



**REPORT PREPARED BY THE APPOINTMENTS, REMUNERATIONS AND CORPORATE RESPONSIBILITY COMMITTEE OF ENAGÁS, S.A. PURSUANT TO ARTICLE 529 (DECIES) AND 529 (QUINQUEDECIES) OF THE CONSOLIDATED TEXT OF THE SPANISH CORPORATE ENTERPRISES ACT JUSTIFYING THE PROPOSED RESOLUTION TO RE-ELECT THE DIRECTORS NAMED IN ITEM 5 OF THE AGENDA OF THE GENERAL SHAREHOLDERS' MEETING AND OTHER PROPOSED RESOLUTIONS**

## **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 Independent Directors of the Board of 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 Shareholders' Meeting, along with proposals for the re-election or removal of those Directors by the General Shareholders' Meeting. The Committee shall also report on the proposed appointments, re-elections or removal of all other Directors.

The Board of Directors intends 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 voted on 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 classified as a Proprietary Director.
  - 5.2.- To re-elect Mr. Luis Javier Navarro Vigil as Director for the four-year period provided for in Articles of Association. Mr. Navarro is classified as Other External Director.

At its meeting on 4 February 2015, the Appointments, Remuneration and Corporate Responsibility Committee of Enagás, S.A., drew up its proposals for Independent Directors and reported on the proposed re-election of other Directors. The Board shall make available to all shareholders the report referred to in article 529 decies.

## **2.- Proposals and Report of the Appointments, Remuneration and Corporate Responsibility Committee.**

For the purposes indicated, the Committee approves the report justifying the proposed re-election of Directors and requests that the Board make it available to all shareholders when the General Shareholders' Meeting is called.

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

### **Report on the proposed re-election of Sultan Hamed Khamis Al Burtamani as Proprietary Director**

The Appointments, Remuneration and Corporate Responsibility Committee issues a favourable report on the re-election of 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 Oman Oil Holdings Spain, SLU, a single-shareholder company, which 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 Odfjell Terminal & Co.

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

The Appointments, Remuneration and Corporate Responsibility Committee highly values 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. It therefore issues a favourable report on the proposed re-election.

### **Report on the proposed re-election of Mr. Luis Javier Navarro Vigil as Other External Director**

The Appointments, Remuneration and Corporate Responsibility Committee issues a favourable report on 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 an Other External Director. In 2002, he was appointed to the Board of Directors 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 named 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 Prince of Asturias Awards; of the Board of Trustees of Comillas Pontifical University ICAI; of the Executive Committee of the Hispano-Británico Foundation; of the Jury of the Rey Jaime I awards; of the Board of Trustees of Queen Sofia College of Music and a member of the Albéniz Foundation and a founding member of the Círculo de Confianza forum. He is also an Officer of the Order of the British Empire.

**Comentario [A1]:** Habría que cambiarlo a Princess of Asturias ¿no?

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 Appointments, Remuneration and Corporate Responsibility Committee highly values the performance of Mr. Navarro since joining the Board as well as his previous performance as Chairman and Member of the Audit and Compliance Committee and his current performance as a member of the Appointments, Remuneration and Corporate Responsibility Committee. The Committee considers his international experience, particularly in the energy sector, to be a valuable contribution to the Board given the Company's current phase and therefore issues a favourable report on his re-election.

#### **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 12 years since Mr. Álvarez Mezquíriz was first appointed as Independent Director. The Appointments, Remuneration and Corporate Responsibility Committee therefore proposes not to proceed with his re-election insofar as he will no longer be 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. Mr. Álvarez Mezquíriz, Committee member, abstained from debating and voting on this item but informed the Committee that he fully agreed with the decision not to proceed with his re-election given that his term of office as Independent Director has expired.

As regards the vacancy arising with the lapse of Mr. Alvarez Mezquíriz's term of office, in not covering this vacancy, the Committee interprets 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. Therefore, the Committee proposes to the Board that the vacancy left by the departure of Independent Director, Mr. Álvarez Mezquitica not be filled. As such, the Committee proposes that the Board include on the agenda for the forthcoming General Shareholders' Meeting, the amendment of article 35 of the Articles of Association to reduce from 15 to 14 the maximum number of members of the Board of Directors.

## 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. Isabel Tocino Biscalorasaga is Chair of the Appointments, Remuneration and Corporate Responsibility Committee. Ana Palacio Vallelersundi is Lead Independent Director and 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 Ana Palacio Vallelersundi, providing an additional guarantee that the the Board is functioning properly.

For the above reasons, the Appointments, Remuneration and Corporate Responsibility Committee proposes not to re-elect Jesús David Álvarez Mezquiriz and to leave his position vacant. The Committee proposes to the Board the amendment of article 35 of the Articles of Association to reduce from 15 to 14 the maximum number of members of the Board of Directors.

It has also produced a favourable report for the forthcoming General Shareholders' Meeting on the following proposals:

- "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 classified as a Proprietary Director."
- "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."

For all appropriate legal reasons, the Appointments, Remuneration and Corporate Responsibility Committee, prepared this report at its meeting on 4 February 2015.

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