



**PROPOSALS AND REPORT PREPARED BY THE BOARD OF DIRECTORS  
OF ENAGÁS, S.A. PURSUANT TO ARTICLE 529 (DECIES) OF THE  
CONSOLIDATED TEXT OF THE CORPORATE ENTERPRISES ACT  
JUSTIFYING THE PROPOSED RESOLUTION TO RE-ELECT THE  
DIRECTORS NAMED IN ITEM 5 OF THE AGENDA**

## **1. Introduction**

Pursuant to article 518 e) of the Consolidated Text of the Corporate Enterprises Act, when issuing a call notice to the general meeting and when appointing, ratifying or re-electing Directors, companies shall include the identity, CV and position of each Director, in addition to the proposed resolution and reports mentioned in article 529 decies.

Pursuant to article 529 decies of the Consolidated Text of the Corporate Enterprises Act, the Appointments and Remunerations Committee shall be responsible for proposing all appointments and re-elections of members of the Board of Directors in the case of Independent Directors, while the Board itself shall be responsible for proposing all other appointments and re-elections. The proposal shall always be accompanied by a report from the Board justifying the competencies, experience and merits of the proposed candidate. This report shall be attached to the minutes of the General Meeting or of the Board. All proposed appointments or re-elections of non-Independent Directors shall also be subject to a report from the Appointments and Remuneration Committee.

Pursuant to article 529 quinquedecies, the Appointments and Remuneration Committee shall, inter alia, formulate proposals for the Board of Directors for appointing Independent Directors in order for them to be designated by the method of co-option or to be subject to the decisions of the General Meeting of Shareholders, along with proposals for the re-election or removal of those Directors by the General Meeting of Shareholders. The Committee shall also report on the proposed appointments, re-elections or removal of the remaining Directors.

The Board of Directors has agreed to call a General Shareholders' Meeting for 26 March 2015 at first call and for 27 March 2015 at second call. Item five of the agenda shall include the following proposed resolutions:

5. To ratify, appoint or re-elect members of the Board of Directors. The following proposals shall be put to vote separately:
  - 5.1.- To re-elect Sultan Hamed Khamis Al Burtamani as Director for the four-year term provided for in the Articles of Association. Mr Al Burtamani is a Proprietary Director.
  - 5.2.- To re-elect Luis Javier Navarro Vigil as Director for the four-year period provided for in Articles of Association. Mr Navarro is an Other External Director.

At its meeting on 4 February 2015, the Appointments, Remuneration and Corporate Social Responsibility Committee of Enagás, S.A., drew up its proposals for Independent Directors and reported on the proposed re-election of other Directors.

The Committee's report is made available to the shareholders together with this one from the Board.

## **2.- Board Report.**

For the indicated purposes, the Board approves and agrees to make this report, which justifies the proposals for re-electing Directors, available to the shareholders.

On the occasion of this General Meeting, the four-year terms of office provided for in the Articles of Association of Directors Mr Sultan Hamed Khamis Al Burtamani, Mr Luis Javier Navarro Vigil and Mr Jesús David Álvarez Mezquiriz are due to expire.

### **Re-election of Mr Sultan Hamed Khamis Al Burtamani as Proprietary Director**

Pursuant to a favourable report by the Appointments, Remuneration and Corporate Responsibility Committee, the Board proposes the re-election of Mr Sultan Hamed Khamis Al Burtamani as Director for another four-year term as set forth in the Articles of Association.

Mr Al Burtamani is a Proprietary Director proposed by the shareholder of Oman Oil Holdings Spain, SLU, a single-shareholder company, which company has proposed his re-election.

Mr Al Burtamani holds the post of "Head of Midstream and Power" at Oman Oil Company S.A.O.C. He possesses extensive experience in the areas of asset management, business development, due diligence procedures and finance. At his post, he is in charge of managing equity investments and developing business opportunities for Oman Oil in the energy infrastructure and transport sector ("midstream"). Prior to joining Oman Oil, Mr Al Burtamani was a senior analyst at the Gulf Organization for Industrial Consulting (GOIC) based in Qatar.

He has been a member of the Board of Directors at Enagás since 2011 and is a Director of Oiltanking Od fjell Terminal & Co.

He holds a degree in Finance and Economics from Sultan Qaboos University in Oman and holds a diploma in Islamic Finance.

The Board and the Appointments, Remuneration and Corporate Responsibility Committee, highly value the performance of Mr. Al Burtamani in exercising his functions in the course of his first term of office, and, notwithstanding his being a Proprietary Director, consider his contributions to the Board - the diversity of which is enhanced by his nationality - to be of great value in the area of international business.

### **Re-election of Mr Luis Javier Navarro Vigil as Non-Executive Director**

Pursuant to a favourable report by the Appointments, Remuneration and Corporate Responsibility Committee, the Board proposes the re-election of Mr Luis Javier Navarro Vigil as Director for another four-year term as set forth in the Articles of Association.

Mr. Luis Javier Navarro Vigil is a Non-Executive Director. In 2002 he was appointed to the Board of Directors of the Company in the capacity of "Proprietary Director" as proposed by then-core shareholder BP España, S.A. When BP España ceased to be a shareholder of Enagás in 2006, Mr. Navarro Vigil was made Other External Director, a post he has held at the Company until the present.

Mr Navarro is a Director (as proposed by Enagás, S.A.) of TLA, S. DE R.L.- MÉXICO and of TLA SERVICIOS. He is a member of the Jury of the Princess of Asturias Awards; of the Board of Trustees of Comillas Pontifical University ICAI; of the Executive Committee of the *Hispano-Británica* Foundation; of the Jury of the *Premios Rey Jaime I* awards; of the Board of Trustees of Queen Sofía College of Music and a member of the Albéniz Foundation and a founding member of the *Círculo de Confianza* forum. He is an Officer of the Order of the British Empire.

Mr Navarro has formerly held the posts of Chairman of the Board of BP España, S.A., and Member of the Board of Directors at E.ON España, S.A. and E.ON Renovables, S.A.

He holds a master's degree in Industrial Engineering from the University of Columbia (New York).

The Board and the Appointments, Remuneration and Corporate Responsibility Committee, highly value the performance of Mr. Navarro, since his incorporation in the Board, in exercising his functions at his post and consider his international and specific experience in the energy sector to be a valuable contribution to the Board in the Company's current phase and are therefore proposing his re-election to the General Meeting.

#### **Expiry of the term of Mr Jesús David Álvarez Mezquíriz as Independent Director.**

On the occasion of this General Meeting, the term of office of Independent Director Jesús David Álvarez Mezquíriz is due to expire. On 25 April 2015 it will have been twelve years since Mr. Álvarez Mezquíriz was first appointed as Independent Director. The Appointments, Remuneration and Corporate Responsibility Committee has therefore proposed not to proceed with his re-election insofar as he is no longer eligible for the post of Independent Director. This is without prejudice to the excellent job Mr Alvarez Mezquíriz has done at his post and the Company's gratitude for his work. The Board of Directors has adopted the Committee's proposal as its own.

As regards the vacancy arising with the lapse of Mr Alvarez Mezquíriz's term of office, in not covering this vacancy, the Committee has interpreted it as an opportunity to reduce the size of the Board of Directors to an even greater extent than the recommendations of good corporate governance, the characteristics of the Company and the practice at other, comparable companies would dictate. The Board of Directors has adopted this proposal of the Committee as its own, and, accordingly under item 6.3 of the Agenda of the General Meeting, proposes the amendment of Article 35 of the Articles of Association, among others, for the purpose of reducing the maximum number of members of the Board of Directors from 15 to 14.

#### **Board structure**

In the wake of the proposed appointments and the attendant amendment to Article 35 of the Articles of Association, the Board will be reduced in size while maintaining an ample majority of independent members. Of its 14 members, 8 will be Independent Directors, while the number of women on Board will remain at 3, and these women will moreover exercise important functions within the Board. Ms Isabel Tocino Biscarolasaga is Chairwoman of the Appointments, Remuneration and Corporate Responsibility Committee. Ms Ana Palacio Vallelersundi is Lead

Independent Director and Ms Rosa Rodriguez Díaz is a member of the Auditing and Compliance Committee.

Since 2012, the Company has separated the posts of Chairman of the Board of Directors and Chief Executive Officer and since 2010 it boasts a Lead Independent Director, the post held by Ms Ana Palacio Vallelersundi, providing an additional guarantee that the the Board is functioning properly.

**The adoption of the following resolutions are proposed to the Ordinary General Shareholders' Meeting and shall be subject to separate votes:**

- "5.1.- To re-elect Sultan Hamed Khamis Al Burtamani as Director for the four-year period provided for in the Articles of Association. Mr Al Burtamani is a Proprietary Director.
- 5.2.- To re-elect Luis Javier Navarro Vigil as Director for the four-year period provided for in the Articles of Association. Mr Navarro is a Non-Executive Director.

**Additionally, the following proposed resolutions are laid before the Ordinary General Shareholders' Meeting:**

- the amendment of article 35 of the Articles of Association for the purpose of reducing the maximum number of members of the Board of Directors from 15 to 14.

And for all appropriate legal reasons, the Company's Board of Directors prepares this report at its meeting held on 23 February 2015.

Secretary of the Board of Directors  
Rafael Piqueras Bautista  
**Enagás, S.A**