name or as a significant shareholder, director or senior executive of an entity that maintains or has maintained any such relationship.

Where appropriate, include a reasoned statement from the board on the grounds why it believes this director may perform his/her duties as an Independent Director.

Name or company name of Director	Description of the relationships	Reason statement

OTHER EXTERNAL DIRECTORS

Identify all other external directors and explain why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders:

Name or company name of Director	Reasons	Company, executive or shareholder with whom the relationship is maintained	Profile
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Total number of external directors

% total of the board

OBSERVATIONS

List any changes in the category of each director which have occurred during the year:

Name or company name of Director	Date of change	Former category	Current category
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OBSERVATIONS

C.1.4 Complete the following table with information regarding the number of female directors at the close of the last four financial years, and their category:

	Number of female directors				% of total directors of each type			
	Financial year Q	Financial year Q-1	Financial year Q-2	Financial year Q-3	Financial year Q	Financial year Q-1	Financial year	Ejercicio t-3
Executive	0	0	0	0	0	0	0	0
Proprietary	2	2	2	2	25 %	25 %	33,33%	33,33%
Independent	1	1	1	1	33 %	33 %	20%	20%
Other external	0	0	0	0	0	0	0	0
Total:	3	3	3	3	25%	25%	25%	25%

OBSERVATIONS

C.1.5 Indicate whether the company has diversity policies in relation to the Board of Directors of the company with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized enterprises, in accordance with the definition contained in the Accounts Auditing Law, will at least have to report the policy they have established in relation to gender diversity.

Yes **No** **Partial policies**

If yes, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained

Naturgy's director selection policy includes guidelines aimed at selecting candidates whose appointment favours professional, knowledge and gender diversity within the Board of Directors. In any case, this policy is applied with full respect for the shareholders' legally recognised right to proportional representation.

Specifically, said policy establishes that the Appointments, Remuneration and Corporate Governance Committee shall ensure that the selection procedures do not suffer from implicit biases that could imply any discrimination, and that no candidate may be excluded on the grounds of ideology, religion or beliefs, membership of an ethnic group, race or nation, gender, sexual orientation, family situation, illness or disability, and shall deliberately seek and include among the potential candidates women who meet the professional profile sought, endeavouring to ensure that, as vacancies occur on the Board or as the terms of office of the Directors expire, the number of female Directors represents at least 30% of the total number of members of the Board of Directors.

During exercise 2023, one vacancy has arisen in the category of executive director, two vacancies corresponding to the category of independent director, and another vacancy corresponding to the category of shareholder representative director from CVC. The re-election of the candidate to cover the position of Executive Director has been carried out at the proposal of the Board of Directors, who took into consideration the candidate's performance during the last four years, commercial and professional integrity, adequate knowledge and experience to exercise the functions of Director, and willingness to exercise good governance of the Company, highlighting the capacity and professional trajectory of the Director. The vacancy corresponding to shareholder representative director has been filled at the proposal of each of the significant shareholders who have exercised their right to proportional representation, which means that the Company has not had the capacity to appoint candidates to fill these vacancies. As for the vacancies corresponding to independent directors, the Appointment, Remuneration and Corporate Governance Committee, taking into consideration the selection policy for directors and the competency matrix, deemed it most appropriate to renew both independent directors, for the reasons stated in the proposal submitted to the General Meeting of Shareholders of Naturgy Energy Group, S.A. and its dependent companies.

C.1.6 Explain the measures which, where appropriate, have been agreed by the Appointments Committee so that the selection procedures are unaffected by any implicit bias that hampers the selection of female directors, and which shows that the company purposefully seeks and includes women that satisfy the professional profile sought among the potential candidates and to achieve a balanced presence of women and men. Also indicate whether these measures include encouraging the company to have a significant number of senior managers:

Explication of the measures

The Appointment, Remuneration and Corporate Governance Committee is entrusted with the task of reviewing the skills required of the candidates to fill each vacancy, compliance with the requirements for each category of director and the process of incorporation of new members, submitting the appropriate reports or proposals to the Board when appropriate. When filling new vacancies, care is taken to ensure that the selection process is not implicitly biased in such a way as to hinder the proposal of female directors, with special consideration being given, under the same conditions among potential candidates, to women who meet the profile sought.

The Selection Policy for Board Members, whose latest modification was approved by the Board of Directors in February 2022, incorporates a competency matrix that reflects the Company's needs regarding the competencies, knowledge, and experience required on the Board, and establishes that said matrix must be used in the selection processes for Board Members.

Additionally, said policy contemplates the implementation by the Company of measures to encourage the appointment of a significant number of senior managers. These measures are aimed at enhancing the professional role of women in Naturgy, their visibility and networking, moving towards gender parity at different levels of the company through specific training actions, career development programmes and promoting diverse leadership, as well as prioritising this group in internal mobility plans, organisational evolutions and succession plans. The company is also committed to generational balance through recruitment and development programmes for young professionals and intergenerational talent development programmes.

When, despite the measures adopted, the number of female directors is zero or few, explain the reasons for this:

Explanation of the reasons

Due to the composition of the company's social capital, in which more than 82% belongs to significant shareholders with the right to appoint representatives on the Board of Directors, the coverage of any vacancy must respect the proportional representation right recognized by the capital companies law. This means that the Appointment, Remuneration, and Corporate Governance Committee can only fully exercise its proposal powers in relation to independent directors. In this sense, it should be noted that the number of independent directors is 3, and the percentage of independent female directors represents 33.3% of this group. In the process of covering vacancies for independent directors carried out in 2023, the Appointment, Remuneration, and Corporate Governance Committee, in addition to the percentage of women with a presence on the Board, particularly took into account the exceptional energy scenario that advised the renewal of the current independent directors, ruling out the appointment of new candidates who would necessarily require a period of training and adaptation to a complex sector and a changing moment.

C.1.7 Explain the Appointments Committee's on the verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

The Appointments, Remuneration and Corporate Governance Committee has verified that the Director Selection Policy has been complied with as regards the filling of vacancies on the Board, all within the framework of the Company's shareholding structure, which imposes respect for certain legal requirements of proportional representation of shareholders. The recommendations on good corporate governance must comply with this mandatory requirement. The Committee has found that the selection processes for directors have taken into consideration the balance of criteria such as: i) knowledge, ii) skills, iii) diversity and iv) experience.

C.1.8 Where applicable, explain why proprietary directors have been appointed at the request of shareholders whose shareholding in the capital is less than 3%:

Name or company name of shareholder	Explanation
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Indicate whether or not formal requests have been accepted for presence on the board from shareholders whose holding is equal to or higher than that of others for whom proprietary directors have been appointed. If so, explain why these requests have not been answered:

Yes No

Name or company name of shareholder	Explanation
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C.1. 9 Indicate, in the event that they exist, the powers and faculties delegated by the Board of Directors to directors or to board committees:

Name or company name of the director or committee	Brief outline
Mr. Francisco Reynes Massanet	He has delegated extensive powers of representation and administration in accordance with the nature and requirements of the position of Executive Chairman.

C.1.10 List the Members of the Board of Directors, if any, who hold office as Administrators or representatives of Administrators or Directors in other companies belonging to the listed company's group:

Name or company name of Director	Company name of group entity	Position	Do they have executive duties?

C.1.11. Identify, where applicable, the directors or representatives of legal persons of your company, who are members of the Board of Directors or director representatives, legal persons of other companies listed on regulated stock exchanges in Spain other than those of your group, that have been reported by the company:

Name or company name of Director	Corporate name of the listed company	Position
Mr. Francisco Reynés Massanet	VEOLIA	Consejero
	ABREYGI, S.L.	Administrator
Mr. Ramón Adell Ramón	Oryzon Genomics, S.A.	Director
	Allianz, Cía. de Seguros y Reaseguros, S.A	Director
	Fénix Directo, Cía. de Seguros y Reaseguros, S.A	Director

**Naturgy Energy Group, S.A. and subsidiaries
2023**

Mr. Pedro Sáinz de Baranda Riva	Gestamp Automoción, S.A.	Director
	TK Elevator GmbH	Director
	Sainberg, S.L.	Director
	Internacional Olivarera, S.A.	Chairman
	Scalpers Fashion, S.L.	Director
	Acerinox S.A	Consejero
	Pedro Duro S.L.	Administrator
	Inversores de Tornón	Administrator
	Fundación Princesa de Asturias	Patron
	Universidad Antonio de Nebrija	Patron
	Universidad Carlos III de Madrid	Member of the social council
Mrs Lucy Chadwick	Nuovo Transport Viaggiatori (NTV) Italo Sp	Director
	Gatwick Airport Limited	Director
	Associated 'Ivy Group of Companies'	Director
Mr. Enrique Alcantara Garcia Irazoqui	Bufete Alcántara, S.L.P.	Administrator
Mrs. Isabel Estapé Tous	Criteria Caixa, S.A.U	Director
	CriteriaCaixa S.A.U.	Consejera
	Fundación "la Caixa"	Patron
Mrs. Helena Herrero Starkie	Triana 88 SL	Joint administrator
	HP Printing and Computing Solutions, S.L.U.	Chairwoman and CEO
	Mutua Madrileña	Director
Mr. Rajaram Rao	Global Infrastructure Partners	Chairman and COO
	Mata Biles Ltd	Director
	VENA ENERGY	Chairman
Mr. JAVIER DE JAIME GUIJARRO: Representante del Consejero Dominical Rioja S.à.r.l.	CVC Capital Partners, S.L.	Managing partner and board member
	CVC Advisers Company (Luxembourg) S.à.r.l.	Director
	CVC Investment Advisory Services S.L.	Director
	Baranoa Directorship, S.L.	Representative of the Director Theatre Directorship Service Beta, S.à.r.l.
	Vitalia Plus, S.A.	Representative of the Director Theatre Directorship Service Alpha, S.à.r.l.
	Vivaly Inversiones Globales, S.L.	Representative of the Director Theatre Directorship Service Alpha, S.à.r.l.
	Universidad Privada de Madrid, S.A. / En representación de Theatre Directorship Services Alpha S.à r.l.	Representative of the Director Theatre Directorship Service Alpha, S.à.r.l.

	Guadarrama Proyectos Educativos, S.L.	Representative of the Director Theatre Directorship Service Alpha, S.à.r.l.
	LaLiga Group International, S.L.	Representative of the Director Theatre Directorship Service Alpha, S.à.r.l.
	Compañía de Gestion e Inversión Jade, S.L.	Administrator
	Jade Agroalimentación S.L.	Administrator
	Fundación CVC España	Patron
	Fundación Humana Spes	Patron
	Fundación CYD	Representative of UAX
	FINAVES, IESE Business School (Barcelona)	Director
Mr. Claudi Santiago Ponsa		
Mr. JOSÉ ANTONIO TORRE DE SILVA LÓPEZ DE LETONA.	CVC Investment Advisory Services S.L	Director
	Tendam Retail, S.A.	Representative of the Director Theatre Directorship Service Beta, S.à.r.l.
	Tendam Brands S.A.	Representante del Consejero Theatre Directorship Service Beta, S.à.r.l.
	Tendam Fashion S.L.	Representative of the Director Theatre Directorship Service Beta, S.à.r.l.
	Compañía Logística de Hidrocarburos CLH, S.A.	Representante del Consejero Theatre Directorship Service Beta, S.à.r.l.
	Sigurd Europe S.L.	Administrator
	Porterdale S.L.	Chairman
	Colegio Alegra S.L.	Chairman
Mr. Jaime Siles Fernández Palacios	IFM INVESTORS (UK) LTD	Executive Director
	Global Infraco SP Neum S.L.U.	Joint Administrators
	Kestros Mersin Services S.L.U.	Joint Administrators
	Meander Mersin Services S.L.U.	Joint Administrators
	Sarus Mersin Services S.L.U.	Joint Administrators

List any other remunerated activities of directors or directors' representatives, whatever their nature, other than those indicated in the above table.

Identification of the director or representative	Other gainful activities paid activities
Pedro Sainz de Baranda Riva	Consejo Asesor, Banco de Sabadell S.A.
Ramón Adell Ramón	Professional activity as a lawyer
José Antonio Torre de Silva López de Letona	CVC Investment Advisory Services S.L employee
Lucy Chadwick	Partner Global Infrastructure Management LLP
Rajaram Rao	Partner Global Infrastructure Management LLP
Isabel Estapé Tous	Professional activity as a Notary
Claudi Santiago Ponsa	Consulting activity

Observations

C.1.12 Indicate and, where appropriate, explain whether the company has established rules about the maximum number of company Boards on which its directors may sit, identifying how this is regulated where appropriate:

Yes No

Explanation of the rules and identification of the document where it is regulated

C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the Board of Directors:

Overall remuneration earned by the Board of Directors during the year (thousands of euros)	8.106
Cumulative amount of rights of current directors in pension scheme (thousands of euros)	16.556 (*)
Cumulative amount of rights of former directors in pension scheme (thousands of euros)	0

OBSERVATIONS

(*) It includes the amount corresponding to the variable remuneration 2018, 2019, 2020, 2021, 2022 and 2023 that are settled as a contribution to the Executive Chairman's Social Security Plan as it is beneficiary.

C.1.14 Identify members of senior management who are not also executive directors, and indicate the total remuneration they earned during the year:

Name or company name	Position/s
Carlos Francisco Vecino Montalvo	Marketing Manager
Pedro Larrea Paguaga	Manager Energy Management and Networks
Jorge Barredo Lopez	Manager Renewables, Innovation and New Business
Enrique Tapia Lopez	People and Organisation Manager
Rafael Blesa Martinez	Information Systems Manager
Manuel García Cobaleda	General and Board Secretary
Jordi García Tabernero	Sustainability, Reputation and Institutional Relations Manager
Steven Fernández	Financial Market Manager
Jon Ganuza Fernandez De Arroyabe	Energy Procurement and Wholesale Markets Manager
Eva Fernández Roselló	Internal Audit Manager
Number of women in senior management	1
Percentage over total members of senior management	10%
Total remuneration of senior management (in thousands of euros)	8.895

OBSERVATIONS

Managers reporting directly to the Executive Director and the Internal Audit Manager have been listed.

C.1.15 Indicate whether or not there has been any modification to the regulations of the board during the year:

Yes **No**

Description of modifications

C.1.16 Indicate the procedures for appointing, re-electing, evaluating and removing directors. Provide details of the competent bodies, the procedures to be followed and the criteria applicable in each procedure.

The procedures for the appointment, re-election, evaluation and removal of directors are regulated in Article 7 of the Articles of Association and in Articles 9 and 10 of the Regulations for the Organisation and Functioning of the Board of Directors and its Committees, supplemented by the provisions of Article 529 decies of the Spanish Corporate Enterprises Act ("LSC" in Spanish).

1.- Appointment and re-election:

The General Meeting of Shareholders is competent for appointing directors and establishing the number thereof, subject to the limits stipulated in Article 7 of the Articles of Association.

If vacancies were to arise during the term for which the Directors were appointed, the Board shall be entitled to designate, using the co-option system, the persons to occupy these vacancies until the first General Meeting of Shareholders is held.

The status of Shareholder is not required to be appointed Director.

Anyone who is in any of the situations that, pursuant to prevailing legislation, prevents such characterisation, cannot be proposed, appointed or qualified as Independent Directors.

It will be necessary to appoint persons who not only satisfy legal provisions and those laid down in the Articles of Association for the position, but who have a prestigious position and are equipped with the professional skills and expertise required to perform their duties.

Directors are appointed and re-elected in accordance with a formal and transparent procedure and the proposals which the Board of Directors submits to the General Meeting of Shareholders, as well as appointments adopted by the Board by virtue of its powers of co-option, must be made subject to a proposal from the Appointments and Remuneration Committee in the case of Independent Directors, or a report for the remaining Directors. When the Board does not follow the recommendations of said committee, it will have to explain the reasons and record the said reasons in the Minutes.

In addition, the Board of Directors, on the proposal of the Appointments and Remuneration Committee and in line with the recommendations of the Guide of the CNMV on Appointment and Remuneration Committees, approved in their meeting in October 2019 a Competency Matrix, for which assistance was provided by an Independent Expert. The Policy for selecting Directors was modified on February 2022 to include the need for preparing and taking into consideration this Competency Matrix in all processes for selecting Directors.

2.- Re-election:

Directors elected as of 27 June 2018, will hold office for a maximum term of four (4) years, and may be re-elected (those elected up to that date had a term of three (3) years).

The Independent Directors shall not remain in their post for a period of more than twelve (12) years.

3.- Replacement or removal:

Directors shall be replaced in their position for the length of the term for which they were appointed, unless they are re-elected, and when so determined by the General Meeting of Shareholders by virtue of the powers granted thereto. Likewise, directors shall be replaced in all other circumstances where applicable pursuant to the Law, the Articles of Association and Regulations of the Board of Directors.

Directors shall be compelled to tender their resignation to the Board of Directors and proceed with the pertinent resignation, if the latter deemed it appropriate, in the following cases:

- a. When Executive Directors step down from their executive positions.
- b. When they are subject to any of the conditions of professional prohibition or incompatibility pursuant to applicable laws, the Articles of Association or these Regulations.
- c. When they commit a serious breach of their obligations as directors, jeopardising the interests of the Company.

- d. When circumstances arise that may affect the credit or reputation of the Company or, in any other way, put the Company's interests at risk
- e. When the reason why they were appointed as independent, executive or proprietary directors is no longer applicable.

In any case, the Board of Directors pays special attention to issues of diversity and not only gender diversity, within the framework of full respect for the right of shareholders as recognised by the Law on Proportional Representation. For this reason, in 2020, a modification was introduced in the selection policy for board members to incorporate a competency matrix that has been used in all the processes for filling vacancies or re-election of directors since then..

In this regard, the Board of Directors approved on 24 november 2020 a new modification to the Director Selection Policy to expressly include the Company's commitment to gender diversity, providing for the implementation by the Company of measures that encourage the appointment of a significant number of female senior executives.

Subsequently, at its February 2022 meeting, the Board again amended the Directors' Section Policy to expressly provide that in the selection process no candidate may be "excluded on the grounds of ideology, religion or beliefs, membership of an ethnic group, race or nation, gender, sexual orientation, family situation, illness or disability, and shall be deliberately sought and included among potential candidates who meet the professional profile sought.

or nation, gender, sexual orientation, family situation, illness or disability, and a deliberate search for and inclusion among potential candidates of women who meet the professional profile sought, ensuring that, as vacancies arise on the Board or as the terms of office of the members of the Board of Directors expire, "no candidate may be excluded on the grounds of his or her ideology, religion or beliefs, membership of an ethnic group, race or nation, gender, sexual orientation, family situation, illness or disability".

The number of female directors shall represent at least 30% of the total number of members of the Board of Directors".

C.1.17 Explain, if applicable, to what extent this annual evaluation has prompted significant changes in its internal organisation and the procedures applicable to its activities:

Description of modifications

The Board evaluation process carried out during the financial year 2023 by an external consultant concludes that the Board of Directors meets the compliance requirements of an orderly, responsible and advanced management body..

Describe the evaluation process and the areas evaluated by the Board of Directors, assisted by an outsourced consultant, regarding the operation and composition of its committees, and any other area or aspect that has been subject to evaluation.

Description of the evaluation process and areas evaluated

In financial year 2023, an external process of evaluation of the Board of Directors and its Committees was carried out by an external consultant of recognised experience.

Within the framework of this evaluation process, in addition to a personal interview with the consultant, all directors completed a series of questionnaires relating to the functioning of the Board and its Committees, in which they were asked to give their assessment on questions relating to the structure of the Board and its functioning, its work in the supervision of aspects such as Internal Audit, Compliance, risks, or the monitoring of the Company's Strategic Plan.

The process of evaluation and analysis of the functioning and effectiveness of the Board was structured around those areas considered key by the external consultant, mainly those related to the structure and composition of the Board, the functioning of the Committees, the evaluation of the performance of the Chairmen of the Board of Directors, the Chairmen of each of the Committees, the Coordinating Independent Director and the Secretary of the Board.

The evaluation of each of the matters identified was addressed through a series of critical questions in the questionnaires sent and in the individual interviews.

After receiving the evaluation report, the Nomination, Remuneration and Corporate Governance Committee, at a meeting of the Appointments, Remuneration and Corporate Governance Committee, decided that the Board of Directors should be informed of the results of the evaluation.

C.1.18 Explain, for any of the years in which the evaluation has been assisted by an external advisor, the business relationship the adviser or any group company maintains with the company or any group company.

NONE

C.1.19 Indicate the cases in which directors must resign.

Directors shall be replaced in their position for the length of the term for which they were appointed, unless they are re-elected, and when so determined by the General Meeting of Shareholders by virtue of the powers granted thereto. Likewise, directors shall be replaced in all other circumstances where applicable pursuant to the Law, the Articles of Association and Regulations of the Board of Directors.

Directors shall be compelled to tender their resignation to the Board of Directors and proceed with the pertinent resignation, if the latter deems it appropriate, in the following cases:

- a. When Executive Directors step down from their executive positions.
- b. When they are subject to any of the conditions of professional prohibition or incompatibility pursuant to applicable laws, the Articles of Association or these Regulations.
- c. When they commit a serious breach of their obligations as directors, jeopardising the interests of the Company
- d. When circumstances arise that may affect the credit or reputation of the Company or in any other way jeopardise the interests of the Company.

- e. When the reason why they were appointed as Independent, Executive or Proprietary Directors is no longer applicable.

C.1.20 Are qualified majorities other than those prescribed by law required for any type of decision?

Yes **No**

Where appropriate, describe the differences.

Description of the differences

Article 7.4 of the Regulations of the Board of Directors states the following:

“4.- The resolutions must be adopted with the vote of the absolute majority of the directors who attend, whether present or represented, unless the Law, the Articles of Association or these Regulations establish an enhanced majority.

In particular, the favourable vote of more than two thirds of the directors, whether present or represented, will be required for the valid adoption of resolutions on the following matters reserved for the plenary session of the Board and, therefore, non-delegable:

- a) The acquisition or disposal of assets belonging to the Company (regardless of the legal means used for this purpose and, in particular, even if they are carried out through merger, spin-off or other operations of subsidiaries) in excess of Euros 500,000,000, unless its approval corresponds to the General Meeting of Shareholders or is carried out in execution of the budget or strategic or business plan of the Company.
 - b) The approval of the budget and the strategic or business plan of the Company.
 - c) The modification of the dividend distribution policy and the approval of a new one.
 - d) The subscription, modification, renewal, non-renewal or termination by the Company of financing or refinancing agreements for an amount exceeding Euros 500,000,000.
 - e) The subscription, modification, renewal, non-renewal or termination by the Company of any material contract, other than those provided for in section d) above, whose amount exceeds Euros 500,000,000 in the case of gas supply contracts and of Euros 200,000,000 in the case of other contracts.
 - f) The material changes in the accounting and tax criteria and policies of the Company, unless they are due to modifications of applicable legislation or compliance with the guidelines and criteria set by the competent authorities in the matter.
 - g) The reformulation of the Company’s annual accounts, unless such reformulation is due to a modification of applicable legislation or compliance with the guidelines and criteria set by the competent authorities in the matter.
 - h) Capital investments (capex) not provided for in the Company’s annual budget for an amount exceeding Euros 200,000,000 euros.
 - i) The modification of the matters of paragraph a) to i) or modification of the enhanced majority of the vote required for any of them.”
-

C.1.21 Indicate if there are specific requirements other than those relating to directors in order to be appointed as Chairman of the Board of Directors.

Yes **No**

Description of requirements

C.1.22 Indicate whether the Articles of Association or the Board Regulations establish any age limit for Directors: Indicate whether the Articles of Association or the Board Regulations establish any age limit for Directors:

Yes No

Age limit

Chairman

Chief Executive Officer

Director

Observations

C.1.23 Indicate whether the Articles of Association of the Board regulations set a limited term, or other requirements stricter than those legally determined, or office for independent directors different to the one established in the regulations:

Yes No

Additional requirements and/or maximum number of years of in office

C.1.24 Indicate whether the Articles of Association or Board Regulations stipulate specific rules on appointing a proxy to the Board, the procedures thereof and, in particular, the maximum number of proxy appointments a Director may hold. Also indicate whether there are any restrictions as to what categories may be appointed as a proxy other than those stipulated by law. Where appropriate, give a brief description of these rules.

Article 7.5 of the Articles of Association states: "Directors who are unable to attend may delegate their proxy to another director, with or without voting instructions, and must notify the Chairman or the Secretary."

Article 7.3 of the Regulations of the Board states: "Each director may grant a proxy to another director, with no limit on the number of proxies that each may hold for attendance at Board meetings, although they must attend at least 75% of the meetings to which they are called each year. The Board of Directors may waive this obligation in justified cases. Proxies for absent directors may be granted by any written documentary means, any electronic means addressed to the Chairman or Secretary of the Board prior to the start of the meeting being valid".

In addition, at its meeting in October 2019, the Board of Directors agreed to formally urge the Directors, in line with recommendation 27 of the Good Governance Code of Listed Companies, to include instructions on proxy voting. In line with the Code of Good Governance of Listed Companies, they include voting instructions in proxy representations.

C.1.25 Indicate the number of board meetings held during the year. Also indicate, where applicable, how many times the Board has met without the Chairman being present. When calculating the number, representations made with specific instructions shall be considered as attendance.

Number of board meetings	12
Number of board meetings without the Chairman attending	0

Observations

Indicate the number of meetings held by the Coordinating Director with the rest of the Directors, without the attendance or representation of any Executive Director.

Number of meetings

Observations

In addition to informal contacts between the three independent directors, a meeting of independent directors was held in March 2023, convened and chaired by the coordinating director, which was not attended by the executive chairman.

Indicate the number of meetings held by the different board committees over the year:

Number of meetings of the Executive Committee	0
Number of meetings of the Audit and Control Committee	5
Number of meetings of the Appointments and Remuneration Committee	8
Number of meetings of the Appointments Committee	
Number of meetings of the Remuneration Committee	
Number of meetings of the Sustainability Committee	5

Observations

C.1.26 Indicate the number of board meetings held during the year with all Members in attendance:

Number of meetings attended in person by at least 80% of the Directors	12
% of attendance over the total number of votes during the year	99 %
Number of meetings with attendance in person, or representations made with specific instructions of all the Directors	11
% votes cast with attendance in person and representations made with specific instructions, on total votes during the year	99 %

Observations

C.1.27 Indicate whether the consolidated and individual annual accounts submitted for authorisation for issue by the Board are certified previously.

Yes No

Identify, where applicable, the person(s) who has/have certified the company's individual and consolidated annual accounts in order to be drawn up by the Board:

Name	Position
Mr. Gabriel Deseff	Responsible for accounting consolidation and accounting planning

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated annual accounts it prepares from being laid before the General Meeting of Shareholders with a qualified audit report.

By virtue of those established in Article 529.4 of the Corporate Enterprises Act and in the Articles of Association, and of the competences attributed by the Board of Directors, the Audit and Control Committee is responsible for, among others, the functions of informing the General Meeting of Shareholders about the issues that arise in relation to those matters that fall within the remit of the Committee and, in particular, on the result of the audit, explaining how this has contributed to the integrity of the financial reporting and the role that the Committee has played in that process, as well supervising the process of preparation and presentation of mandatory financial reporting and submitting recommendations or proposals to the administrative body, aimed at safeguarding its integrity.

To this end, the Audit and Control Committee has supervised the process of preparing financial information and has engaged in fluid dialogue with the external auditor, with the utmost respect for its independence, where it has been informed of the Audit Plan, of the preliminary and final results of the auditor's analyses, and where its independence has been specifically ensured. In any case, it is noteworthy that in financial year 2022 no accounting qualifications have been made.

C.1.29 Is the Secretary of the Board also a Director?

Yes No

Complete if the secretary is not also a Director:

Name or corporate name of the Secretary	Representative
Mr. Manuel García Cobaleda	

Observations

C.1.30 Indicate the specific mechanisms introduced by the Company to preserve the independence of the External Auditors, as well as, if any, mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.

Among the legal functions that correspond to the Audit and Control Committee are to establish the appropriate relations with the external auditor to receive information on those issues that may pose a threat to its independence, for examination by the committee, and any others related to the process for conducting the accounts audit and, where appropriate, the authorisation of services other than those prohibited, under the terms set out in Articles 5, paragraph 4, and 6.2.b) of Regulation (EU) No. 537/2014, of 16 April, and as set out in section 3 of chapter IV of title I of Law 22/2015, of 20 July, on Accounts Auditing, on the independence regime, as well as those other communications provided for in the audit legislation of accounts and in the auditing standards. In all cases, on an annual basis, the Audit and Control 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.

In this respect, the Audit Committee's criterion is that the assignment of non-audit work to the external auditor should be substantially less than the recommended 70%.

In order to comply with the functions established in letters e and f of section 4 of article 529 quaterdecies of the Capital Companies Act, the Audit and Control Committee is responsible for supervising the proposals for contracting services with the Accounts Auditor outside the accounts auditing service, to ensure that these are neither prohibited, nor are they incompatible with their work as auditors, nor do they compromise their independence, all in accordance with the limitations established in current legislation and in particular in article 16 of the Accounts Auditing Act.

The Internal Audit Department is in charge of coordinating with the External Auditor the needs for contracting services other than auditing services that may be required by the Company and their subsequent communication to the Audit and Control Committee in order to obtain its authorisation.

The Company's Internal Audit Manager periodically submits to the Audit and Compliance Committee exhaustive information on the non-audit engagements required by the Company, attaching in each case the auditors' letter of independence and the letter justifying the need for the service signed by the corresponding Director.

The Audit and Compliance Committee reviews the documentation provided in order to ensure the independence of the auditor, verifying that he/she does not fall within any of the grounds for incompatibility set out in the Audit Act, and that the services to be contracted are permitted as they are not related to the auditing of accounts.

In the event of urgency in contracting, if the Audit and Compliance Committee is not scheduled to meet immediately, the Committee has set up an exceptional procedure whereby the Chairman of the Committee receives the report on the services to be contracted, together with the supporting documentation (letter of independence of the external auditor and justification of the service signed by the corresponding director). Once it has been analysed that the services in question are not prohibited and that they do not compromise the independence of the auditors, the Chairman may authorise such engagement, although in all cases, the Chairman must report on the use of this power at the first meeting of the Audit and Compliance Committee held for possible ratification.

It is also the duty of the Audit and Compliance Committee to issue annually, prior to the issuance of the audit report, a report expressing an opinion on whether the independence of the auditors or audit firms is compromised. In order to fulfil this function, the Audit Committee receives annually from the external auditors a declaration of their independence in relation to the entity or entities directly or indirectly related to it, as well as detailed and individualised information on the additional services of any kind rendered and the corresponding fees received from these entities by the external auditor or by the persons or entities related to it, in accordance with the provisions of the regulations governing the auditing of accounts.

As regards the mechanisms established to guarantee the independence of financial analysts, investment banks and rating agencies, it should be noted that the Board of Directors approved at its meeting of 24 November 2020 the Policy on Communication with Shareholders, Investors and Voting Advisors. This policy establishes the principles that underpin the Company's relationship with them as those of transparency, truthfulness, completeness and clarity, immediacy and in a timely manner, equal treatment, non-discrimination and symmetry in dissemination, homogeneity and simultaneity. This policy establishes the channels and units responsible for dialogue with the various agents.

Naturgy also has an Internal Code of Conduct on matters relating to the securities markets and treasury stock policy, which establishes in Article 11 that the public dissemination of Inside Information must be made as soon as possible and in such a way as to allow rapid access and a complete, correct and timely evaluation of the information by the public. The content of the communication must be truthful, clear, complete and, where required by the nature of the information, quantified, so as not to be misleading or deceptive.

C.1.31 Indicate whether the company has changed its external audit firm during the year. If appropriate, identify the incoming and outgoing auditors:

Yes No

Outgoing auditor	Incoming auditor

Observations

In the case of disagreements with the outgoing auditor, explain the content of the said disagreements:

Yes No

Explanation of the disagreements

C.1.32 Indicate if the audit company performs other tasks for the company and/or its group other than auditing activities and the percentage of the fees billed to the company and/or its group:

Yes No

	Company:	Group	Total
Amount of tasks other than auditing activities (in thousands of euros)	345	709	1054
Amount of tasks other than auditing/Amount billed by the audit company (%)	39,3 %	23,0 %	26,6 %

Observations

C.1.33 Indicate if the auditor's report on the annual accounts corresponding to the previous year involves reservations or exceptions. Where applicable, indicate the reasons given by the Chairman of the Audit and Control Committee to

Yes No

Explication of the reasons and direct link to the document made available to shareholders at the time of the call in relation to this matter

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing accounts of the Company. Also indicate the percentage of the number of years audited by the current audit company over the total number of years that the annual accounts have been audited:

	Individual	Consolidated
Number of years audited by the current audit company / Number of years the company has been audited (in %)	3	3

	Individual	Consolidated
Number of years audited by the current audit company / Number of years the company has been audited (in %)	9,30%	9,30%

Observations

C.1.35 Indicate, and give details if any, whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies:

Yes No

Details of the procedure

Articles 6.2 and 6.3 of the Regulations of the Board of Directors state: “2-Notices convening sessions shall be issued by the Chairman or the Secretary, or by the Deputy Chairman on order of the Chairman, and may be effected by any of the channels set out in the Articles of Association. The notification shall include the place and the agenda of said meeting and shall be issued, at least five (5) days before the meeting is to be held, specifying the agenda of the meeting. In the event of an emergency duly justified by the Chairman and thus appreciated by the Board at the start of the meeting, a call to meeting will be made by telephone, fax, email or any other telematic means, with sufficient notice to allow the directors to participate in the meeting. Prior to each meeting the directors shall be furnished with the information and documentation considered to be pertinent or relevant regarding the subjects to be addressed in the Board Meeting. Directors shall also be furnished with the Minutes of the previous meeting, regardless of whether said minutes have been approved or not. The Chairman shall be authorised to establish the order of the day, except in the event of the compulsory convening in which case the agenda of the convened meeting will include the issues indicated by the Directors who request it. 3.- The Board Meeting shall have a quorum, without being previously convoked, if all the directors are present or represented and unanimously accept that the board meeting be held”.

The procedure followed involves sending, usually a week in advance, the call to meeting, the agenda and any information that is available and may be useful for more accurate knowledge of the matters to be discussed in the Board Meeting. The rest of the documentation is sent as it becomes available - normally 5 days in advance, except for those that, for example, for reasons of urgency do not allow such advance notice. The presentations clearly identify which issues are for information only and which are for decision.

To this end, the Board’s documentation is made available to the directors through a electronic platform, which allows them permanent access to it. The Directors have access to the documentation of all bodies of the Board, irrespective of whether or not they are members of a Committee. In addition, Directors are provided with other information relevant to the exercise of their functions (relevant events, new regulations, access to press reviews, etc) through the platform.

Furthermore, the matters dealt with by the Board are usually presented by the managers responsible for the proposals, so that the Board Members can directly request clarifications, data or opinions from them in relation to the points dealt with in the session and can directly appreciate their qualifications for the position.

Finally, the Directors may request the additional information they deem necessary for the exercise of their duties through the Board Secretary.

C.1.36 Indicate and, where applicable, give details of whether or not the Company has laid down rules that oblige the Directors to report and resign when situations occur that affect them, whether or not they are related to their actions in the company itself, which may damage the company's credit and reputation:

Yes **No**

Explain the rules

In accordance with Article 11.4 of the Board Regulations, the Director is subject to the duty of loyalty under the terms established in prevailing legislation and, in particular, section e) of said article 11.4, establishes that the Director shall inform the Company of any kind of legal or administrative claim or any claim of any nature in which he/she is involved which, due to its significance, could have a serious bearing on the reputation of the Company. The Board shall examine the matter and adopt the appropriate measures in the Company's interest and with the required urgency.

Also, the Article 10.2 of the Board Regulations establishes that Directors shall be compelled to tender their resignation to the Board of Directors and proceed with the pertinent resignation, if the latter deems it appropriate, in the following cases:

- a) When Executive Directors step down from their executive positions.
- b) When they are subject to any of the conditions of professional prohibition or incompatibility pursuant to applicable laws, the Articles of Association or these Regulations.
- c) When they commit a serious breach of their obligations as directors, jeopardising the interests of the Company.
- d) When circumstances arise that may affect the credit or reputation of the Company or, in any other way, put the Company's interests at risk.
- e) When the reason why they were appointed as independent, executive or proprietary directors is no longer applicable.

C.1.37 Unless there are special circumstances that have been recorded in the minutes, indicate whether the Board has been informed of or has otherwise become aware of any situation that affects a director, whether or not it is related to his or her actions in the company, that could damage the company's credit and reputation:

Yes No

Director's name	Criminal Case	Observations

In the above case, indicate whether the board of directors has examined the case. If the answer is affirmative, explain in a reasoned manner if, in view of the specific circumstances, any measure has been adopted, such as the opening of an internal investigation, requesting the resignation of the director or proposing his dismissal.

Indicate also whether the Board's decision has been supported by a report from the Appointments Committee

Yes No

Decision taken/action taken	Reasoned explanation

C.1.38 Detail the major agreements, entered into by the company based on the takeover, and the effects of these agreements.

Most outstanding financial debt includes a change of control clause, either by acquisition of more than 50% of the voting shares or obtaining the right to appoint the majority of members of the Board of NATURGY ENERGY GROUP, S.A. These clauses are subject to conditions additional, so its activation depends on the simultaneity of some of the following events: the significant reduction in the credit rating or rating caused by the change of control, or loss of investment grade by rating agencies; the inability to fulfill the financial obligations of the contract; a material damage to the creditor, or a material change adverse to solvency. These clauses involve the repayment of the debt arranged, although they usually have a longer period than that granted in cases of early resolution.

Specifically, the bonds issued, in an approximate volume of 7,004.7 Million Euros, as is usual in the uromarket, would be susceptible to early maturity whenever that change of control will cause a fall of two or more steps or “full notches” in at least one of the two qualifications he had and all the qualifications fell below investment grade” and always that the Rating Agency expressed that the reduction of the credit rating is motivated by the change of control. Likewise, there are loans for an amount of approx. 2,822 million Euros, one part linked to long-term financing of infrastructure with funds from the European Bank of Investments and other long-term bilateral bank debt, which could be repaid anticipated in the event of a change of control. For the activation of these clauses in addition to the event of the change of control requires a reduction in the rating and has special debt repayment terms that are longer than those in cases of early resolution

- C.1.39 Identify, individually, when referring to Directors and in aggregate form in all other cases, and provide detailed information on agreements between the Company and its officers, executives and employees that provide indemnities for the event of resignation, unfair dismissal or termination as a result of a takeover bid or other type of operations.

Number of beneficiaries	14	
Beneficiary type	Description of the agreement	
Executive Chairman	<p>The Chairman's contract establishes compensation for the cessation or non-renewal of the position of Director for the overall amount of two years of: (i) fixed total annual cash remuneration, (ii) the annual variable remuneration and (iii) according to the concept of multi-year variable remuneration, a lump sum equivalent to 1.25 of the fixed total annual cash remuneration. This concept will only be multiplied by a full year if, at the time of accrual, the minimum profitability target of the LTI plan has not been reached; the second full year can be recovered if the minimum target was finally reached at the end of the plan.</p> <p>The compensation will not be payable in the event of serious and culpable breach of their professional obligations that causes significant damage to the interests of Naturgy. Furthermore and as a post-contractual non-competition agreement, compensation equivalent to one year's fixed remuneration has been established.</p> <p>The contract of the Executive Chairman sets out the termination of the contract and the payment of compensation if he forfeits his executive functions and will continue as non-executive Chairman. In this case, the compensation provided is identical to that of the previous section, but reduced by half, that is, one full year.</p>	
Executives	<p>The contracts signed with 10 executives contain a clause that establishes a minimum compensation of one full year of fixed remuneration in some cases and two full years of compensation in others in certain cases of termination of the relationship, which include certain cases of change of control, unfair dismissal or the cases set out in Articles 40, 41 and 50 of the Workers' Statute. These contracts also contain a clause which sets out compensation equivalent to one year's fixed remuneration for post-contractual non-competition for a period of two years.</p> <p>In addition, 1 executive have compensation agreements whose amounts entitle them to receive a minimum compensation of one fixed full year of remuneration in some cases and two full years of compensation in other in certain cases of termination of the relationship, which include unfair dismissal or the cases set out in Articles 40, 41 and 50 of the Workers' Statute.</p> <p>Moreover, there are compensation agreements with 3 other executives, equivalent to one year's fixed remuneration for post-contractual non-competition for a period of two (s) years.</p>	
<p>Indicate whether, beyond the cases stipulated by the regulations, these contracts have to be reported and/or approved by the bodies of the company or its group. If so, specify the procedures, assumptions foreseen and the nature of the bodies responsible for their approval or communication:</p>		
	Board of Directors	General Meeting of Shareholders
Body that authorises the clauses	YES	NO

	YES	NO
Is the General Meeting of Shareholders informed of the clauses?		X

Observations
In relation to the clauses of management personnel, the Appointments and Remuneration and the Board are informed of their terms and beneficiaries. The main terms of the contracts of the executives who report directly to the executive director are approved by the Board.

C.2. Committees of the Board of Directors

C.2.1 Give details on the board committees, their members and the proportion of executive, proprietary and independent directors:

EXECUTIVE COMMITTEE

Name	Position	Category
% of executive directors		
% of proprietary directors		
% of independent directors		
% of other external directors		

Observations

IT DOES NOT APPLY AS THE EXECUTIVE COMMITTEE NO LONGER EXISTS

Explain the committee's duties, other than those already described in section C.1.9, and describe the procedures and rules for the organisation and operation of the organisation. For each of these functions, indicate your most important actions during the year and how you have exercised in practice each of the functions attributed to you, whether by law, by the Articles of Association or by other corporate agreements.

NOT APPLICABLE.

AUDIT COMMITTEE

Name	Position	Category
Mr. Claudi Santiago Ponsal	Chairman	Independent
Mr. Ramón Adell Ramón	Board Member	Proprietary
Mr. Pedro Sainz de Baranda Riva	Board Member	Independent
Mrs. Helena Herrero Starkie	Board Member	Independent
Mr. Jose Antonio Torre de Silva López de Letona	Board Member	Proprietary

% of proprietary directors	40 %
% of independent directors	60 %
% of other external directors	-

Observations

Explain the functions, including, if applicable, those additional to those legally envisaged, which have been attributed to this committee, describe the procedures and rules for the organisation and functioning of the same. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it either in the law or in the articles of association or other corporate resolutions.

a) Functions of the Audit and Control Committee:

The Committee has the powers established by law and those entrusted to it by the Board of Directors in general or in particular.

a) Functions of the Audit and Control Committee:

- 1.- Drawing up the report on the functioning of the Audit and Compliance Committee.
- 2.- To ensure that the Board of Directors endeavours to present the accounts to the General Meeting of Shareholders without limitations or qualifications in the audit report and that, in those cases in which the auditor has included a qualification in its audit report, the Chairman of the Audit and Compliance Committee clearly explains to the General Meeting the opinion of the Audit and Compliance Committee on its content and scope, making a summary of said opinion available to the shareholders at the time of publication of the notice of the meeting, together with the rest of the proposals and reports of the Board, a summary of said opinion.
- 3.- Approval of the annual work plan of the Internal Audit Unit, and supervision, on an annual basis, of the activities of the said Unit.
- 4.- In relation to the information and control systems:
 - a. Supervise the process of preparation and the integrity of financial and non-financial information, as well as the systems of control and management of financial and non-financial risks relating to the company and, where appropriate, to the group, including operational, technological, legal, social, environmental, political and reputational risks or risks related to corruption, reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
 - b. Ensure the independence of the unit that assumes the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the budget for that service; approve or propose approval to the board of the internal audit orientation and annual work plan, ensuring that its activity is focused primarily on relevant risks, including reputational risks; receive regular information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
 - c. Ensure the independence of the unit that assumes the Compliance function and propose the selection, appointment and dismissal of its head, appointment and dismissal of its head; propose the budget for this service

- d. Establish and supervise a mechanism which, while guaranteeing confidentiality and even anonymity, enables employees and other persons related to the company to report any potentially significant irregularities, including financial, accounting or any other type of irregularity related to the company, that they may notice within the company or its group, (d) In general, ensure that the policies and systems established for internal control are effectively applied in practice.
- e. Approve the fixed and variable remuneration of the heads of the Internal Audit and Compliance Units. Compliance

5.- In relation to the external auditor.

- a. In the event of resignation of the external auditor, to examine the circumstances giving rise to such resignation.
- b. Ensure that the external auditor's remuneration for his work does not compromise his quality or independence.
- c. Supervise that the company notifies the CNMV of the change of auditor and accompanies it with a statement on the possible existence of disagreements with the outgoing auditor and, if any, their content.
- d. Ensure that the external auditor holds an annual meeting with the full board of directors to report to it on the work performed and on developments in the company's accounting and risk situation.
- e. Ensure that the company and the external auditor comply with current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other regulations on auditor independence.

6.- To summon any employee or manager of the Company, and even arrange for them to appear without the presence of any other manager.

7.- To analyse and inform the Board of Directors on the economic conditions and accounting impact and, in particular, if appropriate, on the exchange ratio, in relation to the structural and corporate modifications that the Company plans to carry out.

8.- Supervision of the exercise of the functions of the internal risk control and management department.

9.- In relation to the supervision of compliance with the Codes of Conduct.

- a. Supervision of compliance with the company's internal codes of conduct.
- b. Supervision of the application of the general policy relating to the communication of economic-financial and non-financial information.
- c. Assessing all aspects of the company's non-financial risks, including operational, technological, legal, social, environmental, environmental, political and reputational risks.
- d. Coordination of the reporting of non-financial and diversity information in accordance with applicable regulations and international benchmarks.

10. Report on related-party transactions to be approved by the general meeting or the board of directors and supervise the internal procedure established by the company for those whose approval has been delegated.

b) Procedures, and organisational and operational rules

in accordance with Article 26 of the Regulations of the board

**Naturgy Energy Group, S.A. and subsidiaries
2023**

The Audit and Control Committee shall comprise a minimum of three (3) and a maximum of seven (7) Directors appointed by the Board of Directors from among the non-executive directors, and one of them will be appointed taking into account their knowledge and experience in issues of accountancy, audit or both. Its members shall leave their post when they do so in their capacity as Directors or as agreed by the Board of Directors.

The Board of Directors shall elect the Chairman from amongst the members of the Committee, the majority of whom will have the status of Independent Director; the Chairman shall not have the casting vote. The post of Secretary of the Committee will be held by the person who is the Secretary of the Board of Directors, if there is one.

The Committee shall hold meetings whenever necessary in order to issue its reports or proposals, and will be convened by its Chairman on his own initiative or upon prior request of two of its members. At least four (4) meetings per year must be held. The Committee may invite to its meetings any executive or employee it deems appropriate.

c) Main actions taken during the year 2023.

In the exercise of its powers during the year, it has reported and/or adopted proposals on, inter alia, the following matters:

In addition to the regular supervisory functions, e.g. on risk, cyber-security or related party transactions,, the Committee has addressed the following relevant issues during 2023:

- The independence of the External Auditor
- Oversight of Treasury Share transactions
- Authorisation of the provision of non-audit services by the External Auditor
- Oversight of the Group's Crime Prevention Model
- Implementation of the Group's Internal Information System, in accordance with the requirements of Law 2/2023.
- Monitoring the Work Plan of the Internal Audit and Compliance Areas.
- The process of renewing the External Auditor

Identify the Directors who are Members of the Audit and Control Committee who have been appointed Chairman on the basis of knowledge and experience of accounting or auditing, or both, and state the date that said Director was appointed Chairman.

Name of Directors with experience	DON RAMÓN ADELL RAMÓN
Date of appointment as Chairman	10/02/2022

OBSERVATIONS

Name	Position	Category
Mr. Pedro Sainz De Baranda Riva	Chairman	Independent
Don Claudi Santiago Ponsa	Board Member	Independent
Don Enrique Alcantara-García Irazoqui	Board Member	Proprietary
Don Rajaram Rao	Board Member	Proprietary
RIOJA S.à.r.l (Rep D. Javier De Jaime Guijarro)	Board Member	Proprietary

% of proprietary directors	60 %
% of independent directors	40 %
% of other external directors	-

Observations

Explain the committee's duties, describe the procedure, and organisational and operational rules. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it either in the law or in the articles of association or other corporate resolutions.

a) Duties of the Appointments, Remuneration and Corporate Governance Committee:

The Committee has the powers set out in Law and those entrusted to it by the Board of Directors in a general or specific manner.

The Board of Directors has entrusted it with the following functions:

1. Make proposals and report on Corporate Governance initiatives.
2. Prepare the report on the operation of the Appointments and Remuneration Committee.
3. Verify the policy for the selection of Board members and report on it in the Annual Corporate Governance Report.
4. Prepare a report in the event of the separation of an independent board member, before the statutory period for his/her appointment has expired.
5. Prepare a report in the event that the Board of Directors proposes the adoption of measures when it is aware that the actions of a Board member could damage the credit and reputation of the company or when he/she is considered to be under investigation in a criminal case R-22, Organise and coordinate the periodic evaluation of the Board of Directors and of the Chief Executive Officer of the Company.
6. Verify the independence of the external consultant selected to carry out the evaluation of the Board and its committees.
7. Propose to the Board of Directors the basic conditions of senior management contracts.
8. Verify compliance with the remuneration policy established by the Company.
9. Periodically review the remuneration policy applied to board members and senior management, including the share based remuneration systems and their application, as well as ensuring that their individual remuneration is proportionate to that paid to the other board members and senior management of the company.

10. Ensure that any conflicts of interest do not undermine the independence of the external advice provided to the committee.
11. Verify the information on directors' and senior executives' remuneration contained in the various corporate documents, including the annual report on directors' remuneration.
12. Supervise compliance with the company's corporate governance rules, ensuring that the corporate culture is aligned with its purpose and values.
13. The evaluation and periodic review of the adequacy of the company's system of corporate governance, in order for it to fulfil its mission of promoting the corporate interest and taking into account, as appropriate, the legitimate interests of other stakeholders.
14. Prepare a report on the remuneration systems that award shares, options or financial instruments when the director requests their sale before the three-year period from their award in order to deal with extraordinary situations that may arise.

b) Procedures, and organisational and operational rules

In accordance with Article 25 of the Regulations of the Board:

The Appointments, Remuneration and Corporate Governance Committee shall comprise a minimum of three (3) and a maximum of seven (7) Directors appointed by the Board of Directors from among the non-executive directors, and at least one of them will be appointed taking into account their knowledge and experience in issues of accountancy, audit or both. Its members shall leave their post when they do so in their capacity as Directors or as agreed by the Board of Directors.

At least two of the members of the Nomination, Remuneration and Corporate Governance Committee shall be Independent Directors, from which the Board of Directors shall elect the Chairman of the Committee, who shall not have a casting vote. The Secretary of the Committee shall be the Secretary of the Board of Directors, although the Deputy Secretary, if any, may act as Secretary of the Committee.

The Committee shall hold meetings whenever necessary in order to issue its reports or proposals, and will be convened by its Chairman on his own initiative or upon prior request of two (2) of its members. At least four (4) meetings per year must be held. The Committee may invite to its meetings any executive or employee it deems appropriate.

c) Main actions taken during the year 2023:

In addition to the regular monitoring functions, the Commission has addressed the following relevant issues during 2023:

- The process of renewing the positions of executive chairman, 2 independent directors and 1 proprietary director due to the expiry of the statutory term of their appointment.
- The proposal for the remuneration of the executive director, the management team and the members of the board of directors.
- The process of updating the Board's competency matrix.
- The talent management process
- The succession plan for the Executive Chairman
- Work Climate Analysis

APPOINTMENTS COMMITTEE

Name	Position	Category
<hr/> <hr/>		
% de consejeros dominicales		
% de consejeros independientes		
% de otros externos		
Observations		
<hr/> <hr/>		
<p>Explain the committee's duties, including, if applicable, those additional to those legally established, which this committee has been assigned, and describe the procedures and rules of organisation and operation of the same. For each of these functions, indicate your most important actions during the year and how you have exercised in practice each of the functions attributed to you, either by law or by the statutes or other corporate resolutions.</p>		
<hr/> <hr/>		

REMUNERATION COMMITTEE

Name	Position	Category
<hr/> <hr/>		
% of proprietary directors		
% of independent directors		
% of other external directors		
<hr/> <hr/>		
<p>Explain the committee's duties, including, if applicable, those additional to those legally established, which this committee has been assigned, and describe the procedures and rules of organisation and operation of the same. For each of these functions, indicate your most important actions during the year and how you have exercised in practice each of the functions attributed to you, either by law or by the statutes or other corporate resolutions.</p>		
<hr/> <hr/>		

SUSTAINABILITY COMMITTEE

Name	Position	Category
Helena Herrero Starkie	Chairman	Independent
Isabel Estapé Tous	Board Member	Proprietary
Jaime Siles Fernández Palacios	Board Member	Proprietary
Lucy Chadwick	Board Member	Proprietary

% of proprietary directors	75 %
% of independent directors	25 %
% of other external directors	0

Explain the committee's duties, describe the procedure and organisation and operational rules. For each of these functions, indicate your most important actions during the year and how you have exercised in practice each of the functions attributed to you either by law or by the statutes or other corporate resolutions.

In accordance with Article 26 of the Rules of Organization of the Board of Directors and its committees, the Sustainability Committee will be made up of a minimum of three and a maximum of six Board Members, appointed by the Board of Directors from among the non-executive Board Members, taking into account the knowledge, skills and experience of the Board Members and the tasks of the Committee.

Its members will resign when they cease to be Board members or when the Board of Directors so decides.

The Board of Directors will elect the Chairman of the Committee who will have the category of Independent Board Member and will not have a casting vote. The Secretary of the Committee will be the Secretary of the Board of Directors although the Vice-Secretary, if any, may act as Secretary of the Committee.

The Sustainability Committee will have the powers assigned to it by the Board of Directors.

The Committee, called by its Chairman, will meet when necessary to issue the reports or proposals within its competence or when deemed appropriate by its Chairman or at the request of two of its members and at least three times a year. The Commission may invite any manager or employee it considers appropriate to attend its meetings.

The powers granted to it by the Board of Directors are as follows:

1. To propose to the Board of Directors the approval of a Sustainability Policy
2. To propose to the Council the objectives and guidelines of the Group in the field of environment, health and safety and social responsibility, included in the Sustainability Plan.
3. Periodically analyse indicators in the field of environment, health and safety and social responsibility
4. The review of the information published by Naturgy to the market in relation to sustainability
5. The supervision of compliance with the policies and rules of society in environmental and social matters.
6. The evaluation and periodic review of the environmental and social policy of the society, in order that they fulfil their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.
7. Monitoring that society's environmental and social practices are in line with the set strategy and policy.
8. Monitoring the implementation of the general policy on communication with shareholders and investors, proxy advisors and other stakeholders, as well as monitoring how the institution communicates and engages with small and medium-sized shareholders.
9. Supervision of the design, implementation and monitoring of the SCIINF

10. Approval of the content and criteria to be included in the Non-financial Information

The most relevant actions in 2023 were:

- a. Implementation of the Internal Control System for Non-Financial Information (SCIINF).
- b. Impacts of the new Non-Financial Reporting Directive, CSRD and work plan for its adaptation to the non-financial reporting from January 1, 2024.
- c. Sustainability Plan 2021-2025: monitoring of established objectives and updating of those objectives that have been considered appropriate to align with the performance and projections of the business plans.
- d. Promotion of new projects in environmental and social matters as a consequence of new regulations or improvement of the company's performance in terms of sustainability.
- e. Responsible supply chain: measurement of the carbon footprint by collaborating companies
- f. ESG indices and ratings: the Commission has examined the evolution of results, areas for improvement identified and the way in which third parties appreciate Naturgy's efforts in this area, as well as the recognitions received.
- g. Safety and health: the Commission has reviewed the incidents and accidents that occurred during the year, being concerned in which lessons are drawn from the incidents suffered.

C.2.2 Complete the following table on the number of female directors on the various board committees at the end of the past four years:

	Number of female directors							
	Financial Year		Financial Year		Financial Year		Financial Year	
	2022	2021	2020	2019	2022	2021	2020	2019
	Number	%	Number	%	Number	%	Number	%
Executive Committee	-	-	-	-	-	-	-	-
Audit Committee	1	20 %	1	20,00 %	3	42,86 %	3	43 %
Appointments and Remuneration Committee	0	0%	0		0	0%	0	0%
Appointments Committee	-		-		-		-	
Remuneration Committee	-		-		-		-	
Sustainability Committee	3	75 %	3	60%	3	60 %	-	60 %

C.2.3 Indicate, where applicable, the existence of committee regulations, the location at which they are available for consultation and the modifications that have been made during the financial year. Also indicate whether any annual report on each committee's activities has been voluntarily drafted.

The Board Committees are regulated in the Articles of Association and in the Regulations for the Organisation and Functioning of the Board of Directors of NATURGY and its Committees.

Both documents are published on the Company's website (www.naturgy.com) →Shareholders and investors
→Corporate governance → governance bodies and rules.

The Executive Committee, the Audit and Control Committee and the Appointments, Remuneration and Corporate Governance Committee have all drawn up a report on the quality and effectiveness of their performance over the previous year.

D RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

D.1 Explain, if applicable, the procedures for approving related party or intra-group transactions.

Procedures for approving related party transactions

Pursuant to Art. 529 Duovicies LSC:

(i) the power to approve related-party transactions whose amount or value is equal to or exceeds 10 % of the total asset items according to the last annual balance sheet approved by the company is vested in the general meeting.

ii) The power to approve all other related-party transactions shall be vested in the board of directors, which may not delegate it.

In both cases, the approval of a related-party transaction shall be subject to a prior report by the Audit and Compliance Committee, which shall report on the reasonableness of the transaction from the point of view of the company and, where appropriate, of the shareholders other than the related party, and shall give an account of the assumptions on which the evaluation is based and the methods used.

Furthermore, and as provided for in section 4 of Art. 529 Duovicies, the board of directors at its meeting held on 21 December 2021 resolved to delegate to the executive chairman the approval of the following related-party transactions:

(a) transactions between Naturgy group companies that are carried out within the scope of ordinary management and on an arm's length basis;

b) transactions entered into by virtue of contracts whose standardised conditions are applied en masse to a large number of customers, are carried out at prices or rates established generally by the party acting as supplier of the good or service in question, and whose amount does not exceed 0.5 per cent of the net turnover of the company.

For the approval of this type of transaction, the board of directors has approved at its meeting of 21 December 2021 an internal procedure for periodic information and control, in which the Audit and Control Committee participates, shall verify the transparency of such transactions and, where appropriate, compliance with the legal criteria applicable to such transactions.

D.2 List individually those transactions that are significant due to their amount or relevant due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the company's board of directors, indicating which body was competent to approve them and whether any shareholder or director affected abstained. In the event that the board was competent, indicate whether the proposed resolution was approved by the board without the majority of independent directors voting against::

Name or Company Name of Significant Shareholder	% Shareholding	Name or Company Name of the Company or Entity of the Group	Nature of the Relationship	Type of operation and other information necessary for the assessment of the operation	Amount (thousands of euros)	Approving body	Identification of the significant shareholder or director who abstained from voting	The proposal to the board, if any, has been approved by the board without a majority of independent directors voting against.
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Observations

The economic amounts materialised in the year corresponding to transactions approved in previous years are disclosed in Note 34 Information on related party transactions to the annual accounts of the ACs.

D.3 List individually the transactions that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the directors or executives of the company, including those transactions carried out with entities that the director or executive controls or jointly controls, indicating which body was competent to approve them and whether any shareholder or director affected abstained. In the event that the board was competent, indicate whether the proposed resolution was approved by the board without the majority of independent directors voting against: :

Name or Company Name of the Administrators or Executives	Name or Company Name of the Related Party	Relationship	Nature of the Operation	Amount (thousands of euros)	Body which approved it	Identification of the shareholder or director who abstained from voting	The proposal to the board, if any, has been approved by the board without the majority of independents voting against.

Observations

The economic amounts materialised in the year corresponding to transactions approved in previous years are disclosed in Note 34 Information on related party transactions to the annual accounts of the ACs.

D.4 Report on the significant transactions carried out by the company with other companies belonging to the same group, provided that they are not eliminated in the process of drafting the consolidated financial statements and are not part of the company’s usual trading in terms of its purpose and conditions.

Under all circumstances, report any intra-group transaction performed with entities established in countries or territories considered to be a tax haven:

Company Name of the Entity of the Group	Brief description of the Operation	Amount (thousands of euros)

Observations

The economic amounts materialised in the year corresponding to transactions approved in previous years are disclosed in Note 34 Information on related party transactions to the annual accounts of the ACs.

D.5 List individually any transactions that are significant in amount or material in terms of their subject matter carried out by the company or its subsidiaries with other related parties that are significant in accordance with International Accounting Standards as adopted by the EU and have not been reported under the preceding headings.

Name of the Entity of the Group	Brief description of the Operation	Amount (thousands of euros)

Observations

D.6 List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management or significant shareholders.

1.- Directors:

In accordance with the Regulations of the Board:

The Director is subject to the duty of loyalty under the terms established in prevailing legislation and, in particular:

In accordance with the regulations, the Director must inform the other members of the Board of his or her conflict of interest and must abstain from participating in the vote.

In the cases in which a situation of conflict of interest has been observed, the affected Board Member(s) have been absent from the meeting when the point on the agenda they have a conflict of interest with has been dealt with and the Secretary has ensured that these Board Members have not been able to access the affected information either.

2.- Directors and executives:

On the other hand, pursuant to Article 3 and 4 of the Internal Code of Conduct in Matters relating to the Securities Markets and Treasury Stock Policy (ICC), persons with management responsibilities and insiders, during certain periods of time will refrain from carrying out transactions on their own or for the account of a third party, directly or indirectly on the Affected Securities (i) Transferable securities issued by companies of the NATURGY Group, which are traded on a secondary market or other regulated markets, in multilateral trading systems or in other organised secondary markets, or for which an application for admission to trading on one of these markets or systems has been made. (ii) financial instruments and contracts of any kind giving the right to acquire or sell the securities referred to in (i) above (iii) The financial instruments and contracts whose underlying are the securities indicated in (i)(iv) For the sole purpose of the rules of conduct regarding privileged information contained in Title III of these Regulations, the securities and financial instruments issued by other companies or entities other than the NATURGY Group, regarding which there is Privileged Information

The Supervisory Body, upon written request, describing and justifying the Personal Operation to be carried out and that the specific operation cannot be carried out at any other time than a limited period may authorise Persons with Management Responsibilities to perform personal transactions on Affected Securities in the periods in which there is a general prohibition when certain circumstances are given and justified in the ICC itself. The Supervisory Body will inform the Audit and Control Committee at least once a year about the authorisations that have been requested.

For their part, pursuant to section 4.10 of the Code of Ethics, employees must inform the company in the event that they or their close relatives participate or will participate on the governing bodies of other companies that may clash with the interests of Naturgy. In the performance of their professional responsibilities, employees must act with loyalty and defend the interests of the group. Furthermore, they must avoid situations that may give rise to a conflict between personal interests and the interests of the company. Accordingly, Naturgy employees must refrain from representing the company and participating in and influencing decisions in any situation in which they directly or indirectly have a personal interest.

3.- Significant shareholders:

It will be the responsibility of the Board of Directors, pursuant to a report from the Audit and Control Committee, to approve transactions carried out by the company or the companies in its Group with directors under the terms set forth in the current applicable legislation or with shareholders who, individually or in conjunction with others, hold a significant stake, including shareholders represented on the company's Board of Directors or the board of other companies belonging to the same group or with persons associated with them.

D.7 Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relationships with such entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them.

Yes No

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries on the one hand and the parent company or its subsidiaries on the other have been publicly defined:

Yes No

Report on the respective areas of activity and any business relationships between, on the one hand, the listed company or its subsidiaries and, on the other hand, the parent company or its subsidiaries, and identify where these aspects have been publicly reported

N/A

Indicate the mechanisms laid down to solve possible conflicts of interests between the other parent company of the listed company and the other companies in the group:

Mechanisms for solving possible conflicts of interests

N/A

E. CONTROL SYSTEMS AND RISK MANAGEMENT

E.1 Describe the control and risk management system in place at the company, including fiscal risks.

Naturgy's risk management system seeks to mitigate volatility in the company's performance both in cash generation and in non-financial aspects; ESG, cybersecurity, compliance. It quantifies the variability of financial results and ensures that it is in line with the risk profile inherent in the business portfolio. In addition, non-financial risks are monitored regularly.

The Integrated Risk Management and Control System is structured in the following sections:

- a. Risk Governance & Management: risk governance and management mechanism for all types of risks and for all businesses.
- b. Risk Assessment: methodology, procedure and process for identifying, assessing and measuring risks.
- c. Risk Appetite: definition of risk tolerance through the setting of limits for the most relevant risk categories, by nature of the risk and by business according to the objectives.
- d. Risk Reporting: systematic and periodic reporting and monitoring of risk at different management levels: Business Units, Corporate Units, Audit and Control Committee and Board. It is materialized through the Corporate Risk Map, other risk maps and the periodic report of the market risk position to the Management Committee and the Businesses.

E.2 Identify the bodies responsible for preparing and implementing the control and risk management system, including fiscal risks.

Naturgy has different bodies, with clearly identified areas of responsibility, which ensures predictability and sustainability in operational and financial performance.

Board of Directors

It is responsible for approving the company's Risk Control and Management Policy and Risk Appetite and takes decisions to assume or mitigate risks that exceed the approval thresholds established in the Board Regulations. Supervises the company's Risk Management and Control System.

Audit and Control Committee

By delegation, it is the body in charge of overseeing the risk model and the effectiveness of control. It ensures that they identify the different types of risks and the measures to mitigate them and to address them should they materialise.

Management Committee

It is responsible for the effective implementation of the risk strategy approved by the Board of Directors and for disseminating the control culture.

Specific Committees

They are responsible for the identification, assessment and management of risks, providing support to the Management Committee. The committees are made up of members of the Management Committee and other senior management of the organisation, notably

- **The Energy Balance, Risks and Trading Committee** is responsible for monitoring the evolution of energy commodities (gas, electricity, CO2, etc.), the evolution of indices, as well as for taking decisions on buying, selling or hedging, which correspond to the management level;
- **The Regulatory Committee** is responsible for monitoring regulatory initiatives, both at the national and international level, and making the corresponding decisions; and
- **The Ethics and Compliance Committee** is in charge of supervising the operation of and compliance with the Criminal Prevention Model and other compliance models adopted by the Naturgy Group.

Units with risk control function

Responsible for controlling, managing and reporting the risk assumed in their sphere of activity and ensuring that the target risk profile and limits are maintained. In each business there is a unit with a specific risk control function.

Of these units, which may be represented on specific committees, the following are noteworthy:

Energy and Risk Planning, which is responsible for controlling, managing and reporting the level of risk assumed within its business, as well as maintaining the target risk profile and limits.

Controlling Unit which is responsible for the risk function, coordinates the process of identification, assessment, treatment and updating of the risks managed by the units entrusted with risk control functions and prepares a global and integrated vision of all the company's risks through the Corporate Risk Map, which is presented to the Management Committee and the Audit and Control Committee.

Internal Audit, as a third line, examines the level of compliance with the Risk Control and Management Policy through the appropriate audits.

A key task of the units with risk control functions is the modelling of financial statements, aimed at identifying their main sensitivities and anticipating possible negative impacts and corrective or mitigating actions.

It is the responsibility of the **Units with risk control function** to assess the risks identified, taking into account the following:

- a. The characteristics of the Position at risk
- b. Impact variables.
- c. Qualitative and quantitative severity if the risk materialises.
- d. Probability of occurrence.
- e. Controls and mitigation mechanisms employed and their effectiveness.

E.3 Indicate the main risks, including fiscal, to the extent that those derived from corruption are significant (the latter being understood to be within the scope of Royal Decree Law 18/2017) which may prevent the company from achieving its business targets.

Market risk	Description	Management
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Naturgy Energy Group, S.A. and subsidiaries
2023

Raw material prices	Gas	Volatility in international markets which determine gas prices.	Physical and financial hedges. Portfolio management
	Electricity	Volatility in electricity markets in Iberia and Europe	Physical and financial hedges. Optimisation of generation park.
Exchange rate	.	Volatility in international currency markets.	Geographical diversification. Hedging through local currency funding and derivatives..
Regulatory		Exposure to revision of the criteria and recognised profitability levels for regulated activities and/or regulatory measures to mitigate macro overhang scenarios.	Intensified communication with regulatory bodies. Adjustment of efficiencies and investments to recognised rates.
Volume	Gas	Gap between gas supply and demand. Reduction in available thermal gap. Uncertainty in the volume of renewable production due to variability of the resource.	Optimisation of contracts and assets. Trading. Optimisation of the marketing-generation balance
	Electricity		
Margin/price		Risk arising from changes in competitive pressure or margin optimisation scenarios.	Coberturas financieras. Diversificación de las fuentes de financiación.
Legal		Uncertainty arising from the potential outcome of litigation, arbitration or open legal claims.	Analysis and mitigation of legal risks affecting the company's operations and corporate governance. Hiring of top-level legal firms. Provisioning with criteria of prudence
Insurable risks		Accidents, damage or unavailability of Naturgy's assets..	Continuous improvement plans. Optimisation of the total cost of risk and coverage.
Fiscal		Ambiguity or subjectiveness in the interpretation of the prevailing fiscal regulations, or through a relevant change to the same.	Consultations with independent expert organisations. Recruitment of leading consultancy firms. Adhesion to the Code of Good Tax Practices. Allocation of provisions with criteria of prudence.
Interest rate		Volatility in financing interest rates, due to existing debt or debt refinancing.	Financial hedging. Diversification of sources of financing.
Credit		uncertaintyUncertainty associated with the probability of non-payment of monetary obligations and/or deterioration of the credit quality of the different end customers and counterparties with which Naturgy operates.	Diversification of sources of financing.

Liquidity, Solvency, Rating and Provisions	Financial risks associated with the maintenance of the company's rating, derived from liquidity conditions or other causes. Risks associated with excessive use of resources due to the maintenance of provisions.	Setting a target rating and managing sufficient liquidity to maintain it in a potential scenario.
Security	Residual risk associated with personal injury or property damage intentionally caused by a third party to critical facilities..	Corporate positioning through the Security Policy, defining a specific protection model for Critical Infrastructure specific protection model for Critical Infrastructures (IICC). Liaison with businesses, the National Centre for the Protection of Critical Infrastructure (CNPIC), the National Cybersecurity Institute (INCIBE-CERT) and other bodies.
Business continuity and crisis management	Risk of loss of service level maintenance resulting from inadequate or failed processes, systems or staff performance...	Annual Internal Audit Plan. Detection of weaknesses. Implementation of improvement actions (recommendations). Audit and Control Committee.
Fraud	Risk derived from any intentional, unlawful action by an employee or third party, to achieve a direct or indirect benefit for themselves or for the company, through the improper use of Naturgy's resources or assets.e.	Control mechanisms through the Global Policy of the Internal Financial Reporting Control System. Hedging in the insurance market.
Cybersecurity	Malicious attacks or accidental events affecting data, computer networks or technology.	.Implementation of security measures. Analysis of events and application of remedies Training
Data protection	Uncertainty associated with non-compliance with Data Protection obligations that may result in an administrative sanction or civil judgement.	Action plan by business area to mitigate the risk associated with each obligation according to priority and criticality. Work is carried out in line with the requirements of the General Data Protection Regulation (GDPR) and Organic Law 3/2018, of 5 December, on the Protection of Personal Data and Guarantee of Digital Rights (LOPDGDD). Internal audit plan for periodic review of compliance.
Environmental	Possibility of exceeding mandatory environmental limits set by the regulator, either naturally or by human action, damaging ecosystems or biodiversity.	Emergency plans for facilities at risk of environmental accidents. Specific insurance policies. Comprehensive environmental management

Health and Safety	Risk of injury and deterioration of the health of Naturgy professionals and collaborating companies related to the activity.	Health and safety management system. Safety plan aimed at controlling of the six most critical risk factors in terms of frequency and severity of accidents: confined spaces accident rate: confined spaces, work at height, electrical risk, tree felling and pruning, load handling and road safety.
Reputational and ESG	Deterioration of the perception of Naturgy from different stakeholders, for environmental, social and governance reasons.	Identification and monitoring of potential reputational events. Transparency in communication. Control mechanism through the Internal Control System for non-financial information.
Compliance risk		
Reputational and criminal risk	Administrative and criminal sanctions. Deterioration of the reputational image of NATURGY.	Crime Prevention Model. Ethics Code and Anticorruption Policy. Whistleblowing Channel. Compliance Training.
Thrid-Party risk	Administrative and criminal sanctions. Damage derived from contractual breach.	Third-Party Due Diligence Procedure

E.4 Identify if the company has a risk tolerance level, including tax risks.

The company has risk tolerance levels established at corporate level for the main types of risk through the setting of limits, by nature of the risk, including tax risks, and by business, depending on the objectives.

The risk assessment process starts with the identification of risks, generally by the businesses that support the exposure. Annually, with the preparation of the Corporate Risk Map, a tool that allows the company to continuously improve the process of identification, characterisation and determination of Naturgy's risk profile, an in-depth review is carried out by the Units with risk control function to ensure the correct identification of all exposures, both current and potential.

E.5 Identify any risks, including tax risks, which have occurred during the year.

The risks materialised during the year, both positive and negative, were inherent to the activity carried out, such as the volatility of gas and electricity prices in Spain and internationally, exchange rates, interest rates, volume, credit and counterparty risks and other relevant contingencies.

In view of the uncertain economic outlook for the country and the world, the company will seek to position itself in stable geographic areas to ensure steady growth that contributes to the generation of value and profitability of the businesses and the company: balancing the weight of its businesses in its mix of activities, placing greater ambition on increasing the contribution of regulated activities, increasing renewable generation capacity in line with the global energy transition, optimising the natural gas and LNG supply portfolio and developing innovation projects in hydrogen and its blending in gas networks, other renewable gases, energy efficiency, sustainable mobility and just transition.

E.6 Explain the response and monitoring plans for the main risks the company is exposed to, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to new challenges.

Naturgy analyses its global risk profile according to the potential impact on its financial statements. With this, it determines the maximum accepted level of risk exposure, as well as the admissible limits for its management.

In the exceptional scenario that arose in 2022, and which has continued during the financial year 2023, the Board of Directors has permanently received information on the potential impact on results of the evolution of the energy scenario in order to adopt business and risk mitigation decisions in real time, as well as on the different regulatory and tax aspects, both in the draft phase and after their formal approval, which could impact on the business or on said estimated results.

For matters that did not reach the threshold for approval by the Board of Directors, this task was carried out by the specific committees, monitoring and taking business and risk mitigation decisions.

F. INTERNAL SYSTEMS OF CONTROL AND RISK MANAGEMENT WITH REGARD TO THE INTERNAL CONTROL SYSTEMS OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms that make up your entity's internal control system and management of risks with regard to the financial information reporting process (ICFR).

F.1 The company's control environment

Report on, duly detailing their main characteristics, at least:

F.1.1. Which bodies and/or functions are in charge of: (i) the existence and upkeep of an appropriate and effective ICFR; (ii) its implementation; and (iii) its supervision.

Naturgy has defined its Internal Control over Financial Reporting System (hereinafter, ICFR) in the "Global Policy and General Procedure of the Internal Control over Financial Reporting System (ICFR) of Naturgy", the responsibility model being as follows:

- Board of Directors: It is responsible for the existence of an adequate and effective ICFR, as established in Article 3 section II of the Regulations of Organisation and Functioning of the Board of Directors of Naturgy Energy Group, S.A. and its Committees.
- Audit and Control Committee: It is responsible, on a delegated basis, for the supervision of the ICFR, as established in article 26 section 2 of the Regulations of the Board of Directors.
- Internal Audit Unit: It is responsible for supporting the Audit and Control Committee in the supervision and continuous assessment of the effectiveness of the Internal Control System in all areas of Naturgy.
- Administration Unit Corporation: It is responsible for establishing the criteria and principles of the design of the ICFR, to ensure the integrity, consistency and accuracy of financial information and approve the regulations in this area, as well as discuss with the auditor of accounts the significant weaknesses of the internal control system detected in the development of the audit.
- Business Administration and Operational Monitoring Unit: Responsible for the implementation and operation of the ICFR, ensuring compliance with corporate criteria within its business.
- Compliance Unit: Responsible for the Criminal Prevention Model in Naturgy, it provides information and support to the Audit and Control Committee on the control model.
- Business and corporate units involved in the process of preparing financial information (control owners): They are responsible for executing the processes and maintaining the daily operations, ensuring that the control activities implemented are carried out, evaluating them or supervising the outsourced service activities, when they participate in relevant processes in the preparation of financial information, with the established frequency and, annually, performing the Annual Internal Certification of the ICFR (direct and/or supervised control activities).

F.1.2. Whether or not the following elements exist, particularly with regard to the procedure for financial reporting:

- **Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) the clear definition of the lines of responsibility and authority, with an appropriate distribution of tasks and duties; and (iii) that there are sufficient procedures for proper dissemination at the entity.**

The design and review of the organisational structure of the first level of management and the definition of lines of responsibility are carried out by the Board of Directors, through the Executive Chairman in collaboration with the People and Organization Department, and the Appointment, Remuneration and Corporate Governance Committee.

In turn, the People and Organization Department is responsible for defining the Group's organizational structures, assigning functions and responsibilities of the different units deployed, ensuring dissemination procedures within the organization.

The Corporate Management Unit is responsible for establishing policies and procedures relating to the financial reporting process.

- **.Code of conduct, approving body, degree of dissemination and instruction, principles and values included (indicating whether there are specific mentions of the recording of transactions and preparation of financial information), body responsible for analysing breaches and proposing corrective actions and sanctions**

Naturgy has a Code of Ethics, approved by the Board of Directors, which is mandatory for all employees of NATURGY ENERGY GROUP, S.A. and all investee companies in which Naturgy has management control and which incorporates in Chapter 3, the guiding principles of conduct in Naturgy and in Chapter 4 the specific guidelines for action to be observed by employees in the areas of content determined therein, referring in Chapter 4 to the treatment of information, obliging all employees to transmit truthfully all information to be communicated both internally and externally. 11 to the treatment of information, obliging all employees to truthfully transmit all information to be communicated both internally and externally.

The body in charge of analysing breaches and proposing corrective actions and sanctions in Naturgy is the Ethics and Compliance Committee, which is also responsible for promoting the dissemination and application of the Code of Ethics and the Compliance Policy, among other rules, throughout the group and providing a communication channel to all employees for queries and notifications of breaches of these regulations.

The Committee is chaired by the Compliance Officer and is made up of representatives from different units involved in monitoring compliance with internal and external regulations.

The Committee reports regularly to the Management Committee and to the Audit and Control Committee. It reports and makes recommendations, proposing corrective actions to the units in charge of solving the problems arising from the practical application of the Code of Ethics and other applicable internal and external regulations, acting in turn as a liaison between them and the employees.

The sanctioning regime, where necessary, is referenced to the Collective Bargaining Agreement and the Workers' Statute.

- **Whistleblowing channel, which enables communication to be sent to the Audit and Control Committee concerning any irregularities of a financial and accounting nature, along with any possible breaches of the Code of Conduct and irregular activity within the organisation, and state whether said channel is confidential whether it allows for anonymous communications while respecting the rights of the complainant and the accused**

In accordance with the provisions of Law 2/2023 of 20 February, regulating the protection of persons who report regulatory infringements and the fight against corruption, Naturgy has an Internal Reporting System that integrates the various communication channels of the Naturgy Group through which employees and third parties can file complaints. at the web address <https://naturgy.integrityline.com/>.

The aforementioned Internal Reporting System corresponds to an open channel (a web platform accessible from any device), accessible to all Naturgy employees and interested third parties that allows all group employees, suppliers and collaborating companies to collect or provide information on irregularities of a financial and accounting nature, breaches of Naturgy's Code of Ethics or any other irregular activity that may eventually be carried out in the organisation..

All communications made through the channel are absolutely confidential and may, at the choice of the informant, be anonymous, respecting the provisions set out in Law 2/2023 and in the Personal Data Protection regulations.

More detailed information on the Code of Ethics, the Anti-Corruption Policy, the Compliance Policy, the activities of the Ethics and Compliance Committee and the use of the Internal Reporting System can be found in the Annex to Naturgy's 2023 Non-Financial Information Statement.

- **Training programmes and periodic retraining for personnel involved in the preparation and review of financial reporting, as well as the assessment of the ICFR, which at least cover the accounting, audit, internal control and risk management standards.**

The Global Management Talent and Training Policy establishes the training model that guarantees the adequacy and development of skills and competencies which, for the economic-financial area, focuses on specific knowledge of; updating accounting, financial, risk management, management control, budgets, energy transition, climate change and sustainability, international regulations and technical knowledge of the tax area; as well as providing sufficient knowledge on financial modelling, company valuation, financial derivatives, analysis of financial statements and cybersecurity, among others.

In total, in 2023, more than 350 professionals from the economic and financial areas dedicated almost 1,500 hours to training in this content.

F.2 Assessment of financial reporting risks

Provide information, at least, on the following:

F.2.1. What are the main characteristics in the risk identification process, including risks of error or fraudulent practices, with regard to:

- **If the process exists and it is documented.**

TNaturgy has a financial information risk identification process documented through three internal procedures that determine the applicable criteria and methodology:

- The Financial Reporting Scope Definition Matrix: sets out the critical, relevant and material processes to be covered by the internal control modeling.
- The Financial Reporting Risk Matrix identifies the financial reporting risks to be mitigated for each of the processes within the scope.
- The Financial Reporting Control Activities Matrix which sets out the criteria for the control activities necessary to mitigate the risks identified..

Within the ICFR risk identification process, consideration has been given to mitigating the risk of fraud through prevention, detection and investigation of fraud situations, designing "active" control activities, such as barriers to restrict or prevent access to valuable assets by those who may attempt to commit fraud, and "passive" control activities that aim to stop fraud being committed through deterrence measures.

The financial reporting risk identification process is a dynamic system, which is regularly updated.

- **If the process covers all the financial reporting objectives (existence and occurrence; integrity; assessment; presentation, breakdown and comparability; and rights and obligations), if it is updated and how frequently.**

In order to guarantee the objectives of financial reporting, Naturgy's ICFR control activities directly identify which financial assertions are covered, i.e. the risks covered, making it possible to categorise the criticality of the control activities according to the number of financial assertions assigned.. This model ensures that, for critical processes, the necessary and sufficient controls are in place and guarantee all financial reporting objectives. The Control Activity Matrix is updated on a quarterly basis.

- **The existence of a process for the identification of the consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental or special purpose entities.**

Naturgy has a specific procedure detailing the monthly updating process of the perimeter, in accordance with the existing corporate operations in the period, regardless of the corporate structure used, which describes the information process, the responsible units involved and the systems involved..

- **If the process takes other types of risks into account (operating, technological, financial, legal, reputational, environmental, etc.) insofar as they affect the financial statements.**

In the ICFR Risk Matrix, the risks associated with the achievement of financial reporting objectives have been identified, taking into account not only the coverage of financial assertions, but also other types of risks, mainly operational, technological, cybersecurity, reputational, segregation of duties, management of access to information, etc., which are part of Naturgy's Corporate Risk Map..

- **Which governing body of the company supervises the process.**

Supervision of the effectiveness of the ICFR is the responsibility of the Audit and Control Committee. This function is carried out by the Internal Audit unit and the External Audit unit (see section F.5).

F.3 Control activities

State, duly detailing their main characteristics, whether, at least, the following aspects exist:

- F.3.1. Procedures for the review and authorisation of financial reporting, and the description of ICFR, to be published on the securities markets, indicating their supervisors, and the documentation which describes the flow of activities and controls (including those relating to risk of fraud) of the different types of transactions which can have a material impact on the financial statements, including the closing of accounts procedure and the specific review of relevant judgements, estimates, valuations, and protection.**

As a first level of review, the heads of the Administration and Operational Monitoring units of the businesses review the financial information prepared to ensure its reliability and certify the reasonableness of the individual annual accounts. They also ensure that the accounting procedures, judgements and estimates and processes used in the preparation of the economic and financial information and financial statements, the main risks and contingencies and their coverage by provisions and the tax position of the companies and the main tax policies are correct, complete, duly detailed and reported and in accordance with the applicable local tax laws and regulations.

Ultimately, the head of Consolidation and Accounting Planning certifies the reasonableness of the individual annual accounts of NATURGY ENERGY GROUP, S.A. and the consolidated annual accounts submitted to the Board of Directors for approval.

The processes identified in the ICFR are documented by means of the matrix of control activities, in the SAP GRC Process Control system and in the corresponding technical instructions describing the processes, including, among other variables, the information flow diagram, the map of systems that interact in it, the control activities and the risks covered and those responsible for the processes. In this sense, Naturgy has identified as critical processes all those where judgements, estimates, valuations and relevant projections are used.

Finally, the annual internal certification of controls is carried out by all those responsible involved (control owners) in the processes of preparing the financial information, reporting the weaknesses detected in the evaluation of the controls and the plans defined to remedy them.

F.3.2. Internal control policies and procedures on information systems (inter alia, on access security, control of changes, operation thereof, operating continuity and separation of functions) which support the relevant processes of the company in drawing up and publishing financial information.

For the critical processes associated with the preparation and publication of Naturgy's financial information, the control activities that operate in the information systems have been identified, both for those used directly in the preparation of financial information and for those that are relevant in the process or control of the transactions reflected therein.

At a general level, within Naturgy's information systems map, a series of policies have been defined and implemented to guarantee the following aspects:

- Security of access to both data and applications and adequate segregation of duties. A series of measures have been defined at different levels to guarantee confidentiality and prevent unauthorised access. In addition, access to the information systems is defined on the basis of roles and profiles that determine the functionalities to which a user must have access.
- Control over changes to applications. A change management methodology has been developed and implemented based on best practices, which establishes the necessary precautions and validations to limit the risk in this process.
- The correct operation of the applications.
- Data availability and application continuity. Most of the systems that operate the financial information processes have HA (High Availability) or a BRS (Disaster Recovery System) and in all cases have both system and data backups (daily, weekly and monthly) that ensure their availability in the event of incidents..
- Proper regulatory compliance (RGPD).

F.3.3. Internal control policies and procedures for supervising the management of activities subcontracted to third parties, and those assessment, calculation or valuation questions entrusted to independent experts, which could have a material impact on the financial statements.

Naturgy has developed a control framework for subcontracted activities, the most relevant being the "Global Outsourcing Policy" and the "Global Supplier Quality Policy".

These establish the general principles that must be applied to all procurement of goods and services, guaranteeing a homogeneous, efficient and sustainable model for the management of the procurement process in Naturgy and determining the responsibilities in the procurement process. Likewise, they ensure that the supply chain complies with the principles established in the Supplier Code of Ethics, the Human Rights Policy, the Health and Safety Policy, the Anti-Corruption Policy, as well as internationally recognised principles of good governance.

The business and corporate units supervise and control the quality of their suppliers to determine whether they offer the required levels of quality in the execution of the work. If not, they send proposals for withdrawal of approval/accreditation to suppliers/products/persons as a result of deficiencies in the performance of services or products.

Naturgy uses experts in works that support valuations, judgements or accounting calculations, only when they are registered in the corresponding Professional Associations, or equivalent accreditation, state their independence and are companies of recognised prestige in the market.

For the coverage of legal and reputational risks involved in business relationships with third parties and, in particular, the coverage of crimes associated with the risk of corruption, Naturgy has defined the "Due Diligence Procedure for Counterparties".

F.4 Information and communication

State, duly detailing their main characteristics, whether, at least, the following aspects exist:

F.4.1. A specific function responsible for defining accounting policies (area or department of accounting policies), keeping them up to date, and resolving doubts or conflicts arising from their interpretation, keeping fluid communications with the persons responsible for operations in the organisation, as well as a manual of accounting policies which is up to date and communicated with the units through which the entity operates.

The Administration Unit Corporation is responsible for keeping the accounting policies applicable to the group up to date. In this sense, it is responsible for updating the "Naturgy's Accounting Plan", which includes the accounting criteria, based on the changes in the applicable IFRS-EU regulations, and the Group's Chart of Accounts, as well as the analysis and communication of accounting changes that could have a significant impact on the financial statements and resolve doubts about the accounting treatment of certain transactions.

Once the chart of accounts has been updated, it is disseminated to all the organisation's personnel via Naturgy's regulatory management system .

F.4.2. Mechanisms for the capture and preparation of financial information with uniform formats, applied and used by all units of the company of the group, used to support the main financial statements and the notes, as well as the information set out in detail on the ICFR.

Naturgy's economic-financial management model guarantees the uniformity of administrative and accounting processes through the centralisation of transactional processes and the use of SAP, as a homogeneous support system, in most of the companies that form part of the group. Companies which do not use SAP are obliged to follow the criteria set by the group to ensure the uniformity of such processes.

This model is essentially characterised by the following features:

- It is unique for all countries and businesses;
- Incorporating the legal, fiscal, commercial and regulatory requirements of each country;
- Incorporating internal control requirements;
- Being the basis for obtaining information supplied to management personnel and official bodies;
- To be based on a single organisational model and economic-financial IT systems for all countries and businesses;

In the process of preparing the consolidated financial information, the SAP BPC system is used, a tool that allows the information to be uploaded automatically and directly, once the individual accounts have been closed.. Finally, workiva is used to manage and elaborate the information of the notes and breakdowns of of the Financial Report of the group and of the parent company. The use of these two systems allows the standardisation, validation and review of the information.

The preparation of the consolidated financial information is carried out centrally in the Consolidation Unit, which ensures the integration, homogeneity, consistency and rationalisation of Naturgy's consolidated financial statements.

Likewise, Naturgy has local charts of accounts to comply with the accounting, tax, mercantile and regulatory requirements established by the different legislations of the countries in which it is present. These local charts of accounts converge in a group chart of accounts, unified and homogeneous for the purposes of consolidation and reporting of financial information.

In 2020, the Single European Electronic Format (FEUE) was adopted for the preparation of the individual and consolidated Annual Financial Report in accordance with Delegated Regulation 2019/815 of the European Commission of 17 December 2018.

F.5 Supervision of the functioning of the system

Report on, duly detailing their main characteristics, at least:

F.5.1. The supervision activities of the ICFR carried out by the Audit and Control Committee and whether the company has an internal audit function which includes the responsibility of supporting the committee in its task of supervising the internal control system, including the ICFR. Information will also be provided on the scope of the assessment of ICFR carried out during the year and on the procedure through which the party responsible for carrying out the assessment notifies its results, if the company has an action plan with details of the possible corrective measures, and if its impact on financial information has been taken into account.

The Audit and Control Committee has the competencies established by law and those entrusted to it by the Board of Directors in general or in particular. These powers include the following with reference to the ICFR:

- Supervise the process of preparation, presentation and integrity of the financial information relating to the company and, where appropriate, the group, reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
- Supervise the effectiveness of the company's internal control, internal audit and risk management systems, including tax risks.
- Report to the general meeting of shareholders on any issues that may arise in relation to those matters that fall within the competence of the committee.

- Establish the appropriate relations with the external auditor to receive information on those issues that may jeopardise its independence, for examination by the committee, and any others related to the process of auditing the accounts.
- To issue annually, prior to the issuance of the audit report, a report expressing an opinion on the independence of the auditor.
- To ensure the independence of the unit that undertakes the internal audit function.

In order to fulfil its duties, the Audit and Control Committee relies on the information and documentation provided by the Internal Audit Units, the Consolidation and Accounting Planning Unit the Financial Markets Unit, the Business Administration and Operational Monitoring units and the External Auditor.

The Internal Audit function has been established in Naturgy as an independent and objective assessment activity, for this reason the Internal Audit Unit, in turn, reports to the Audit and Control Committee of NATURGY ENERGY GROUP S.A.

In accordance with the Group's policies, the Internal Control over Financial Reporting System (ICFR) of Naturgy is expected to be fully supervised by Internal Audit on a multiannual horizon

The risk assessment methodology is aligned with the best corporate governance practices and based on the conceptual framework of the COSO Report (Committee of Sponsoring Organizations of the Treadway Commission), taking as a starting point the typology of risks defined in the company's Risk Map.

With reference to the Internal Control over Financial Reporting System (ICFR), the Internal Audit unit is responsible for

- Supervise the general model of the Internal Control System for Financial Information and the effectiveness of the associated controls, through the execution of the Annual Audit Plan over a multi-year horizon.

- Supervise the certification process carried out by those responsible for the ICFR controls.

- Depending on the scope defined, inform the Audit and Control Committee of the results and weaknesses detected in the ICFR, presenting the main aspects detected in the internal audits of the ICFR and their monitoring, related to the general model and the controls over the ICFR processes.

F.5.2. If the company has a discussion procedure through which the accounts auditor (as established in the TAS), the internal audit function and other experts can inform the company senior management and the Audit and Control Committee or administrators of significant weaknesses in internal control identified during the annual accounts review processes or others which might have been entrusted to them. The company shall also state whether it has an action plan to try to correct or mitigate the weaknesses observed.

As set out in Article 6 of the Board Regulation:

The Audit and Compliance Committee, convened by its chairman, meets when necessary to issue the reports for which it is responsible or when deemed appropriate by its chairman or at the request of two of its members, and at least four times a year. The Committee may invite to its meetings any manager or employee it deems appropriate. The Internal Audit unit reports to the Audit and Control Committee, on a recurring basis, the actions taken to ensure that Naturgy complies with all those policies, standards and process controls established by the group's first level of management.

The external auditor may at any time address both the management team, the Management Committee and the Audit and Control Committee (normally through the Chairman or Secretary of the Committee). The external auditor informs the Audit and Control Committee of any significant internal control weaknesses detected during the course of the audit. In addition, the external auditors report on the main conclusions reached in the internal control review, on the risk assessment and on the action plans.

Finally, the external auditor, in addition to meeting periodically with the Audit and Control Committee, also has the possibility of meeting with the Board of Directors in plenary session prior to the preparation of the annual accounts.

F.6 Other relevant information.

As described in section F.3.1. in the annual internal ICFR certification process, the responsible business and corporate units (control owners) ensure that the controls identified for the mitigation of financial reporting risks are implemented and that they are valid and sufficient. In addition, they report any weaknesses detected, the plans defined to remedy them and any changes in their processes in order to assess whether these require the development of new controls or the modification of existing ones.

**Naturgy Energy Group, S.A. and subsidiaries
2023**

During the 2023 financial year, as a result of the annual internal certification, changes have been identified in a limited number of processes, highlighting that these changes have not entailed the modification of the control activities previously identified, and therefore the risks associated with the preparation and reporting of financial information in the critical processes affected are considered to be covered. The main magnitudes of this process relating to ongoing activities were as follows:

	Spain	International	Total
Business and corporate units	205	155	360
Processes identified	48	160	208
Controls certified	848	799	1647

In addition, 15 weakness remediation plans have been identified, of which one is for general group control activities and 12 are remediation plans Spain. During 2023, 43% of the remediation plans identified in 2022 have been resolved, 3 new plans emerging in 2023. In any case, the sub-processes affected by these remediation plans do not significantly affect the quality of the financial information..

F.7 Report of the external auditor

State:

F.7.1. If the ICFR information submitted to the markets has been reviewed by the External Auditor, in which case the company will have to include the corresponding report as an annex. Otherwise, it will have to explain why.

Naturgy has considered it appropriate to request the External Auditor to issue a report on the information relating to the Internal Control over Financial Reporting System (ICFR).

G DECREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

State the degree of compliance of the Company in respect of the recommendations regarding the Good Governance Code of Listed Companies.

If any recommendations are not followed or are followed partially, it will be necessary to include a detailed explanation of the reasons why so that the shareholders, investors and the market in general, have sufficient information to be able to assess the company's actions. General explanations are not acceptable.

1. The Articles of Association of listed companies should not limit the maximum number of votes that can be issued by the same shareholder or contain other restrictions that prevent the company from being taken over through the purchase of its shares on the market.

Compliant

Explain

2. When the listed company is controlled, pursuant to the meaning established in Article 42 of the Commercial Code, by another listed or non-listed entity, and has, directly or through its subsidiaries, business relationships with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to the activities of any of them, this is reported publicly, with specific information about:

- a. The respective areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.
- b. The mechanisms established to resolve any conflicts of interest that may arise.

Compliant

Partially compliant

Explain

Not applicable

3. During the annual general meeting the Chairman of the Board should verbally inform shareholders in sufficient detail of the most relevant aspects of the Company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

- a. Changes taking place since the previous annual general meeting.
- b. The specific reasons for the Company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Compliant

Partially compliant

Explain

4. The company should define and promote a policy for communication and contact with shareholders and institutional investors within the framework of their involvement in the company, as well as with proxy advisors, that complies in full with the rules on market abuse and gives equal treatment to shareholders who are in the same position. The company should make said policy public through its website, including information regarding the way in which it has been implemented and the parties involved or those responsible its implementation.

Further, without prejudice to the legal obligations of disclosure of inside information and other regulated information, the company should also have a general policy for the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social media or other channels) that helps maximise the dissemination and quality of the information available to the market, investors and other stakeholders.

Compliant

Partially compliant

Explain

5. The Board of Directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription to rights for an amount exceeding 20% of capital at the time of such delegation.

When the Board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Compliant **Partially compliant** **Explain**

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the ordinary general meeting, even if their distribution is not obligatory:
- Report on auditor independence.
 - Reports on the operation of the Audit and Control Committee and the Appointments and Remuneration Committee.
 - Audit Committee report on related party transactions.
 - Report on corporate social responsibility policy.

Compliant **Partially compliant** **Explain**

7. The company should broadcast its general meetings on the corporate website. The company should have mechanisms that allow the delegation and exercise of votes by electronic means and even, in the case of large-cap companies and, to the extent that it is proportionate, attendance and active participation in the general shareholders' meeting.

Compliant **Partially compliant** **Explain**

8. The Audit and Control Committee should strive to ensure that the financial statements that the board of directors presents to the general shareholders' meeting are drawn up in accordance to accounting legislation. And in those cases where the auditors includes any qualification in its report, the chairman of the Audit and Control Committee should give a clear explanation at the general meeting of their opinion regarding the scope and content, making a summary of that opinion available to the shareholders at the time of the publication of the notice of the meeting, along with the rest of proposals and reports of the board.

Compliant **Partially compliant** **Explain**

9. The Company should disclose its conditions and procedures for admitting share ownerships, the right to attend the General Meeting of Shareholders and the exercise or delegation of voting rights, and display the permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant **Partially compliant** **Explain**

10. When an accredited shareholder exercises the right to supplement the Agenda or submit new proposals prior to the General Meeting of Shareholders, the company should:

- a. Immediately circulate the supplementary items and new proposals.
- b. Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that the new agenda items and alternative proposals can be voted on in the same terms as those submitted by the Board of Directors.
- c. Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the Board of Directors, with particular regard to presumptions or deductions about the direction of the votes.
- d. After the General Meeting of Shareholders, disclose the breakdown of votes on such supplementary items or alternative proposals.

Compliant Partially compliant Explain Not applicable

11. In the event that the company plans to pay for attendance at the General Meeting of Shareholders, it should establish a general, long-term policy in this respect.

Compliant Partially compliant Explain Not applicable

12. The Board of Directors should perform its duties with unity of purpose and independent judgement, affording the same treatment to all Shareholders in the same position. It should be guided at all times by the company's best interests, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the board community and the natural environment.

Compliant Partially compliant Explain

13. The Board of Directors should be an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five (5) and fifteen (15) members.

Compliant Partially compliant Explain

14. The board of directors should approve a policy aimed at promoting an appropriate composition of the board that:

- a. Is concrete and verifiable.
- b. Ensures that appointment or re-election proposals are based on a prior analysis of the Board's needs.
- c. Favours diversity of knowledge, experience, age and gender. Therefore, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.

The results of the prior analysis of competences required by the board should be written up in the nomination committee's explanatory report, to be published when the general shareholders' meeting is convened that will ratify the appointment and re-election of each director.

The Appointments Committee should run an annual check on compliance with this Policy and set out its findings in annual corporate governance report.

Compliant Partially compliant Explain

15. Proprietary and independent directors should constitute an ample majority on the Board of Directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Further, the number of female directors should account for at least 40% of the members of the board of directors before the end of 2022 and thereafter, and not less than 30% previous to that.

Compliant Partially compliant Explain

The number of executive directors is 1 and is therefore the minimum required.

Finally, as regards the number of female directors, the policy for the selection of directors ensures that the selection procedures do not suffer from implicit biases that could imply any discrimination, within the framework of full respect for the right to proportional representation of shareholders recognised by law. The policy for the selection of Directors is aimed at ensuring an adequate diversity in the composition of the Board of Directors, which has resulted in the members of the Board having different and complementary professional profiles and backgrounds, in the conviction that such diversity results in a better functioning of the Board, although the percentage of female directors recommended by the CNMV has not yet been reached.

16. The percentage of proprietary directors out of all non-executive directors should not be greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- a. In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.
- b. In companies with a plurality of shareholders represented on the Board but not otherwise related.

Compliant Explain

17. Independent directors should be at least half of all Board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of capital, independent directors should occupy, at least one third (1/3) of the Board places.

Compliant Explain

The company comfortably complies with recommendation 16 that the percentage of proprietary directors (75%) should not exceed the percentage of shares held by represented shareholders (81.9%).

It even complies with the requirement that independent directors (25%) should account for a higher percentage on the board than shareholders who are not represented on the board (17.2%).

However, there are 4 shareholders in the company who have exercised their legal right to proportional representation, so it is impossible to comply with this recommendation 17.

18. The companies should publish the following information about their directors on their website and keep the said information up-to-date.

- a. Background and professional experience.
- b. Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c. Statement of the director class to which they belong; in the case of proprietary directors indicating the shareholder they represent or have links with.
- d. Dates of their first appointment as Board member and subsequent re-elections.
- e. Shares held in the company, and any options on the same.

Compliant Partially compliant Explain

19. The annual corporate governance report, with prior verification by the Appointments Committee is to provide an explanation for the reasons proprietary directors were appointed at the behest of shareholders whose stake in the company is less than 3% of share capital, and reasons given for the rejections of formal requests for board representation from shareholders who have successfully requested the appointment of proprietary directors.

Compliant Partially compliant Explain Not applicable

20. Proprietary directors are to submit their resignation when the shareholder whom they represent fully disposes of their stake. They should also present their resignation, in the corresponding number, when the said shareholder lowers his/hers shares in the company to a level that requires a reduction in the number of his/her proprietary directors.

Compliant Partially compliant Explain Not applicable

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Articles of Association, except where just cause is found by the Board, based on a report from the Appointments Committee. In particular, it shall be understood that there is just cause when the director takes on new offices or assumes new obligations that prevent them from devoting the time necessary to perform the duties of the office of director, breaches the duties inherent to their position or is affected by one of the circumstances that cause them to lose their independent status in accordance with the provisions of applicable law.

The removal of independent directors may also be proposed as a consequence of offers for the takeover, merger or similar corporate actions affecting the company that may involve a change in the company's capital structure, whenever such changes in the Board of Directors arise under application of the proportionality criterion pointed out in Recommendation 16.

Compliant Explain

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, related or not to their actions within the company, and tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

When the board is informed or becomes aware of any of the situations mentioned in the previous paragraph, the board of directors should examine the case as soon as possible and, attending to the particular circumstances, decide, based on a report from the nomination and remuneration committee, whether or not to adopt any measures such as opening of an internal investigation, calling on the director to resign or proposing his or her dismissal. The board should give a reasoned account of all such determinations in the annual corporate governance report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, at the time it adopts the corresponding measures.

Compliant Partially compliant Explain

23. All directors are to clearly express their opposition when they consider that any proposal subject to the decision of the Board of Directors may be detrimental to corporate interests. The independent directors and other directors who are not affected by the potential conflict of interest are to voice their opposition in a special manner whenever such decisions may be of detriment to shareholders not represented on the Board of Directors.

When the Board makes material or reiterated decisions about which director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Compliant Partially compliant Explain Not applicable

24. Directors who give up their position before their tenure expires, through resignation or resolution of the general meeting, should state the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for the general meeting resolution, in a letter to be sent to all members of the board.

This should all be reported in the annual corporate governance report, and if it is relevant for investors, the company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the director.

Compliant Partially compliant Explain Not applicable

25. The Appointments Committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The Board of Directors regulations should lay down the maximum number of company Boards on which Directors can serve.

Compliant Partially compliant Explain

Given the high level of participation and attendance of directors at meetings of the governing bodies (99%), the company has had no need to establish rules on the number of boards on which directors may sit.

26. The Board should meet with the necessary frequency to properly perform its functions, eight (8) times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each Director may propose the addition of initially unscheduled items.

Compliant Partially compliant Explain

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, Directors should delegate their powers of presentation with the appropriate instructions.

Compliant Partially compliant Explain

28. When directors or the secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the board meeting, they should, at the request of the person expressing them, be recorded in the minutes..

Compliant Partially compliant Explain Not applicable

29. The Company should provide suitable channels for Directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the Company's expense.

Compliant **Partially compliant** **Explain**

30. Regardless of the knowledge Directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Compliant **Explain** **Not applicable**

31. The Agendas of the Board Meetings should clearly indicate on which items Directors must arrive at a decision, so that they can study the matter beforehand or gather together the material they need for its resolution.

For reasons of urgency, the Chairman may wish to present decisions or resolutions for Board approval that were not on the Agenda. In such exceptional circumstances, their inclusion will require express prior consent, duly recorded in the Minutes, from the majority of the Directors in attendance.

Compliant **Partially compliant** **Explain**

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the Company and its Group.

Compliant **Partially compliant** **Explain**

33. The Chairman, as the person charged with the efficient functioning of the Board of Directors, in addition to the functions assigned by Law and the Company's Articles of Association, should prepare and submit to the Board a schedule of meeting dates and agendas; organise and coordinate regular assessments of the Board and, where appropriate, the Company's Chief Executive Officer; exercise leadership of the Board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each Directors, when circumstances so advise.

Compliant **Partially compliant** **Explain**

34. When a coordinating independent Director has been appointed, the Articles of Association or Board of Directors regulations should grant him or her the following powers over and above those conferred by law: chair the Board of Directors in the absence of the Chairman or Deputy Chairmen, give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those that have to do with the company's corporate governance; and coordinate the Chairman's succession plan.

Compliant **Partially compliant** **Explain** **Not applicable**

**Naturgy Energy Group, S.A. and subsidiaries
2023**

The Lead Director is attributed all the recommended functions (chairing the Board of Directors in the absence of the Chairman, echoing the concerns of the non-executive directors, coordinating the Chairman's succession plan, etc.) except that of investor relations.

Naturgy's Board pays special attention to investor relations issues, as reflected, among others, in art. 4 of its Regulations. In this line, the Company, within the framework of the new Strategic Plan, has made the alignment of interests between executives and shareholders a substantial axis of its actions. The Board has therefore decided to assign this function to the executive chairman, and within the Financial Markets Division, which reports directly to him, a specific Investor Relations unit has been created.

- 35. The Board Secretary should strive to ensure that the Board's actions and decisions take into account the good governance recommendations contained in the Good Governance Code of relevance to the Company.**

Compliant **Explain**

- 36. The Board in a plenary session should assess once a year, adopting, where necessary, an Action Plan to correct deficiencies identified in:**

The quality and efficiency of the Board's operation.

The performance and composition of its Committees.

The diversity of the composition and competence of the Board of Directors

e) The performance of the Chairman of the Board of Directors and the Company's Chief Executive.

f) The performance and contribution of each Director, with particular attention to the Chairmen of Board Committees.

The assessment of Board Committees should start from the reports they submit to the Board of Directors, while that of the Board itself should start from the report of the Appointments Committee.

Every three (3) years, the Board of Directors should engage an External Advisor to assist in the assessment process, whose independence should be verified by the Appointments Committee.

Any business relationships that the Consultant or any other company of its group maintains with the company or any company of its group must be detailed in the annual corporate governance report.

The process followed and areas assessed should be detailed in the annual corporate governance report.

Compliant **Partially compliant** **Explain** **Not applicable**

- 37. When there is an executive committee, there should be at least two nonexecutive members, at least one of whom should be independent; and its secretary should be the secretary of the board of directors.**

Compliant **Partially compliant** **Explain** **Not applicable**

38. The Board is kept informed at all times of the business addressed and resolutions made by the Executive Committee and that all Members of the Board receive a copy of the Minutes of the Executive Committee meetings.

Compliant Partially compliant Explain Not applicable

39. All members of the Audit and Control Committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters, both financial and non-financial.

Compliant Partially compliant Explain

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the Audit and Control Committee, to assure the correct functioning of the reporting and internal control systems. This unit should report functionally to the non-executive Chairman of the Audit and Control Committee.

Compliant Partially compliant Explain

The company considers it more appropriate that the functional dependence should be on the Audit and Control Committee as a whole and not on its Chairman, as the functions that make up this dependence apply to the Committee as a whole and not only to the Chairman.

It reports to the General Secretary for administrative and management purposes only.

41. The head of the unit handling the internal audit function should present an annual work programme to the Audit and Control Committee, for approval by this committee or the board, inform it directly of any incidents or scope limitations arising during its implementation, the results and monitoring of its recommendations, and submit an activities report at the end of each year.

Compliant Partially compliant Explain Not applicable

42. The Audit and Control Committee have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

a) Monitor and evaluate the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks related to the company and, where appropriate, to the group – including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption – reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or make a proposal for approval to the board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report irregularities of potential significance, including financial and accounting irregularities, or those of any other nature, related to the company, that they notice within the company or its group. This mechanism must guarantee confidentiality and enable communications to be made anonymously, respecting the rights of both the complainant and the accused party.

d) In general, ensure that the internal control policies and systems established are applied effectively in practice

2. With regard to the External Auditor:

a) In the event of resignation of the External Auditor, the Committee should investigate the issues giving rise to the resignation.

b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.

c) Ensure that the company notifies any change of external auditor through the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the External Auditor has a yearly meeting with the Board in plenary session to inform them of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant Partially compliant Explain

43. The Audit and Control Committee may call any of the Company's employees or managers, and also have them appear without the presence of any other executive.

Compliant Partially compliant Explain

44. The Audit and Control Committee should be informed on any structural or corporate operations that the Company is planning, so the Committee can analyse the same and report to the Board beforehand on its economic conditions and accounting impact, and, when applicable the exchange rate ratio proposed.

Compliant Partially compliant Explain Not applicable

45. The risk control and management policies should identify at least:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- b) A risk control and management model based on different levels, of which a specialised risk committee will form part when sector regulations provide or the company deems it appropriate.
- c) The level of risk that the company considers acceptable.
- d) The measures in place to mitigate the impact of identified risk events should they occur.
- e) The internal control and reporting systems to be used to control and manage the above risks, including the contingent liabilities and off-balance sheet risks.

Compliant Partially compliant Explain

46. That, under the direct supervision of the Audit and Control Committee or, as the case may be, of a specialised Committee of the Board of Directors, there is an internal function of control and risk management exercised by a unit or internal department of the company that has been assigned expressly the following functions:

- a) Ensure the proper functioning of the risk management and control systems and, in particular, that all important risks affecting the Company are identified, managed and quantified adequately.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems mitigate risks adequately within the framework of the policy defined by the Board of Directors.

Compliant Partially compliant Explain

47. Members of the Appointments and Remuneration Committee - or of the Appointments Committee and Remuneration Committee, if separately constituted - should have the right mix of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be Independent Directors.

Compliant Partially compliant Explain

48. Large cap companies should operate separately constituted Appointments Committees and Remuneration Committees.

Compliant Not applicable Explain

The Company considers that, at least in its case, it is neither necessary nor efficient to separate the powers of the Appointments and Remuneration Committee into two committees, one for Appointments and the other for Remuneration. The existence of a single committee in no way prejudices or limits the exercise of the powers granted by law to the Appointments and Remuneration Committee, which also allows the Company to optimise costs insofar as it avoids the accrual of additional remuneration to the directors called upon to form part of the two split committees. The Company considers that such a split could be counterproductive, as the presence of a significant number of independent directors on the Board Committees is relevant for the Company. Given the restrictions imposed by current legislation on the number of independent directors in application of the principle of proportional representation, the number of independent directors on the Board of Directors is currently 3. In order to have a significant number of independent directors on the two split committees, in addition to the Audit and Control Committee (where they must be a majority by law) and the Sustainability Committee, it would be necessary to impose on these directors an overload of work derived from a new committee.

49. The Appointments Committee should consult with the Chairman of the Board of Directors and Chief Executive Officer, especially on matters relating to Executive Directors.

When there are vacancies on the Board, any Director may approach the Appointments Committee to propose candidates they consider suitable.

Compliant Partially compliant Explain

50. The Remuneration Committee should operate independently and have the following functions in addition to those assigned by Law:

- a. **Propose to the Board of Directors the standard conditions for Senior Executive contracts.**
- b. **Monitor compliance with the remuneration policy set by the Company.**
- c. **Periodically review the remuneration policy for Directors and Senior Executives, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and Senior Executives to the Company.**
- d. **Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.**
- e. **Verify the information on remuneration of Directors and Senior Executives contained in the various corporate documents, including the Annual Report on Directors' Remuneration.**

Compliant Partially compliant Explain

51. The Remuneration Committee should consult with the Chairman of the Board of Directors and Chief Executive Officer, especially on matters relating to Executive Directors.

Compliant Partially compliant Explain

52. The terms of reference of supervision and control should be set out in the Board of Director's regulations and aligned with those governing legally mandatory Board Committees as specified in the preceding sets of recommendations. They should include at least the following terms:

- a. Committees should be formed exclusively by non-executive Directors, with a majority of Independent Directors.
- b. Committees should be chaired by an Independent Director.
- c. The Board should appoint the members of such committees with regard to the knowledge, skills and experience of its Directors and each Committee's terms of reference; discuss their proposals and reports; and provide report backs on their activities and work at the first board plenary following each committee meeting.
- d. They may engage external advice, when they feel it necessary for the discharge of their functions.
- e. Meeting proceedings should be recorded/notified in the Minutes and a copy made available to all Board Members.

Compliant Partially compliant Explain Not applicable

53. The task of supervising compliance with the policies and rules of the company in the environmental, social and corporate governance areas, and internal rules of conduct, should be assigned to one board committee or split between several, which could be the Audit and Control Committee, the nomination committee, a committee specialised in sustainability or corporate social responsibility, or a dedicated committee established by the board under its powers of selforganisation. Such a committee should be made up solely of non-executive directors, the majority being independent and specifically assigned the following minimum functions.

Compliant Partially compliant Explain

The shareholding structure of the Company, the significant reduction of the free float, and the exercise by significant shareholders of their right to proportional representation, has led to a reduction in the number of independent directors from 5 to 3 and has made it necessary to reconfigure the composition of the specialised committees.

All the committees are chaired by an independent director, although, unless legally obliged to do so, there is no majority presence of independent directors so as not to overburden them by having them sit on more than two committees at the same time.

54. The minimum functions referred to in the previous recommendation are as follows:

- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules, and ensure that the corporate culture is aligned with its purpose and values.
- b) Monitor the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.

- c) Periodically evaluate the effectiveness of the company's corporate governance system and environmental and social policy, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
- d) Ensure the company's environmental and social practices are in accordance with the established strategy and policy.
- e) Monitor and evaluate the company's interaction with its stakeholder groups.

Compliant Partially compliant Explain

55. Environmental and social sustainability policies should identify and include at least.

- a) The principles, commitments, objectives and strategy regarding shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conducts.
- b) The methods or systems for monitoring compliance with policies, associated risks and their management.
- c) The mechanisms for supervising non-financial risk, including that related to ethical aspects and business conduct.
- d) Channels for stakeholder communication, participation and dialogue.
- e) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Compliant Partially compliant Explain

56. Directors' remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Compliant Explain

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Compliant Partially compliant Explain

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate their contribution to long-term value creation. This will ensure that the performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant Partially compliant Explain Not applicable

In setting the variable remuneration, the Board has considered it appropriate to combine variable remunerations with different time horizons and metrics: on the one hand, annual variable remuneration whose metrics, linked to operational objectives, respond to a classic incentive model, which fits with the limits and precaution set out in this recommendation. On the other hand, remuneration with a long-term horizon has been introduced (it expires in July 2023), which has now been aligned with the return the shareholder would receive, and therefore does not tally exactly with the more traditional models of remuneration. The Board considers that, in the long term, the best and simplest metric of the performance of the Executive Chairman is the one referring to dividends distributed and changes to the share price.

59. The payment of the variable components of remuneration is subject to sufficient verification that previously established performance, or other, conditions have been effectively met. Entities should include in their annual directors' remuneration report the criteria relating to the time required and methods for such verification, depending on the nature and characteristics of each variable component.

Additionally, entities should consider establishing a reduction clause ('malus') based on deferral for a sufficient period of the payment of part of the variable components that implies total or partial loss of this remuneration in the event that prior to the time of payment an event occurs that makes this advisable.

Compliant Partially compliant Explain Not applicable

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Compliant Partially compliant Explain Not applicable

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Compliant Partially compliant Explain Not applicable

62. Following the award of shares, options or financial instruments corresponding to the remuneration schemes, executive directors should not be able to transfer their ownership or exercise them until a period of at least three years has elapsed.

Except for the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to the shares that the director needs to dispose of to meet the costs related to their acquisition or, upon favourable assessment of the nomination and remuneration committee to address an extraordinary situation.

Compliant Partially compliant Explain Not applicable

The long-term incentive applicable to the Executive Chairman and other relevant executives of the Company brings into line the interest of the executives with those of the shareholders through a mechanism that contemplates a deferral in the payment of the incentive more than five (5) years after its approval. Accordingly, it is unnecessary to introduce an additional period of limitation to the transfer of shares when the plan expires and the shares are handed over.

63. Contractual arrangements should include provision that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Compliant Partially compliant Explain Not applicable

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

For the purposes of this recommendation, payments for contractual termination include any payments whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship that linked the director with the company, including previously unconsolidated amounts for long-term savings schemes and the amounts paid under post-contractual non-compete agreements.

Compliant Partially compliant Explain Not applicable

**Naturgy Energy Group, S.A. and subsidiaries
2023**

The severance payment respects the above-mentioned recommendation of two annual payments on the total annual remuneration (total fixed remuneration, annual variable remuneration and multi-year variable remuneration in the terms detailed in the annual remuneration report).

On the other hand, the executive chairman would additionally be entitled to non-competition compensation, which is of a different legal nature from the contract termination payment, as it is a consideration for the post-contractual non-competition pact that he assumes. The amount of this compensation is one year of the total fixed remuneration.

H. OTHER INFORMATION OF INTEREST

1. If there is any other relevant aspect in corporate governance in the company or in the group companies which has not been included in the rest of the sections of this report, but which it was necessary to include to show more complete and reasoned information on the governance structure and practices in the company or its group, briefly indicate them here.
2. In this section, you may include any information or clarification with regard to the previous sections of this report to the extent that they are relevant and non-repetitive.

More specifically, indicate whether your company is subject to any corporate governance legislation other than Spanish law, and if so, include any information that is mandatory and different from that requested herein.

3. The Company will also be able to indicate if it has voluntarily subscribed to other codes of ethical principles or good practices, at international or sector level, or in any other field. In that case, indicate the code in question and the date it was subscribed to. In particular, mention whether there has been adherence to the Code of Good Tax Practices of 20 July 2010.

The Board of Directors, at its meeting held on 17 September 2010, agreed on NATURGY's adherence to the Code of Good Tax Practices. In accordance with the provisions of the aforementioned Code, it is expressly stated that Naturgy has effectively complied with the contents thereof and, in particular, that at the meeting held on 14 February 2023, the Board was informed, through the Audit and Control Committee, of the tax situation and policies followed by the Group during the 2022 financial year.

Likewise, the Board of Directors, at its meeting of 29 January 2019 and with the favourable report of the Audit Committee, approved the Tax Strategy and Tax Risk Control and Management Policy, which regulates the basic principles that should guide NATURGY's tax function, as well as the main lines of action to mitigate and guide the correct control of tax risks.

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on 26 February 2024.

Please indicate whether any Directors have voted against or abstained from the approval of this report.

Yes No

Name and Company Name of the Members of the Board that have voted against approving this report.

Reasons (against, abstention, non-attendance)

Explain the reasons



Naturgy Energy Group, S.A.

Auditor's Report on the "Internal Control over
Financial Reporting (ICOFR) Information" of Naturgy
Energy Group, S.A. for 2023

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



KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Auditor's Report on the "Internal Control over Financial Reporting (ICOFR) Information" of Naturgy Energy Group, S.A. for 2023

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

To the Directors of Naturgy Energy Group, S.A.

As requested by the Board of Directors of Naturgy Energy Group, S.A. (the "Company") and in accordance with our proposal letter dated 1 October 2023, we have applied certain procedures to the "ICOFR disclosures" attached in the Directors' Report of Naturgy Energy Group, S.A. for 2023, which summarises the Entity's internal control procedures for annual financial reporting.

The Board of Directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the ICOFR information attached hereto.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Entity in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Entity's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures on the Entity's annual accounts. Consequently, the scope of our evaluation of internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the effectiveness of this internal control over regulated annual financial reporting.



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

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the *Guidelines for preparing the auditor's report on the information on the system of internal control over financial reporting of listed companies*, published on the website of the Spanish National Securities Market Commission (CNMV), which define the work to be performed, the minimum scope thereof and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on the effectiveness thereof, nor on its design or operating effectiveness, with respect to the Entity's annual financial reporting for 2023 described in the ICOFR information attached hereto. Consequently, had additional procedures been applied other than those established in the aforementioned Guidelines, or had an audit or a review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

As this special work did not constitute an audit of accounts and is not subject to current legislation regulating the audit of accounts in Spain, we do not express an audit opinion under the terms provided in such legislation.

The procedures applied were as follows:

1. Reading and understanding of the information prepared by the Company regarding ICOFR and an evaluation of whether this information meets all the minimum reporting requirements, taking into account the minimum content described in section F, on the description of ICOFR, of the ACGR template provided in CNMV Circular 5/2013 of 12 June 2013, subsequently amended by CNMV Circular 7/2015 of 22 December 2015, CNMV Circular 2/2018 of 12 June 2018, CNMV Circular 1/2020 of 6 October 2020 and CNMV Circular 3/2021 of 28 September 2021.
2. Inquiries of the personnel responsible for drawing up the information detailed in point 1 above in order to: (i) obtain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the entity.
3. Review of the explanatory documentation supporting the information detailed in point 1 above, primarily including documents made directly available to those responsible for preparing the description of the ICOFR system. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the Audit and Control Committee.
4. Comparison of the information detailed in point 1 above with the understanding of the entity's ICOFR obtained as a result of the procedures performed within the framework of the audit work on the annual accounts for the year ended 31 December 2023.
5. Reading of the minutes taken at meetings of the board of directors, Audit and Control Committee and other committees of the entity for the purpose of assessing the consistency of the matters discussed at those meetings in relation to ICOFR with the information detailed in point 1 above.
6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and authorising the information detailed in point 1 above.



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

As a result of the procedures applied to the ICOFR information, no inconsistencies or incidents have been detected that could affect it.

This report has been prepared exclusively within the context of the requirements laid down in article 540 of the Revised Spanish Companies Act and in the CNMV Circulars for the purposes of the description of ICOFR in annual corporate governance reports.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Eduardo González Fernández

27 February 2024