



REPORT BY THE BOARD OF DIRECTORS TO THE GENERAL MEETING OF SHAREHOLDERS OF ENAGÁS, S.A. ON THE AMENDMENT OF THE RULES AND REGULATIONS ON THE ORGANISATION AND FUNCTIONING OF THE BOARD OF DIRECTORS

1. Introduction and rationale

Pursuant to Article 528 of the Amended Corporate Enterprises Act ("**Corporate Enterprises Act**" or "**LSC**"), this report, which will be made available to the shareholders of the Company at the time of the convening of the Ordinary General Meeting of the Board of Directors, explains the scope and content of the amendment to the Regulations of the Organisation and Functioning of the Board of Directors of Enagás, S.A. ("**Rules and Regulations of the Board of Directors**" or "**Board Rules and Regulations**") which, at the proposal of the Audit and Control Committee and the Appointments the Remuneration and Corporate Social Responsibility Committee, were approved by the Board at its 23 February 2015 meeting.

The purpose of this amendment is to adapt the articles of the Rules and Regulations to the legislative report introduced by Law 31/2014 of 3 December amending the Corporate Enterprise Act to improve corporate governance ("**Law 31/2014**").

In light of the foregoing, the amendments are as follows:

- Articles 3 ("Quantitative and Qualitative Composition") and 9 ("Appointment of Independent Directors") are brought up to date in order to adapt the definition of internal or executive director and of independent director to the categories of directors contained in article 529 duodecies of the LSC;
- The duties of the Board of Directors set out in article 5 ("Duties of the Board of Directors") are rounded out with the additional duties that articles 249 bis and 529 ter of the LSC have established as powers of the Board of Directors that may not be delegated, while certain amendments to article 5 are included in order to strengthen given duties of the Board;
- Article 6 ("Meetings of the Board of Directors") is amended to include the provisions set forth in article 529 quinquies of the LSC on the information to be provided to directors for deliberating on and adopting resolutions;
- The terms of article 7 ("Board proceedings") are brought into line with article 529 quáter of the LSC on directors' obligation to attend Board meetings and on the granting of proxy to other directors, along with the elimination of the ceiling on the number of proxies that directors may have;
- Articles 8 ("Appointment of directors"), 10 ("Tenure and co-option") and 11 ("Re-election of directors") that set out the appointment requirements, tenure and co-option and the re-election of directors in accordance with articles 529 decies and 529 undecies of the LSC are amended, including the programmatic

rule set forth in article 529 bis.2 of the LSC, which recognises the importance of a Board diverse in terms of gender, experience and knowledge;

- The duties of directors with regard to articles 225 through 229 of the LSC (Article 13, "Directors' Duties") are brought up to date, and the obligation of a natural person representative of a body corporate director to fulfil the same duties as the remaining directors, and this representative's joint-and-several liability with the body corporate director, in accordance with new article 236.5 of the LSC, is included. In addition, the prior content of article 14 ("Uses of Company information and assets") is eliminated, given that this content, once amended, was included in article 13, as were the rules regarding the mandatory nature and the exemption of the duty of loyalty in accordance with article 230 of the LSC, now named article 14 ("Mandatory nature and exemption of the duty of loyalty ");
- Article 14.bis ("Related party transactions") is adapted to the provisions of LSC article 529 ter h) for the approval of related party transactions, with the obligation to prepare the report prior to the approval by the Board of Appointments, Remuneration and Corporate Responsibility Committee having been transferred to the Audit and Compliance Committee, as set forth, in principle, in the LSC;
- The contents of Article 16 ("Director remuneration") is amended and completed to incorporate the new updates introduced by Articles 217 and 529 sexdecies to novodecies of the LSC. In addition, a new Article 19 bis ("Executive Director contract") is added to include the obligation established by Article 249, sections 3 and 4 of the LSC, for a contract to be entered into between the Company and a Chief Executive Officer, or a Director with executive functions, which is to include all concepts for which he/she may obtain remuneration for carrying out executive functions;
- For the role of the Lead Independent Director, which is already envisioned by the Company, only Article 18 ("The Lead Independent Director") is amended, with the mandatory nature of the post having been added as well as the requirements on the appointment of such a Director whenever the Chairman is a Director, as stipulated in Article 529 septies of the LSC;
- Article 20 ("The Secretary of the Board") already basically included the duties of the secretary established in LSC article 529 octies. Therefore, the only changes are in the wording of the article in order for it to fully conform to the LSC; in addition, in line with LSC 529 octies, article 21 ("The Deputy Secretary of the Board") is amended to add the obligation for the Appointments, Remuneration and Corporate Responsibility Committee to issue a prior report for the appointment or removal of the deputy secretary;
- The title of chapter five ("Delegation of powers and special committees") was changed to "Special committees", and article 24 ("the Executive Committee") was amended, whereas the delegation of powers is set forth in prior articles of the Code;
- Articles 25 ("The Appointments, Remuneration and Corporate Responsibility Committee") and 26 ("The Audit and Compliance Committee") are brought into line with the provisions on said committees in LSC articles 529 quidecies and 529 quaterdecies, in order to set out not only any additional functions that they might have but also those that the LSC now attributes to them; and

- Article 27 ("Shareholder relations") is amended in order to adapt the references to articles 61.bis and 61.ter of the Securities Market Act, now repealed, to the new articles 540 and 541, respectively, of the LSC.

2. Complete text of the amendment

The complete text of the amended articles is given below.

"ARTICLE 3.- QUANTITATIVE AND QUALITATIVE COMPOSITION

1.- *Within the minimum and maximum limits set forth under article 35 of the Company's current bylaws, notwithstanding the powers of proposal enjoyed by shareholders, the Board of Directors shall propose to the General Shareholders' Meeting the number of directors that at each stage it deems appropriate in the interest of the company. The General Shareholders' Meeting shall decide on the final number.*

2. *The Board of Directors shall be composed of directors that belong to the categories stated below:*

a) *Internal or Executive Directors: directors who perform senior management functions at the Company or its Group, whatever the legal connection they may have with it.*

If a director performs management functions and, at the same time, is or represents a significant shareholder or one that is represented on the Board of Directors, he/she shall be considered internal or executive for purposes of the present Regulations.

No more than 20% of the total number of members of the Board of Directors may belong to this category.

b) *External or Non-Executive Directors: These directors shall in turn fall into three categories:*

b1) *Proprietary directors: directors who hold a shareholding interest equal to or greater than that which is considered significant under the law or have been appointed on account of their status as shareholders, even if their shareholding is less than said amount, as well as those who represent said shareholders.*

b2) *Independent Directors: directors of acknowledged professional prestige who are able to contribute their experience and knowledge to corporate governance and who, since they do not belong to either of the two preceding categories, meet the conditions set forth under article 9 of the present Regulations. The number of independent directors shall represent at least one third of all directors.*

b3) *Other External Directors: external directors who are not proprietary directors and cannot be classified as independent directors in accordance with article 9 of the present Regulations.*

In exercising its powers of co-option and proposal to the General Shareholders' Meeting to fill vacancies, the Board of Directors shall endeavour

to ensure that, within the composition of the body, independent directors represent a broad majority over executive directors and that among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company's capital.

The following cannot be Directors or, if applicable, natural-person representatives of a body-corporate Director:

- a) Natural persons or bodies corporate who hold the post of director in more than 5 (five) companies whose shares are admitted to trading on national or foreign markets.*
- b) Natural or legal persons whose circumstances render them incompatible or prohibited from serving on the board under any of the general provisions in law, including those persons who in any manner have interests that run contrary to those of the Company or its Group.*
- c) Directorships may not be exercised by natural persons or bodies-corporate that exercise control or rights in a company carrying out functions of production or sale of natural gas, or by any other natural persons or bodies-corporate the presence of whom or which on the Board, pursuant to the legislation applicable to the hydrocarbons sector, may affect the Company's status as technical transmission operator."*

"ARTICLE 5.- FUNCTIONS OF THE BOARD OF DIRECTORS

It falls to the Board of Directors to perform all acts of management, representation and supervision that may be required or expedient for the attainment of the objects stipulated in the Memorandum and Articles of Association, within the framework of the law, the Articles of Association and of these Rules and Regulations.

Specifically, in addition to the other duties that may be entrusted to it by law or in the bylaws, it will have those indicated in sections A), B), C) and D) of article 5:

The duties of the Board may be delegated, except those which according to the law or the bylaws may not be delegated.

A) Powers and duties relating to the organisation and functioning of the Board and of the Company:

- 1.- To act as the organ representing the Company on the terms prescribed by law and stipulated by the Memorandum and Articles of Association.*
- 2.- To fill Board vacancies by co-option.*
- 3.- To accept Directors' resignations.*
- 4.- To appoint and remove the Chairman, Coordinating Independent Director, Managing Director, Secretary and Deputy Secretary of the Board.*

5.- *To delegate powers and duties to any Director(s) and revoke such delegation in conformity with the law and the Articles of Association.*

6.- *To appoint and remove the Directors who are to sit on the various Committees provided for in these Rules and Regulations, and the chairmen of such Committees.*

6 bis. *Supervision of the effective functioning of any Committees that it has set up and of the actions of the executive bodies and Managers that it has appointed.*

7.- *Decisions concerning the remuneration of Directors for belonging to the Board of Directors and its Committees, within the framework of the Articles of Association, and, if applicable, under the remunerations policy approved by the General Meeting.*

To approve the additional remuneration due to Executive Directors in consideration of their executive functions and the rest of terms to which regard must be had under their contracts.

8.- *To regulate its own organisation and functioning and, in particular, to adopt the Rules and Regulations of the Board and the Rules and Regulations of Board Committees, and adapt and amend such provisions when required.*

9.- *To draft and adopt the Internal Code of Conduct.*

10.- *To consider and, where appropriate, authorise or establish exemptions regarding the actions referred to in articles 14 and 14 bis of the Regulations and the Internal Code of Conduct.*

11.- *To lay down, on the proposal of the Appointments, Remuneration and Corporate Responsibility Committee, the general policy regarding the guidelines relating to the nomination, selection, promotion and dismissal of senior managers, and the criteria governing remuneration policy, in order to ensure that the Company has highly qualified staff fit for administering its business at all times.*

12.- *To approve, upon receiving a proposal from the Company's chief executive, the appointment and, if applicable, removal of managers who report directly to the Board of Directors or to one of its members, and the establishment of the basic terms of their contracts including their remuneration and, if applicable, compensation clauses.*

13.- *To frame the corporate governance policy of the Company and its Group.*

14.- *To evaluate the following in a plenary session once a year:*

- a) *The quality and efficiency of the Board's operation;*
- b) *The performance of the Chairman of the Board and the chief executive of the Company on the basis of the report to be submitted to it by the Appointments, Remuneration and Corporate Responsibility Committee.*
- c) *The performance of its committees on the basis of the reports furnished by the same.*

The result of the assessment will be recorded in the minutes of the meeting or incorporated into them as an appendix.

On the basis of the results of the assessment, the Board will propose an action plan to correct the identified deficiencies.

15.- The issuance of any type of report the Board of Directors is required by law to submit, if the operation to which the report refers cannot be delegated.

16.- Convening the General Shareholders' Meeting and drafting the Agenda and the proposed resolutions.

17. Determining policy concerning the Company's own shares or equity holdings.

B) Powers and duties relating to the management of the Company:

1.- To exercise the powers that the General Shareholders' Meeting has granted to the Board of Directors, powers which may be delegated only with the prior express agreement of the General Shareholders' Meeting.

2.- To define, at the proposal of Senior Management, the Company's general policies and strategies, as well as to monitor the fulfilment of those policies and strategies.

In particular, the Board of Directors is responsible for adopting the Company's strategic plan and annual budgets; its investment and financing policy; its corporate social responsibility policy; and its dividends policy, and for determining the structural design of the group of companies.

Also within the area of responsibility of the Board of Administrators are the determination of the Company's tax strategy and of its risk control and management policy, including regarding tax risks, and the oversight of its internal information and control systems.

3.- To incorporate new companies and approve participation in existing companies when an investment higher than three million euros is required.

4.- To approve operations consisting of mergers, mergers by absorption, de-mergers, changes of corporate form or business combinations in which any of the direct investees of Enagás, S.A. are interested.

5.- To launch public bids for shares and other securities, seek authority from the General Meeting for operations consisting of mergers, mergers by absorption, de-mergers, changes of corporate form or business combinations involving Enagás, S.A., and any other transaction entailing structural alterations to the Company, such as the hiving-off to subsidiaries of core activities hitherto carried on by the Company, acquisition and sale of core operating assets where such transaction effectively involves a change to the Company's objects, and transactions of an effect equivalent to liquidation of the Company.

6.- To approve the sale ownership interests in companies or other fixed assets with a value above three million euros or, in the case of a lower amount, the acquisition of share capital and fixed assets that has been approved by the Board of Directors, provided that this does not entail a change in the structure of the company.

7.- To approve investments or transactions of any kind that, on account of the large amounts involved or special characteristics, are strategic in nature or pose particular taxation risks, unless this is the responsibility of the General Meeting;

8.- To approve investment proposals the value of which exceeds three million euros.

9.- To issue series of promissory notes, bonds and similar securities of Enagás, S.A. or investees in which the Company holds a majority or a controlling interest.

10.- To stand as surety to secure obligations owed by entities not controlled by the Group.

11.- To assign rights in the trade name and trademarks, patents, technology and any form of intellectual or industrial property owned by Enagás, S.A. or Group companies and carrying economic significance.

12.- To create and oversee the management of employee pension plans and any other commitment to employees entailing long-term financial liabilities for the Company.

13.- To enter into agreements of a commercial, industrial or financial nature the amount or special characteristics of which mean that they are strategic for the Enagás Group.

14.- To approve the creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories qualifying under statute as tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Company and the Group.

C) Powers and duties relating to financial statements and external audit:

1.- To authorise for issue, in clear and precise terms facilitating comprehension of their contents, the individual and consolidated financial statements and the Directors' report, after obtaining the report issued by the Finance Department and the relevant report issued by the Audit and Compliance Committee, all appropriate clarifications having been made.

The Board of Directors shall see to it that the financial statements provide a true and fair view of the Company's equity, financial position and results of operations, in accordance with the law.

The Board of Directors is also responsible for submitting both the financial statements and the directors' Report to the General Meeting.

2.- To lay before the General Meeting a nomination for the role of accounts auditor of the Company on the proposal of the Audit and Compliance Committee and in fulfilment of these Rules and Regulations.

Except if otherwise indicated expressly in the minutes of proceedings, there shall operate a presumption that, before setting their hands to the authorisation for issue of the financial statements as required by law, the Directors have availed themselves of the information necessary for the performance of that act, whether directly or via the Audit and Compliance Committee. The Board may place on record any reservation it thinks fit with respect to the foregoing.

Upon authorising the financial statements for issue, the Board shall attend to any comments or recommendations submitted by the Audit and Compliance Committee in its prior report. If the financial statements depart from the prior report issued by the Audit and Compliance Committee, the Board of Directors shall provide an adequate explanation of the reasons for the discrepancy.

The Board of Directors shall endeavour to present the financial statements in such a way that there are no grounds for qualification from the Company's Accounts Auditor. However, if the Board of Directors determines that it must stand by a contrary view, it shall publicly explain the content and extent of the discrepancy.

D) Powers and duties relating to the securities market:

1.- The Board of Directors shall adopt and execute all acts and measures required to ensure transparency of the Company with regard to the financial markets, uphold the proper formation of prices for the Company's and its subsidiaries' shares, and perform all functions attending the Company's status as a listed company pursuant to current laws and regulations.

2.- To authorise the financial information which the Company must report on a regular basis by reason of its being a listed Company."

- **"ARTICLE 6.- MEETINGS OF THE BOARD OF DIRECTORS**

1.- The Board of Directors shall meet at least once every two months and, on the motion of the Chairman, whenever the Chairman thinks fit for the proper running of the Company.

A call must be issued when so requested by a majority of the Directors, as set forth in article 39 of the Bylaws.

Directors who represent at least one third of the members of the Board of Directors may call the meeting, stating its agenda, to be held in the locality where the registered office is located, if they have requested the Chairman to convene the meeting, and the meeting has not been called within one month without reasonable cause.

Except in cases of where the the Board has been constituted or has been convened exceptionally on account of urgent circumstances, the Directors must have the requisite information at their disposal

sufficiently in advance to be able to deliberate and adopt resolutions on the business to be transacted. The Chairman of the Board of Directors, in collaboration with the Secretary, must ensure that this obligation to provide information is fulfilled.

Ordinary meetings of the Board shall transact general business relating to the Group's performance, earnings, balance sheet, investments, the Company's cash position and how it compares to the adopted budget, the business referred to in article 5, if applicable, and the business listed on the agenda, to be drawn up pursuant to these Rules and Regulations.

At these regular meetings the Board shall receive timely information on the main operational achievements and difficulties and any foreseeable circumstances which may prove critical for the Company's affairs, and shall consider the course of action proposed by Company management in response.

- 2.- *Notices convening ordinary sessions shall be issued by the Chairman or the Secretary, or by the Deputy Chairman on order of the Chairman, may be effected by any channel, and shall specify the meeting venue and agenda. The Chairman shall call the Board to meet when so requested by the Coordinating Independent Director in accordance with article 18 of these Rules and Regulations.*

The notice of meeting, which other than in exceptional circumstances shall be issued at least three days in advance of the intended date of the meeting, shall contain all information and documents thought appropriate or relevant for Directors to be properly informed. Directors shall further be furnished with the minutes of the previous meeting, whether or not such minutes have been adopted.

The power to set the agenda of a meeting rests with the Chairman, but any Director may request in advance of the calling of such meeting that there be added to the agenda any items which in his/her view ought to be addressed by the Board.

The Board shall be properly constituted without need of prior notice if, all Directors being present in person or by proxy, the Directors unanimously consent to the holding of the meeting.

- 3.- *Board Meetings shall ordinarily be held at the registered office, but may also be held at any other venue determined by the Chairman of the Board and specified in the notice of meeting.*

- **"ARTICLE 7.- BOARD PROCEEDINGS**

1. *The Board of Directors shall be properly constituted when at least half its members plus one member are present in person or by proxy, except when the meeting has not been duly convened, in which case the attendance of all members is required.*
- 2.- *The Chairman shall moderate the proceedings, encouraging the active involvement of all Directors in the Board's deliberations and safeguarding their freedom to state their position and express their views.*

3. *The Directors must attend the meetings of the Board in person. Without prejudice to the foregoing, Directors may grant a proxy to another Director. Non-Executive Directors may grant a proxy only to other Non-Executive Directors. Proxies for the representation of absent Directors may be granted by any means, with a telegram or facsimile addressed to the Chairman or Secretary of the Board being valid.*

4.- *Resolutions shall be adopted with the vote in favour of an absolute majority of Directors present in person or by proxy.*

Votes may be cast in writing and in the absence of a meeting if no Director objects to such procedure and the requirements are satisfied of the Reglamento del Registro Mercantil [Spanish registrar of companies regulations].

5.- *When Directors or the Secretary express concerns about some proposal or, in the case of Directors, about the Company's performance, and such concerns are not resolved at the meeting, those concerns must be noted in the minutes upon demand by the person voicing them."*

- **"ARTICLE 8.- APPOINTMENT OF DIRECTORS**

1.- *Directors shall be appointed by the General Meeting or by the Board of Directors in conformity with the provisions of the Ley de Sociedades de Capital (Corporate Enterprise Act, "LSC") and the Company's Articles of Association.*

2.- *Candidates must be persons who, in addition to satisfying the legal and statutory requirements of the post, have acknowledged prestige and appropriate professional knowledge and experience to perform their tasks..*

The Appointments, Remuneration and Social Corporate Responsibility Committee is responsible for proposing the appointment of Independent Directors.

The proposals for the appointment or re-election of Non-independent Directors which the Board of Directors submits to the General Shareholders' Meeting, as well as appointments adopted by the Board by virtue of its powers of co-option, must be made subject to a report from the Appointments, Remuneration and Social Corporate Responsibility Committee. When the Board of Directors does not agree with the Committee's recommendations, it must explain its reasons and duly record them in the minutes.

Proposals 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.

The foregoing will also be applicable to natural persons appointed as representatives of a legal person Director. The proposal for a natural-person representative must be submitted to the Appointments, Remuneration and Social Corporate Responsibility Committee.

- 3.- *The Board of Directors must ensure that the procedures for selecting its members promote diversity of gender, experience and knowledge, that do not suffer from implicit biases that entail any discrimination and, in particular, that facilitate the selection of directors."*

ARTICLE 9.- APPOINTMENT OF INDEPENDENT DIRECTORS

Independent Directors are defined as those who, appointed based on their personal and professional aptitudes, may perform their duties without being affected by dealings with the Company or its Group, significant shareholders or executives. Under no circumstances may the following be classified as Independent Directors:

- a) *Past employees or executive directors of Group companies, unless three or five years have elapsed, respectively, from the end of the employment relationship.*
- b) *Those who have received some payment or other form of compensation from the Company or its Group on top of their directors' fees, unless the amount involved is not significant for the Board. Payment shall not include, for the purposes of the provisions of this article, dividends or pension top-ups paid to the director in connection with his or her former professional or employment relationship, so long as their settlement is unconditional in nature and the Company paying them cannot arbitrarily choose to suspend, modify or revoke the accrual thereof unless the director is in breach of his or her obligations.*
- c) *Partners, now or in the past three years, in the external auditor or the firm responsible for the audit report, during said period, of Enagás, S.A. or any other within its Group.*
- d) *Executive directors or senior officers of another company where an executive director or senior officer of Enagás, S.A. is an external director.*
- e) *Those having material business dealings with Enagás, S.A. or some other in its Group or who have had such dealings in the preceding year, either on their own account or as the significant shareholder, director or senior officer of a company that has or has had such dealings. Business relationships shall be defined as relationships whereby the Company serves as a provider of goods or services, including those of a financial nature, and as an advisor or consultant.*
- f) *Significant shareholders, executive directors or senior officers of an entity that receives donations from Enagás, S.A. or its Group, or has done so in the past three years. Patrons or trustees of any foundation that receives donations shall not be included under this section.*
- g) *Spouses, or partners maintaining an analogous affective relationship, or close relatives of one of the company's executive directors or senior officers.*
- h) *Any person not proposed for appointment or renewal by the Appointments, Remuneration and Corporate Responsibility Committee.*

- i) *Any person who has been a director for more than 12 consecutive years.*
- j) *Those standing in some of the situations listed in a), e), f) or g) above in relation to a significant shareholder or a shareholder with board representation. In the case of the family relations set out in letter g), the limitation shall apply not only in connection with the shareholder but also with his or her proprietary directors in the investee company.*

Proprietary Directors who lose their status as such as a result of the sale of their interest by the shareholder that they represented may only be re-elected as Independent Directors if the shareholder that they represented until that time has sold all of its shares in the Company.

Any Director holding an interest in the Company may hold the status of independent director provided that he/she meets all of the conditions established under this article and, further, that his/her interest is not significant."

- **"ARTICLE 10.- TERM OF OFFICE AND CO-OPTION**

Directors may hold their post for a period of four years, and may be re-elected for periods of up to four more years. Directors appointed by co-option will perform their duties until the date of the first General Meeting, or until the date of the following meeting, if the vacancy arises after the General Meeting has been convened and before it is held. "

- **"ARTICLE 11.- RE-APPOINTMENT OF DIRECTORS**

The Appointments, Remuneration and Corporate Responsibility Committee responsible for evaluating the quality of work and dedication to the post of the directors proposed during the previous term of office shall provide information required to assess proposal for re-appointment of non-independent directors presented by the Board of Directors to the General Shareholders' Meeting, and shall propose the re-election of the independent directors, as applicable.

Proposals for re-election shall always be accompanied by a report from the Board justifying the competencies, experience and merits of the candidate. This report shall be attached to the minutes of the General Meeting or of the Board.

As a general rule, appropriate rotation of independent directors should be endeavoured. For this reason, when an Independent Director is proposed for re-election, the circumstances making this Director's continuity in the post advisable must be justified."

- **"ARTICLE 13.- DUTIES OF THE DIRECTOR**

The duty of a Director is to support and oversee the running of the Company for the purpose of maximising its value for the benefit of shareholders.

By virtue of his/her office, a Director is under a duty to:

- a) *Perform any specific task assigned by the Board of Directors and which is reasonably included in his/her commitment to dedication.*

- b) *Report to the Board on any acts he/she performs by delegation from or engagement by the Board.*

In addition to the aforementioned general duties, Directors will have, in particular, the following:

a) **General duty of diligence:**

Directors must perform their duties and comply with the duties imposed by law and the Articles of Association with the diligence of a prudent businessman, given the nature of their post and the functions attributed to each of them.

Directors must show the proper dedication and adopt the precise measures for the proper management and control of the company.

When performing their functions, Directors have the duty to demand and the right to receive appropriate information from the Company with which to fulfil their obligations.

In terms of strategic and business decisions requiring the discretionary authority of a business person, the standard of diligence of a prudent business person will be understood to be met when the Director has acted in good faith, without personal interest in the matter on which he or she decides and with sufficient information and following an appropriate decision procedure.

Decisions that personally affect other Directors and related persons and, in particular, that are intended to authorise the operations provided for in article 230 of the revised text of the Corporate Enterprise Act shall not be understood as included in the sphere of discretionary authority of a business person.

Each Director must properly prepare for meetings of the Board and of any Committees of which he/she is a member.

Directors must attend the meetings of the bodies of which they are members and actively participate in order for their opinions to make an effective contribution to the decision-making process. Director absences will be kept to the bare minimum and quantified in the Annual Corporate Governance Report. If, on justified grounds, a Director is unable to attend a meeting to which he/she has been called, he/she must give instructions to the Director who, as the case may be, represents him/her by proxy.

Directors shall apprise the Appointments, Remuneration and Corporate Responsibility Committee of any other professional obligations in case they might detract from the necessary dedication. The Company may limit the number of directorships that its board members may hold if this may also detract from the commitment required.

b) **Duty of loyalty:**

Directors will perform their positions with the loyalty of a reliable representative, acting in good faith and in the best interest of the Company.

In particular, the duty of loyalty requires that Directors:

- a) Not exercise their powers for purposes other than those for which they have been granted.*
- b) Keep secret any information, data, reports or records which they have had access to in the performance of their duties, including if they have been removed from their positions, except in cases where the law permits or requires that they act otherwise.*
- c) Refrain from participating in deliberating and voting on resolutions or decisions in which they or a related person have a direct or indirect conflict of interests. Resolutions or decisions that affect them in their capacity as Director, such as their appointment to or removal from posts on the governing body or others of a similar nature, will be excluded from the preceding obligation, .*
- d) Perform their functions according to the principle of personal responsibility with freedom of judgement or judgement and independence relating to instructions from and links with third parties.*
- e) Adopt the measures required to avoid becoming involved in situations in which their interests, either for their own personal reasons or those of another party, may conflict with the Company's interest or with their duties with the Company.*

In particular, the obligation to avoid conflicts of interest referred to in the preceding paragraph requires that Directors refrain from:

- a) Conducting transactions with the Company, except for routine transactions carried out under standard conditions for the customers and having little import, which are understood to be those that are not required to be reported in order to express a true and fair view of the equity, the financial position and results of the entity.*
- b) Using the name of the Company or invoking their position as director to improperly influence the conducting of private transactions.*
- c) Using the corporate assets, including the Company's confidential information, for private purposes.*
- d) Taking advantage of the Company's business opportunities.*
- e) Obtaining benefits and remunerations from third parties other than the Company and its group associated with the performance of their duties, except for acts of mere courtesy.*
- f) Conducting activities for themselves or for another party that—actually or potentially—entail effective competition with the company or that, in any other manner, place them in permanent conflict with the Company's interests.*

The above provisions will also be applicable if the beneficiary of prohibited acts or activities is a person related to the Director.

In any event, Directors must inform the other Directors and the Board of Directors of any direct or indirect situation of conflict that they or persons related to them make have with the Company's interests.

Direct and indirect conflicts of interest in Directors become involved shall be disclosed in the Annual Report.

c) Other duties:

In addition, a Director must comply with all rules imposed on him/her by the Company's Internal Code of Conduct in his/her capacity as a Director and, as the case may be, as a shareholder or senior executive of the Company.

Notwithstanding the provisions of article 12, Directors will inform the board of any circumstance that might harm the Company's name or reputation, in particular any criminal charges brought against them and the progress of any subsequent trial.

A Director, in his/her capacity as an honest representative of the Company, must inform the Company of any Enagás shares he/she holds, whether directly or through third companies in which he/she holds a significant interest, following the procedure and other formalities laid down for investment in the equity of Enagás and its investees.

A Director may not use the Company's non-public information for private purposes, except in the absence of any detriment to the Company and of any right of exclusivity in the Company or legal position of analogous import as to the information intended to be used, and provided that such information is not used for transactions of acquisition or sale of Company securities.

The Director must at all events comply with the standards of conduct prescribed in the legislation on the securities market and in the Enagás Group, S.A. Internal Code of Conduct regarding the securities market.

d) Persons related to the Directors:

For the purposes of these Rules and Regulations, the persons referred to in article 231 of the Corporate Enterprise Act shall be considered related parties of a Director.

e) Natural person representative:

A natural person appointed to permanently exercise the functions corresponding to the office of a legal person Director must meet the legal requirements established for directors and shall be required to perform the same duties as and shall be jointly and severally liable with the legal person director".

- "ARTICLE 14.- MANDATORY NATURE AND EXEMPTION OF THE DUTY OF LOYALTY

- 1.- *Application of the rules relating to the duty of loyalty and liability for the violation thereof are mandatory.*
2. *Notwithstanding the provisions set forth in the preceding paragraph, the Company may establish exemptions regarding the prohibitions contained in article 13 b) above in exceptional cases, authorising a Director or a related person to carry out a given transaction with the Company, to use certain corporate assets, to take advantage of a specific business opportunity, or to obtain a benefit or remuneration from a third party.*
- 3.- *The authorisation must, without exception, be agreed by the General Meeting when its purpose is establish an exemption from the prohibition against obtaining a benefit or remuneration from third parties or when it affects a transaction for an amount greater than ten percent of the corporate assets.*
- 4.- *In other cases, authorisation may also be granted by the Board of Directors, provided a guarantee is given regarding the independence of the members granting it vis-à-vis the Director for whom the exemption is established. Additionally, assurance must be given regarding the harmlessness of the authorised transaction for the the company's assets or, if applicable, that it will be carried out under market conditions and and that the process is transparent.*
- 5.- *An exemption may be given regarding the obligation to not compete with the Company only when it is not expected to damage the Company or when any expected damage can be expected to be compensated by the benefits expected to be obtained from the exemption. Exemptions are granted through an express and separate agreement of the General Meeting.*
- 6.- *In all cases, at the request of any member, the General Meeting will decide on the removal of a director who carries out competitive activities when the risk of harm to the Company has become relevant."*

- **ARTICLE 14 bis.- RELATED-PARTY TRANSACTIONS**

- 1.- *It will be the responsibility of the Board of Directors to identify and approve, pursuant to a report from the Audit and Compliance Committee, transactions carried out by the Company or the companies in its Group with Directors under the terms set forth in Articles 229 and 230, 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 boards of other companies belonging to the Group or with persons associated with them. The affected Directors or those who represent or are related to the affected shareholders must refrain from participating in deliberating and voting on the resolution in question.*

The aforementioned transactions shall be measured from the point of view of equal treatment and according to market conditions, and shall be disclosed in the annual corporate governance report and in the Company's regular public reporting as provided in applicable laws and regulations.

- 2.- *The approval provided in the previous paragraph shall not be required, however, for transactions that simultaneously comply with the three following conditions:*
 - (a) *that are governed by standard form contracts applied on an across-the-board basis to a large number of customers;*
 - (b) *they go through at market prices, generally set by the person supplying the goods or services; and*
 - (c) *their amount does not exceed 1% of the Company's annual revenues.*
- 3.- *If the conditions provided in the paragraph above are met, the affected parties shall not be under a duty to report said transactions.*
- 4.- *In the event of duly documented, urgent reasons, related party transactions may be authorised, as applicable, by delegated bodies and persons, who must be ratified at the first meeting of the Board of Directors held after the decision is adopted."*

- **"ARTICLE 16.- DIRECTOR REMUNERATION**

- 1.- *The office of Director of Enagás, S.A. shall be remunerated in the manner stipulated in the Articles of Association, having regard to the report issued by the Appointments, Remuneration and Corporate Responsibility Committee pursuant to article 25 of these Rules and Regulations.*

The Director remuneration policy will determine the remuneration of the Directors in this capacity, within the remuneration system provided for in the Articles of Association and will include the maximum amount of the annual remuneration to be paid to all the Directors in that capacity.

The remuneration of Directors for performing the executive functions provided for in contracts approved in accordance with the provisions of article 19.bis of these Regulations conform to the director remuneration policy, which must necessarily set forth the amount of the fixed annual payment and the variation therein in the period covered by the policy, the different parameters for setting the variable components and the main conditions of directors' contracts, and, in particular, the length of their contracts, compensation for early removal or termination of the contractual relationship, and exclusivity, post-contractual non-competition and seniority or loyalty arrangements.

The Board of Directors is responsible for setting Directors' remuneration for performing executive functions and the terms and conditions of their contracts with the Company in accordance with article 19.bis of these Regulations and with the Director remuneration policy approved by the General Meeting.

The Appointments, Remuneration and Social Corporate Responsibility Committee shall establish remuneration criteria for Company Directors, within the scope of the Company's Articles of Association and in accordance with resolutions of the General Meeting, while the Board of Directors is responsible for final distribution of the overall sum within the

limits established by Articles of Association for this purpose and in accordance with the Director remuneration policy approved by the General Meeting, given the functions and responsibilities attributed to each Director.

The Directors' remuneration policy shall be in keeping with the corresponding remuneration system provided for in the Articles of Association, and shall be approved by the General Shareholders' Meeting at least every three years as a separate item on the Agenda.

The grounds for the proposed remuneration policy of the Board of Directors shall be stated and the proposal must be accompanied by a specific report from the Appointments, Retribution and Social Corporate Responsibility Committee. Both documents will be made available to the shareholders on the Company's website after notice of the General Meeting has been given, and shareholders may also request that these documents be delivered or sent free of charge. The announcement of the notice of the General Meeting will mention this right.

The Directors' remuneration policy, approved as set forth above, will remain valid for three fiscal years after being approved by the General Meeting. Any amendment to or replacement of this policy during said period will require the prior approval of the General Shareholders' Meeting, in accordance with the procedure established for its approval.

The Board of Directors may, on an annual basis, delegate the powers conferred upon it in respect of the remuneration of Directors to the Appointments, Remuneration and Social Corporate Responsibility Committee, subject to the restrictions laid down in the law and the Articles of Association.

2.- *Director remuneration shall be transparent. To this end:*

- *The Notes to the financial statements, as an integral part of the financial statements, shall include accurate, detailed information on the remuneration received by each Director, and on the remuneration received by Executive Directors for performing senior management functions.*
- *The Appointments, Remuneration and Social Corporate Responsibility Committee must submit to the Board of Directors the proposed Annual Report on Director Remuneration, which will contain full, clear and understandable information on the Company's remuneration policy approved by the Board for the current year, as well as, where appropriate, the expected policy for future years. It shall also include a global summary of how the remuneration policy was applied over the year, as well as a list of the individual remuneration accrued by each of the Directors. The Annual Report on Director Remuneration, once approved by the Board, shall be distributed and submitted to an advisory vote, as a separate item on the agenda, of the Annual General Meeting of Shareholders. Should the Annual Report on Director Remuneration be rejected by the advisory vote of the Ordinary General Meeting, the remunerations policy to be applied in the next fiscal year must be submitted to the General Meeting for approval before being*

applied, even if the three-year validity period has not expired. An exception to the foregoing shall be made if the remuneration policy has been approved at that same Ordinary General Meeting.

Any remuneration paid to Directors for holding or being removed from their positions and for performing executive functions must be set forth in the corresponding contract, in accordance with the terms set forth in article 19.bis, and will be consistent with the Director remuneration policy in effect at any given time, except for any remuneration expressly approved by the General Shareholders' Meeting."

- **"ARTICLE 18.- THE LEAD INDEPENDENT DIRECTOR.**

The Board of Directors may appoint an Independent Director, on the proposal of the Appointments, Remuneration and Corporate Responsibility Committee, to perform the following duties, under the title of Lead Independent Director:

- a) *To request the Chairman of the Board of Directors to convene that body when said Lead Independent Director deems appropriate.*
- b) *To request that items be included on the Agenda of the meetings of the Board of Directors.*
- c) *To coordinate and convene the external Directors.*
- d) *To oversee the Board's evaluation of its Chairman and, where appropriate, the Chief Executive Officer.*
- e) *To perform as a Deputy Chairman the functions of the Chairman as regards the Board of Directors, if the Chairman is absent, ill or unable to act as Chairman for whatever reason. In the absence of a Lead Independent Director, for the purposes of this section the most senior Director in age shall act as Chairman.*

The appointment of a Lead Independent Director shall be obligatory if the Chairman of the Board is an Executive Director. In such cases the Lead Independent Director shall be appointed by the Board with the Executive Directors abstaining from the vote."

- **"ARTICLE 19 bis.- CONTRACT OF THE EXECUTIVE DIRECTORS**

When a member of the Board of Directors is appointed Chief Executive Officer or executive functions are attributed to him/her under a different title, a contract must be entered into between said Board member and the Company, and this contract must be approved by the Board of Directors with a favourable vote of two thirds of its members. The affected Director must refrain from attending the deliberation and taking part in the vote. The approved contract must be incorporated as an appendix to the minutes of the meeting.

The contract will detail all items for which the Director may obtain remuneration for performing executive functions, including, where applicable, any possible compensation for early removal from said post and the amounts to be paid by the Company as insurance premiums or contribution to savings

systems. The Director may not receive any payment for performing executive functions the amounts or descriptions of which are not given in the contract.

The contract must be in accordance with the remuneration policy approved by the General Meeting, as applicable."

- **"ARTICLE 20.- SECRETARY OF THE BOARD OF DIRECTORS**

1.- The Secretary of the Board of Directors shall be appointed by the Board and need not be a Director. The Secretary shall exercise the functions conferred upon such position under commercial law and in these Rules and Regulations. To ensure the independence, impartiality and professionalism of the Secretary, his/her appointment and removal shall be the subject of a prior report from the Appointments, Remuneration and Corporate Responsibility Committee and must be approved by the Board in plenary session.

2.- The Secretary will assist the Chairman and must take the necessary measures to ensure the smooth operation of the Board of Directors, in particular by providing the Directors with needed advice and information, helping the Chairman to see to it that the Directors receive the relevant information for exercising their function in due time and proper form, keeping the corporate documentation, keeping a record of meeting proceedings in the minute books and attesting to the resolutions of the Board of Directors. The Secretary shall also be responsible for giving notice of the resolutions adopted by the Board.

3.- The Secretary shall also be responsible for the formal and substantive legality of the Board of Directors' actions and ensure that its governing procedures and rules are respected and regularly revised. In particular he/she shall ensure that the actions of the Board:

a) Adhere to the spirit and letter of primary enactments and their implementing regulations, including those issued by regulatory agencies;

b) Comply with the Company's Articles of Association and Rules and Regulations of the Board and others of the Company;

c) Are informed by the good governance recommendations that the company has subscribed to".

- **"ARTICLE 21.- VICE-SECRETARY OF THE BOARD OF DIRECTORS**

The Board of Directors, after receiving a report from the Appointments, Retribution and Social Corporate Responsibility Committee, may appoint a Vice-secretary who need not be a Director, to assist or replace Secretary of the Board of Directors in performing his or her duties in the event of absence or illness.

The same procedure will be followed to approve the removal of the Vice-secretary."

- **"ARTICLE 24.- EXECUTIVE COMMITTEE**

1. *The Executive Committee shall comprise the Chairman of the Board and no more than eight Directors, drawn from the three categories defined in article 3 of these Rules and Regulations in the same proportions as those then prevailing on the Board.*

The appointment of a member of the Executive Committee shall require a vote in favour by at least two-thirds of Directors whose appointments are in effect.

- 2.- *The Chairman of the Board shall be the Chairman of the Executive Committee, and the Secretary to the Board shall be the Committee Secretary, who may be assisted by a Deputy Secretary.*
- 3.- *The Executive Committee shall be validly constituted when one half of the membership plus one member are in attendance or represented at the Meeting.*
- 4.- *The members of the Executive Committee will removed from office when they relinquish their capacity as Director or when so agreed by the Board. Vacancies will be promptly filled by the Board of Directors.*
- 5.- *The Executive Committee will act with the powers delegated by the Board of Directors. The scope of the permanent delegation of powers by the Board of Directors in favour of the Executive Committee will be decided by agreement of the latter and may refer to all powers of the Board, except those that by law or according to the bylaws these Regulations cannot be delegated.*
- 6.- *The Executive Committee will hold its regular meetings on a monthly basis. The Secretary will keep the Minutes of the resolutions adopted at meetings, an account of which will be given at the next plenary session of the Board of Directors.*
- 7.- *If in the view of the Chairman or of three Executive Committee members the importance of some matter so requires, the relevant resolution of the Executive Committee shall be submitted to ratification by a plenary meeting of the Board.*

This rule shall also apply to any matter which the Board has referred to the Executive Committee for consideration while reserving the power to make the final decision.

In any other event, a resolution adopted by the Executive Committee in the exercise of the powers delegated to it shall be valid and binding without need of later ratification by the plenary meeting of the Board.

The full Board shall be informed of the business transacted and decisions adopted by the Executive Committee at the first full Board meeting subsequent to the Committee meeting. All Directors shall receive copies of the minutes of proceedings of the Executive Committee.

- 8.- *The provisions of these Regulations relating to the operation of the Board of Directors will, to the extent possible, be applicable to the Executive Committee."*

- **"ARTICLE 25.- APPOINTMENTS, REMUNERATION AND SOCIAL CORPORATE RESPONSIBILITY**

1.- *The Appointments, Remuneration and Social Corporate Responsibility Committee shall comprise at least three and no more than six Directors, to be appointed by the Board.*

A majority of the members of the Appointments, Remuneration and Social Corporate Responsibility Committee must be Independent Directors. Executive Directors may not sit on the Committee, although they may be present if so expressly decided by the Committee.

The Committee Chairman shall be selected from among the Independent Directors by the Board of Directors, and shall not have the casting vote.

2.- *Under Article 45 of the Articles of Association, the Committee has the following duties and powers:*

- *To evaluate the competencies, knowledge and experience required on the Board of Directors. To this end, it shall determine the functions and capacities required of the candidates to fill each vacancy, and evaluate the precise amount of time and degree of dedication necessary for them to effectively perform their duties.*
- *To review the structure of the Board of Directors, the criteria for the renewal of Directors required under the Articles of Association, the addition of new members and any other aspects relating to its composition that it deems appropriate, providing the Board of Directors with the proposals that the Committee considers necessary.*
- *To establish a goal concerning the representation of the less-represented gender on the Board of Directors and to prepare guidelines on how this goal can be attained.*
- *To forward to the Board of Directors proposed appointments of Independent Directors for them to be designated by co-option or subject to the decision of the General Meeting of Shareholders, as well as on proposals for their re-election or removal by the General Shareholders' Meeting*
- *To report proposed appointments of the remaining Directors for them to be designated by co-option or subject to the decision of the General Meeting of Shareholders, as well as on proposals for their re-election or removal by the General Shareholders' Meeting*
- *To report on the appointment and dismissal of the Secretary of the Board of Directors.*
- *To report on proposed appointments and removals of senior management and the basic terms of their contracts.*
- *To examine and organise the succession of the Company's President of the Board of Directors and CEO and, if appropriate, to*

make proposals to the Board to ensure the succession is smooth and well-planned.

- *To draw up and review the criteria that must be utilised for the composition of the Board and for selection of those nominated as Directors, ensuring that their access to the Board does not affect the Company's status as technical transmission operator, pursuant to the provisions of regulations applicable concerning hydrocarbons.*
 - *To formulate proposals to the Board of Directors regarding the Company's organisational structure, including the creation of senior management posts in order to achieve improved and more efficient Company administration.*
 - *To propose to the Board of Directors a policy of remuneration of Directors and general managers or those who perform senior management functions and report directly to the Board of Directors, to executive committees or Executive Directors, along with individual remuneration and other terms of Executive Directors' contracts, ensure that said policy is abided by.*
 - *To propose a general remuneration policy for Enagás management, providing a rationale to the Board of Directors, and guidelines relating to the appointment, selection, promotion and dismissal of senior managers, in order to ensure that the Company has appropriate highly qualified staff for administering its business at all times.*
 - *To report to the Board on general policy concerning Corporate Social Responsibility and Corporate Governance, ensuring the adoption and effective application of best practices – both those which are compulsory and those that are in line with generally-accepted recommendations. To do this, the Committee may submit to the Board the initiatives and proposals it deems appropriate and shall provide information on proposals submitted to the Board and information the company releases to shareholders annually regarding these issues.*
 - *To report to the Board of Directors on measures to be taken in the event of breach of these Rules and Regulations or the Internal Code of Conduct on matters relating to the securities markets on the part of Directors or other persons subject to those rules. In performing this duty, the Appointments, Remuneration and Corporate Responsibility Committee shall work in conjunction with the Audit and Compliance Committee wherever appropriate.*
 - *To inform the Board of Directors, prior to approval, of transactions that Directors wish to undertake that imply or may imply a conflict of interest, in accordance with the stipulations of the Code of Conduct regarding the securities market.*
- 3.- *The Committee shall meet at least four times a year. Meetings shall be called by its Chairman. The Committee may seek advice both internally and externally and request the attendance of senior management*

personnel of the Company and its Group, as deemed necessary in the execution of its duties. Each Committee meeting shall be reported at the first subsequent meeting of the full Board, and a copy of the minutes of Committee proceedings shall be sent to every Director.

- ***“ARTICLE 26.- THE AUDIT AND COMPLIANCE COMMITTEE***

- 1.- *The Audit and Compliance Committee shall comprise at least three and no more than five Directors, to be appointed by the Board having particular regard to their expertise and experience in accounting, auditing or risk management.*

No executive Director may sit on the Audit and Compliance Committee. At least one member of the Committee must be independent and will be appointed in light of his or her knowledge and track record in matters of accountancy, auditing, or both.

The Committee Chairman shall be selected from among the Independent Directors by the Board of Directors, and shall not have the casting vote. The Chairman must be replaced every four years, and may be re-elected after the lapse of one year from his departure from office.

- 2.- *The chief purposes of the Committee are to evaluate the Company's accounting verification system, ensure the independence of the External Accounts Auditor, review the internal control system, safeguard the transparency of information, and ensure compliance with the Internal Code of Conduct.*
- 3.- *In particular, and in compliance with the provisions of article 44 of the Articles of Association, the Audit and Compliance Committee has the following duties and powers:*
- *To inform the General Shareholders' Meeting on issues raised in the areas that lie within the Committee's competence.*
 - *To see to the proper operation of the Company's internal control and its internal audit function and risk management systems, including those related to tax-risk management, and to discuss with the auditors any significant weaknesses in the internal control system detected in the course of audit.*
 - *To oversee the process of preparation and presentation of statutory financial reporting.*
 - *To forward to the Board of Directors proposals for selecting, appointing, re-electing and replacing the external auditors, along with the terms of their contract, in regularly gathering information from it on the auditing plan and its execution, in addition to remaining independent in the exercise of their functions .*
 - *To liaise with the external auditor to obtain information on any issues that could compromise the latter's independence for review by the Committee or any other subjects related to the auditing process, and on any other disclosure obligations established in legislation on the annual audit process and in auditing standards. In all events, on an annual basis, the Audit Committee shall*

receive from the auditors written confirmation of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them in conformity with the provisions of auditing legislation.

- *To issue an annual report, prior to the issue of the audit report, giving an opinion on the independence of the auditors. This report shall in all cases include a valuation of the additional services provided, as referred to in the previous section, considered separately and in their entirety, consisting of services other than statutory audits and how they relate to the requirement of independence or to the regulatory legislation on auditing.*
- *To keep the Board of Directors apprised, in advance, on all items provided for in the law, the Articles of Association and the Rules and Regulations on the Board of Directors, in particular, on:*
 1. *The financial information that the Company must periodically publish;*
 2. *The creation or acquisition of investments in special purpose vehicles or entities domiciled in jurisdictions considered tax havens; and*
 3. *Related party transactions.*

4.- *The Audit and Compliance Committee is governed by the applicable legal regulations, by the Articles of Association, by these regulations and by its own Regulations of organisation and operation, which will be approved by the Board of Directors. Each Committee meeting shall be reported at the first subsequent meeting of the full Board, and a copy of the minutes of Committee proceedings shall be sent to every Director.*

"ARTICLE 27. – SHAREHOLDER RELATIONS

- 1.- *In its shareholder relations, the Board of Administrators will apply the principle of equality of treatment, will create appropriate systems to become familiar with the proposals of the latter in relation to corporate management, will organise informational meetings on the performance of the Company and its Group, and will establish the necessary channels for a regular exchange of information with shareholder committees or groups.*
- 2.- *As regards institutional shareholders, the Board shall put in place systems allowing for regular information exchange on topics such as investment strategy, performance assessment, composition of the Board and management effectiveness. Such information may in no event create states of privilege or afford special advantages with respect to the rest of shareholders.*

In particular, the Board of Directors will strive to avoid an asymmetric distribution of information among shareholders and improper access by the significant shareholders to confidential Company information.

3. *The Board of Directors shall encourage informed participation by shareholders at the General Meetings, adopting such measures as are appropriate to facilitate the General Meeting properly carrying out the functions attributed to it by law and the Articles of Association.*

In particular, the Board of Directors will adopt the following measures:

- a) *All information that the Board of Directors can be legally required to furnish will be made available to the shareholders prior to the General Meeting, as will, to the extent possible, all additional information that, although the Board of Directors is not legally required to furnish it, is clearly relevant and can be reasonably furnished.*
- b) *The Board shall publish an Annual Corporate Governance Report containing, at a minimum, the contents set forth in Article 540 of the amended Corporate Enterprise Act, in the laws and regulations implementing this law, and in any other applicable laws and regulations.*

The Annual Corporate Governance Report shall be published in the form of a 'significant event' [Hecho Relevante] and made available to shareholders on the Company's website to facilitate shareholders' right to information as prescribed in Articles 197, 520 and 539 of the LSC.

- c) *The Board shall publish an report on Directory remuneration containing, at a minimum, the contents set forth in Article 541 of the amended Corporate Enterprise Act, in the laws and regulations implementing this law, and in any other applicable laws and regulations.*
- d) *The Board shall see to it that the Company's website functions as an effective reporting tool and at all times provides the mandatory content, in properly updated form, stipulated in applicable laws and regulations.*

The Board of Directors shall be responsible for the information displayed on the Company's website being kept up to date, and shall ensure that its content reflects the documents filed and deposited with the appropriate public registers.

- e) *It will reply, with utmost diligence, to the request for information made by shareholders prior to the General Meeting.*
- f) *It will reply, with equal diligence, to the questions raised by the shareholders during the the General Meeting.*
- g) *The Board shall ensure, in its functions as Presiding Panel at the General Meeting, that the stipulations of regulations for the hydrocarbons sector are met in connection with restrictions on exercise of voting rights.*
- h) *The Board shall see to it that the Rules and Regulations of the General Meeting are complied with.*

4. *The Board of Directors shall establish appropriate procedures to know shareholders' proposals as regards the running of the Company.*
- 5.- *The Board, via one of the Directors and with the assistance of such executives as it thinks fit, may host presentations on the performance of the Company and its Group aimed at shareholders residing in the leading financial centres of Spain and other countries.*
- 6.- *Any public requests for proxies issued by any member of the Board must specify how the proxy intends to vote if the shareholder omits to give instructions.*

Any Director who has issued a public call for proxies at a General Meeting shall refrain from exercising voting rights on the shares represented in relation to any item of business on the agenda in respect of which the Director is affected by a conflict of interest, unless the proxy has received precise voting instructions for each of these points, pursuant to the provisions of Article 522 of the LSC. In all events, the Director shall be deemed to be in a position of conflicts of interest with regard to the following decisions:

- i. His/her own appointment, re-election or ratification as a Director.*
- ii. His/her removal, dismissal or termination as a Director.*
- iii. The bringing by the Company of an action for liability against him/her.*
- iv. The adoption or ratification, as applicable, of Company transactions with the Director in question or with companies controlled or represented by him/her or by persons acting on his/her behalf.*

To enable a comparison between the current and new wording of the articles for which amendments have been proposed, a literal transcription of both texts has been included as Appendix 1 to this report, set out in two columns. The proposed changes to the current text —which is displayed on the left column— are highlighted in the text on the right column.

For all relevant legal purposes, the Company's Board of Directors prepared this report at its meeting held on 23 February 2015.

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

APPENDIX 1

**AMENDMENT TO THE REGULATIONS GOVERNING THE ORGANISATION AND
FUNCTIONING OF THE BOARD OF DIRECTORS OF ENAGÁS, S.A.**

CURRENT TEXT	PROPOSED AMENDMENT
<p>ARTICLE 3.- QUANTITATIVE AND QUALITATIVE COMPOSITION</p>	<p>ARTICLE 3.- QUANTITATIVE AND QUALITATIVE COMPOSITION</p>
<p>1.- Within the minimum and maximum limits set forth under article 35 of the Company's current bylaws, notwithstanding the powers of proposal enjoyed by shareholders, the Board of Directors shall propose to the General Shareholders' Meeting the number of directors that at each stage it deems appropriate in the interest of the company. The General Shareholders' Meeting shall decide on the final number.</p> <p>2. The Board of Directors shall be composed of directors that belong to the categories stated below:</p> <p>a) <u>Internal or Executive Directors</u>: directors who perform senior management functions or are employed by the company or its Group.</p> <p>If a director performs senior management functions and, at the same time, is or represents a significant shareholder or one that is represented on the Board of Directors, he/she shall be considered internal or executive for purposes of the present Regulations.</p> <p>No more than 20% of the total number of members of the Board of Directors may belong to this category.</p> <p>b) <u>External directors</u>:: These directors shall in turn fall into</p>	<p>1.- Within the minimum and maximum limits set forth under article 35 of the Company's current bylaws, notwithstanding the powers of proposal enjoyed by shareholders, the Board of Directors shall propose to the General Shareholders' Meeting the number of directors that at each stage it deems appropriate in the interest of the company. The General Shareholders' Meeting shall decide on the final number.</p> <p>2. The Board of Directors shall be composed of directors that belong to the categories stated below:</p> <p>a) <u>Internal or Executive Directors</u>: directors who perform senior management functions or are employed byat the companyCompany or its Group, whatever the legal connection they may have with it. If a director performs senior management functions and, at the same time, is or represents a significant shareholder or one that is represented on the Board of Directors, he/she shall be considered internal or executive for purposes of the present Regulations.</p> <p>No more than 20% of the total number of members of the Board of Directors may belong to this category.</p> <p>b) <u>External directors or Non-Executive Directors</u>: These directors shall in turn fall into three</p>

<p>three categories:</p> <p>b1) <u>Proprietary directors</u>: directors who hold a shareholding interest equal to or greater than that which is considered significant under the law or have been appointed on account of their status as shareholders, even if their shareholding is less than said amount, as well as those who represent said shareholders.</p> <p>b2) <u>Independent Directors</u>: directors of acknowledged professional prestige who are able to contribute their experience and knowledge to corporate governance and who, since they do not belong to either of the two preceding categories, meet the conditions set forth under article 9 of the present Regulations. The number of independent directors shall represent at least one third of all directors.</p> <p>b3) <u>Other External Directors</u>: external directors who are not proprietary directors and cannot be classified as independent directors in accordance with article 9 of the present Regulations.</p> <p>In exercising its powers of co-option and proposal to the General Shareholders' Meeting to fill vacancies, the Board of Directors shall endeavour to ensure that, within the composition of the body, independent directors represent a broad majority over executive directors and that among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company's capital.</p> <p>The following cannot be Directors</p>	<p>categories:</p> <p>b1) <u>Proprietary directors</u>: directors who hold a shareholding interest equal to or greater than that which is considered significant under the law or have been appointed on account of their status as shareholders, even if their shareholding is less than said amount, as well as those who represent said shareholders.</p> <p>b2) <u>Independent Directors</u>: directors of acknowledged professional prestige who are able to contribute their experience and knowledge to corporate governance and who, since they do not belong to either of the two preceding categories, meet the conditions set forth under article 9 of the present Regulations. The number of independent directors shall represent at least one third of all directors.</p> <p>b3) <u>Other External Directors</u>: external directors who are not proprietary directors and cannot be classified as independent directors in accordance with article 9 of the present Regulations.</p> <p>In exercising its powers of co-option and proposal to the General Shareholders' Meeting to fill vacancies, the Board of Directors shall endeavour to ensure that, within the composition of the body, independent directors represent a broad majority over executive directors and that among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company's capital.</p> <p>The following cannot be Directors or, if applicable,</p>
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<p>or, if applicable, natural person representatives of a legal person Director:</p> <p>a) Natural or legal persons who hold the post of Director in more than 5 (five) companies whose shares are admitted to trading on national or foreign markets.</p> <p>b) Natural or legal persons whose circumstances render them incompatible or prohibited from serving on the board under any of the general provisions in law, including those persons who in any manner have interests that run contrary to those of the Company or its Group.</p> <p>d) Directorships may not be exercised by natural persons or bodies-corporate that exercise control or rights in a company carrying out functions of production or sale of natural gas, or by any other natural persons or bodies-corporate the presence of whom or which on the Board, pursuant to the legislation applicable to the hydrocarbons sector, may affect the Company's status as technical transmission operator.</p>	<p>natural person representatives of a legal person Director:</p> <p>a) a)—Natural or legal persons who hold the post of Director in more than 5 (five) companies whose shares are admitted to trading on national or foreign markets.</p> <p>b) b)—Natural or legal persons whose circumstances render them incompatible or prohibited from serving on the board under any of the general provisions in law, including those persons who in any manner have interests that run contrary to those of the Company or its Group.</p> <p>c) e)—Directorships may not be exercised by natural persons or bodies-corporate that exercise control or rights in a company carrying out functions of production or sale of natural gas, or by any other natural persons or bodies-corporate the presence of whom or which on the Board, pursuant to the legislation applicable to the hydrocarbons sector, may affect the Company's status as technical transmission operator.</p>
<p>ARTICLE 5.- FUNCTIONS OF THE BOARD OF DIRECTORS</p>	<p>ARTICLE 5.- FUNCTIONS OF THE BOARD OF DIRECTORS</p>
<p>It falls to the Board of Directors to perform all acts of management, representation and supervision that may be required or expedient for the attainment of the objects stipulated in the Memorandum and Articles of Association, within the framework of the law, the Articles of Association and of these Rules and Regulations.</p> <p>Specifically, in addition to the duties entrusted to it by law, the Board of Directors is vested in the following powers and subject to the following duties:</p>	<p>It falls to the Board of Directors to perform all acts of management, representation and supervision that may be required or expedient for the attainment of the objects stipulated in the Memorandum and Articles of Association, within the framework of the law, the Articles of Association and of these Rules and Regulations.</p> <p>Specifically, in addition to the other duties that may be entrusted to it by law, the Board of Directors is vested or in the following powers bylaws, it will have those indicated in sections A), B), C) and subject to the following duties D) of article 5:</p>

A) Powers and duties relating to the organisation and functioning of the Board and of the Company:

1.- To act as the organ representing the Company on the terms prescribed by law and stipulated by the Memorandum and Articles of Association.

2.- To fill Board vacancies by co-option until the first subsequent General Meeting.

3.- To accept Directors' resignations.

4.- To appoint and remove the Chairman, Coordinating Independent Director, Managing Director, Secretary and Deputy Secretary of the Board.

5.- To delegate powers and duties to any Director(s) and revoke such delegation in conformity with the law and the Articles of Association.

6.- To appoint and remove the Directors who are to sit on the various Committees provided for in these Rules and Regulations, and the chairmen of such Committees.

7.- To lay before the General Meeting the proposed remuneration of Directors in respect of their Directorships and their Board Committee

The duties of the Board may be delegated, except those which according to the law or the bylaws may not be delegated.

A) Powers and duties relating to the organisation and functioning of the Board and of the Company:

1.- To act as the organ representing the Company on the terms prescribed by law and stipulated by the Memorandum and Articles of Association.

2.- To fill Board vacancies by co-option ~~until the first subsequent General Meeting.~~

3.- To accept Directors' resignations.

4.- To appoint and remove the Chairman, Coordinating Independent Director, Managing Director, Secretary and Deputy Secretary of the Board.

5.- To delegate powers and duties to any Director(s) and revoke such delegation in conformity with the law and the Articles of Association.

6.- To appoint and remove the Directors who are to sit on the various Committees provided for in these Rules and Regulations, and the chairmen of such Committees.

~~6 bis. Supervision of the effective functioning of any Committees that it has set up and of the actions of the executive bodies and Managers that it has appointed.~~

~~7.- The decisions relating to the remuneration of Directors because they belong to the Board of Directors and its Committees, within the framework of the bylaws and the remuneration policy approved by the general meeting.~~

~~7.- To lay before the General Meeting the proposed remuneration of Directors in respect of their Directorships and their Board Committee memberships.~~ To approve the additional remuneration due to Executive

memberships. To approve the additional remuneration due to Executive Directors in consideration of their executive functions and the rest of terms to which regard must be had under their contracts.

8.- To regulate its own organisation and functioning and, in particular, to adopt the Rules and Regulations of the Board and the Rules and Regulations of Board Committees, and adapt and amend such provisions when required.

9.- To draft and adopt the Internal Code of Conduct.

10.- To consider and, if thought fit, approve transactions involving conflicts of interest and related party transactions, subject to the Internal Code of Conduct and to article 14a of these Rules and Regulations.

11.- To lay down, on the proposal of the Appointments, Remuneration and Corporate Responsibility Committee, the general policy regarding the guidelines relating to the nomination, selection, promotion and dismissal of senior managers, and the criteria governing remuneration policy, in order to ensure that the Company has highly qualified staff fit for administering its business at all times.

12.- To approve, at the proposal of the Company's chief executive, the appointment and dismissal of senior executives and their indemnification clauses.

Directors in consideration of their executive functions and the rest of terms to which regard must be had under their contracts.

8.- To regulate its own organisation and functioning and, in particular, to adopt the Rules and Regulations of the Board and the Rules and Regulations of Board Committees, and adapt and amend such provisions when required.

9.- To draft and adopt the Internal Code of Conduct.

10.- To consider and, ~~if thought fit, approve transactions involving conflicts of interest~~ where appropriate, authorise or establish exemptions regarding the actions referred to in articles 14 and ~~related party transactions, subject to 14 bis of the Regulations and the Internal Code of Conduct and to article 14a of these Rules and Regulations.~~

11.- To lay down, on the proposal of the Appointments, Remuneration and Corporate Responsibility Committee, the general policy regarding the guidelines relating to the nomination, selection, promotion and dismissal of senior managers, and the criteria governing remuneration policy, in order to ensure that the Company has highly qualified staff fit for administering its business at all times.

12.- To approve, ~~at the~~ upon receiving a proposal ~~offrom the Company's~~ Company's chief executive, the appointment and ~~dismissal, if applicable, removal of managers who report directly to the Board of senior executives~~ Directors or to one of its members, and the establishment of the basic terms of their ~~indemnification~~ contracts including their remuneration and, if applicable, compensation clauses.

13.- To frame corporate governance policy and corporate social responsibility policy.

14.- To evaluate the following in a plenary session once a year:

a) The quality and efficiency of the Board's operation;

b) The performance of the Chairman of the Board and the chief executive of the Company on the basis of the report to be submitted to it by the Appointments, Remuneration and Corporate Responsibility Committee.

c) The performance of its committees on the basis of the reports furnished by the same.

B) Powers and duties relating to the management of the Company:

1.- To exercise the powers that the General Shareholders' Meeting has granted to the Board of Directors, powers which may be delegated only with the prior express agreement of the General Shareholders'

13.- To frame the corporate governance policy of the Company and ~~corporate—social responsibility policy~~its Group.

14.- To evaluate the following in a plenary session once a year:

a) The quality and efficiency of the Board's operation;

b) The performance of the Chairman of the Board and the chief executive of the Company on the basis of the report to be submitted to it by the Appointments, Remuneration and Corporate Responsibility Committee.

c) The performance of its committees on the basis of the reports furnished by the same.

The result of the assessment will be recorded in the minutes of the meeting or incorporated into them as an appendix.

On the basis of the results of the assessment, the Board will propose an action plan to correct the identified deficiencies.

15.- The issuance of any type of report the Board of Directors is required by law to submit, if the operation to which the report refers cannot be delegated.

16.- Convening the General Shareholders' Meeting and drafting the Agenda and the proposed resolutions.

17. Determining policy concerning the Company's own shares or equity holdings.

B) Powers and duties relating to the management of the Company:

1.- To exercise the powers that the General Shareholders' Meeting has granted to the Board of Directors, powers which may be delegated only with the prior express agreement of the General Shareholders' Meeting.

Meeting.

2.- To set the Company's economic targets and, at the proposal of senior executives, adopt the strategies, plans and policies directed to the attainment of those aims, the performance of such activities being subject to the Board's oversight.

In particular, it falls to the Board of Directors to adopt the Company's strategic plan and annual budget, its investment and financing policy, and the structural design of the Company Group.

3.- To form new companies and approve the acquisition of interests in existing companies which are intended to be held over the long term or the activities of which are unrelated to the Company's main business, or acquisitions that call for an outlay in excess of three million euros.

4.- To approve operations consisting of mergers, mergers by absorption, de-mergers, changes of corporate form or business combinations in which any of the direct investees of Enagás, S.A. are interested.

5.- To launch public bids for shares and other securities, seek authority from the General Meeting for operations consisting of mergers, mergers by absorption, de-mergers, changes of corporate form or

2.- To ~~set the Company's economic targets and define,~~ at the proposal of ~~senior executives,~~ adopt the Senior Management, the Company's general policies and strategies, ~~plans and policies directed as well as to monitor the attainment~~ fulfilment of those aims, ~~the performance of such activities being subject to the Board's oversight~~ policies and strategies.

In particular, ~~it falls to~~ the Board of Directors ~~to adopt~~ is responsible for adopting the Company's strategic plan and annual ~~budget;~~ budgets; its investment and financing policy; its corporate social responsibility policy; and its dividends policy, and for determining the structural design of the ~~Company Group~~ group of companies.

Also within the area of responsibility of the Board of Administrators are the determination of the Company's tax strategy and of its risk control and management policy, including regarding tax risks, and the oversight of its internal information and control systems.

3.- To ~~form~~ incorporate new companies and approve ~~the acquisition of~~ interests participation in existing companies ~~which are intended to be held over the long term or the activities of which are unrelated to the Company's main business, or acquisitions that call for~~ when an outlay in excess of investment higher than three million euros is required.

4.- To approve operations consisting of mergers, mergers by absorption, de-mergers, changes of corporate form or business combinations in which any of the direct investees of Enagás, S.A. are interested.

5.- To launch public bids for shares and other securities, seek authority from the General Meeting for operations consisting of mergers, mergers by absorption, de-mergers, changes of corporate form or business combinations involving Enagás, S.A., and any other transaction entailing structural alterations to the Company, such as the hiving-off to

business combinations involving Enagás, S.A., and any other transaction entailing structural alterations to the Company, such as the hiving-off to subsidiaries of core activities hitherto carried on by the Company, acquisition and sale of core operating assets where such transaction effectively involves a change to the Company's objects, and transactions of an effect equivalent to liquidation of the Company.

6.- To approve the sale ownership interests in companies or other fixed assets with a value above three million euros or, in the case of a lower amount, the acquisition of share capital and fixed assets that has been approved by the Board of Directors, provided that this does not entail a change in the structure of the company.

7.- To approve the acquisitions and sales of assets of the Company or its subsidiaries that, for any reason, prove to be specific especially significant, regardless of the amount involved, and to propose to the Board the acquisition or sale of core operating assets, where such a transaction effectively involves a change to the Company's corporate purpose.

8.- To approve investment proposals the value of which exceeds three million euros.

9.- To issue series of promissory notes, bonds and similar securities of Enagás, S.A. or investees in which the Company holds a majority or a controlling

subsidiaries of core activities hitherto carried on by the Company, acquisition and sale of core operating assets where such transaction effectively involves a change to the Company's objects, and transactions of an effect equivalent to liquidation of the Company.

6.- To approve the sale ownership interests in companies or other fixed assets with a value above three million euros or, in the case of a lower amount, the acquisition of share capital and fixed assets that has been approved by the Board of Directors, provided that this does not entail a change in the structure of the company.

~~7.- To approve the acquisitions and sales of assets of the Company or its subsidiaries that, for any reason, prove to be specific especially significant, regardless of the amount involved, and to propose to the Board the acquisition or sale of core operating assets, where such a transaction effectively involves a change to the Company's corporate purpose.~~7.- To approve investments or transactions of any kind that, on account of the large amounts involved or special characteristics, are strategic in nature or pose particular taxation risks, unless this is the responsibility of the General Meeting;

8.- To approve investment proposals the value of which exceeds three million euros.

9.- To issue series of promissory notes, bonds and similar securities of Enagás, S.A. or investees in which the Company holds a majority or a controlling interest.

interest.

10.- To stand as surety to secure obligations owed by entities not controlled by the Group.

11.- To assign rights in the trade name and trademarks, patents, technology and any form of intellectual or industrial property owned by Enagás, S.A. or Group companies and carrying economic significance.

12.- To create and oversee the management of employee pension plans and any other commitment to employees entailing long-term financial liabilities for the Company.

13.- To enter into long-term commercial, industrial or financial agreements of strategic importance for the Enagás Group.

14.- To approve the creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories qualifying under statute as tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Group.

C) Powers and duties relating to financial statements and external audit:

1.- To authorise for issue, in clear and precise terms facilitating comprehension of their contents, the individual and consolidated financial statements and the Directors' report, after obtaining the report issued by the Finance Department and the relevant report issued by the Audit and

10.- To stand as surety to secure obligations owed by entities not controlled by the Group.

11.- To assign rights in the trade name and trademarks, patents, technology and any form of intellectual or industrial property owned by Enagás, S.A. or Group companies and carrying economic significance.

12.- To create and oversee the management of employee pension plans and any other commitment to employees entailing long-term financial liabilities for the Company.

13.- To enter into ~~long-term~~agreements of a commercial, industrial or financial ~~agreements~~ ~~of-nature the amount or special characteristics of which mean that they are strategic importance~~for the Enagás Group.

14.- To approve the creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories qualifying under statute as tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the ~~Company and the~~ Group.

C) Powers and duties relating to financial statements and external audit:

1.- To authorise for issue, in clear and precise terms facilitating comprehension of their contents, the individual and consolidated financial statements and the Directors' report, after obtaining the report issued by the Finance Department and the relevant report issued by the Audit and Compliance Committee, all appropriate clarifications having been made.

Compliance Committee, all appropriate clarifications having been made.

The Board of Directors shall see to it that the financial statements provide a true and fair view of the Company's equity, financial position and results of operations, in accordance with the law.

2.- To lay before the General Meeting a nomination for the role of accounts auditor of the Company on the proposal of the Audit and Compliance Committee and in fulfilment of these Rules and Regulations.

Except if otherwise indicated expressly in the minutes of proceedings, there shall operate a presumption that, before setting their hands to the authorisation for issue of the financial statements as required by law, the Directors have availed themselves of the information necessary for the performance of that act, whether directly or via the Audit and Compliance Committee. The Board may place on record any reservation it thinks fit with respect to the foregoing.

Upon authorising the financial statements for issue, the Board shall attend to any comments or recommendations submitted by the Audit and Compliance Committee in its prior report. If the financial statements depart from the prior report issued by the Audit and Compliance Committee, the

The Board of Directors shall see to it that the financial statements provide a true and fair view of the Company's equity, financial position and results of operations, in accordance with the law.

The Board of Directors is also responsible for submitting both the financial statements and the directors' Report to the General Shareholders' Meeting.

2.- To lay before the General Meeting a nomination for the role of accounts auditor of the Company on the proposal of the Audit and Compliance Committee and in fulfilment of these Rules and Regulations.

Except if otherwise indicated expressly in the minutes of proceedings, there shall operate a presumption that, before setting their hands to the authorisation for issue of the financial statements as required by law, the Directors have availed themselves of the information necessary for the performance of that act, whether directly or via the Audit and Compliance Committee. The Board may place on record any reservation it thinks fit with respect to the foregoing.

Upon authorising the financial statements for issue, the Board shall attend to any comments or recommendations submitted by the Audit and Compliance Committee in its prior report. If the financial statements depart from the prior report issued by the Audit and Compliance Committee, the Board of Directors shall provide an adequate explanation of the reasons for the discrepancy.

<p>Board of Directors shall provide an adequate explanation of the reasons for the discrepancy.</p> <p>The Board of Directors shall endeavour to present the financial statements in such a way that there are no grounds for qualification from the Company's Accounts Auditor. However, if the Board of Directors determines that it must stand by a contrary view, it shall publicly explain the content and extent of the discrepancy.</p> <p>3.- To frame policy on risk control and management, and the periodic monitoring of internal information and control systems.</p> <p>D) <u>Powers and duties relating to the securities market:</u></p> <p>1.- The Board of Directors shall adopt and execute all acts and measures required to ensure transparency of the Company with regard to the financial markets, uphold the proper formation of prices for the Company's and its subsidiaries' shares, and perform all functions attending the Company's status as a listed company pursuant to current laws and regulations.</p> <p>2.- To authorise the financial information which the Company must report on a regular basis by reason of its being a listed Company.</p> <p>In the event that an Executive Committee is in existence, the Board of Directors shall decide upon the powers and duties to be delegated to that Committee.</p>	<p>The Board of Directors shall endeavour to present the financial statements in such a way that there are no grounds for qualification from the Company's Accounts Auditor. However, if the Board of Directors determines that it must stand by a contrary view, it shall publicly explain the content and extent of the discrepancy.</p> <p>3.- To frame policy on risk control and management, and the periodic monitoring of internal information and control systems.</p> <p>D) <u>Powers and duties relating to the securities market:</u></p> <p>1.- The Board of Directors shall adopt and execute all acts and measures required to ensure transparency of the Company with regard to the financial markets, uphold the proper formation of prices for the Company's and its subsidiaries' shares, and perform all functions attending the Company's status as a listed company pursuant to current laws and regulations.</p> <p>2.- To authorise the financial information which the Company must report on a regular basis by reason of its being a listed Company.</p> <p>In the event that an Executive Committee is in existence, the Board of Directors shall decide upon the powers and duties to be delegated to that Committee.</p>
<p>ARTICLE 6.- MEETINGS OF THE BOARD OF DIRECTORS</p>	<p>ARTICLE 6.- MEETINGS OF THE BOARD OF DIRECTORS</p>

1. The Board of Directors shall meet at least once every two months and, on the motion of the Chairman, whenever the Chairman thinks fit for the proper running of the Company.

A call must be issued when so requested by a majority of the Directors, as set forth in article 39 of the Bylaws.

Directors who represent at least one third of the members of the Board of Directors may call the meeting, stating its agenda, to be held in the locality where the registered office is located, if they have requested the Chairman to convene the meeting, and the meeting has not been called within one month without reasonable cause.

As the party responsible for the efficient functioning of the Board, the Chairman shall see to it that the Directors previously receive adequate information.

Ordinary meetings of the Board shall transact general business relating to the Group's performance, earnings, balance sheet, investments, the Company's cash position and how it compares to the adopted budget, the business referred to in article 5, if applicable, and the business listed on the agenda, to be drawn up pursuant to these Rules and Regulations.

1.- The Board of Directors shall meet at least once every two months and, on the motion of the Chairman, whenever the Chairman thinks fit for the proper running of the Company.

A call must be issued when so requested by a majority of the Directors, as set forth in article 39 of the Bylaws.

Directors who represent at least one third of the members of the Board of Directors may call the meeting, stating its agenda, to be held in the locality where the registered office is located, if they have requested the Chairman to convene the meeting, and the meeting has not been called within one month without reasonable cause.

~~As the party responsible for the efficient functioning of the Board, the Chairman shall see to it that the Directors previously receive adequate information.~~ Except in cases of where the the Board has been constituted or has been convened exceptionally on account of urgent circumstances, the Directors must have the requisite information at their disposal sufficiently in advance to be able to deliberate and adopt resolutions on the business to be transacted. The Chairman of the Board of Directors, in collaboration with the Secretary, must ensure that this obligation to provide information is fulfilled.

Ordinary meetings of the Board shall transact general business relating to the Group's performance, earnings, balance sheet, investments, the Company's cash position and how it compares to the adopted budget, the business referred to in article 5, if applicable, and the business listed on the agenda, to be drawn up pursuant to these Rules and Regulations.

At these regular meetings the Board shall receive timely information on the main operational achievements and difficulties and any foreseeable circumstances which may prove critical for the Company's affairs, and shall consider the course of action proposed by Company management in response.

4. Notices convening ordinary sessions shall be issued by the Chairman or the Secretary, or by the Deputy Chairman on order of the Chairman, may be effected by any channel, and shall specify the meeting venue and agenda. The Chairman shall call the Board to meet when so requested by the Coordinating Independent Director in accordance with article 18 of these Rules and Regulations.

The notice of meeting, which other than in exceptional circumstances shall be issued at least three days in advance of the intended date of the meeting, shall contain all information and documents thought appropriate or relevant for Directors to be properly informed. Directors shall further be furnished with the minutes of the previous meeting, whether or not such minutes have been adopted.

The power to set the agenda of a meeting rests with the Chairman, but any Director may request in advance of the calling of such meeting that there be added to the agenda any items which in his/her view ought to be addressed by the Board.

The Board shall be properly

At these regular meetings the Board shall receive timely information on the main operational achievements and difficulties and any foreseeable circumstances which may prove critical for the Company's affairs, and shall consider the course of action proposed by Company management in response.

2.- Notices convening ordinary sessions shall be issued by the Chairman or the Secretary, or by the Deputy Chairman on order of the Chairman, may be effected by any channel, and shall specify the meeting venue and agenda. The Chairman shall call the Board to meet when so requested by the Coordinating Independent Director in accordance with article 18 of these Rules and Regulations.

The notice of meeting, which other than in exceptional circumstances shall be issued at least three days in advance of the intended date of the meeting, shall contain all information and documents thought appropriate or relevant for Directors to be properly informed. Directors shall further be furnished with the minutes of the previous meeting, whether or not such minutes have been adopted.

The power to set the agenda of a meeting rests with the Chairman, but any Director may request in advance of the calling of such meeting that there be added to the agenda any items which in his/her view ought to be addressed by the Board.

The Board shall be properly constituted

<p>constituted without need of prior notice if, all Directors being present in person or by proxy, the Directors unanimously consent to the holding of the meeting.</p> <p>3.- Board Meetings shall ordinarily be held at the registered office, but may also be held at any other venue determined by the Chairman of the Board and specified in the notice of meeting.</p>	<p>without need of prior notice if, all Directors being present in person or by proxy, the Directors unanimously consent to the holding of the meeting.</p> <p>3.- Board Meetings shall ordinarily be held at the registered office, but may also be held at any other venue determined by the Chairman of the Board and specified in the notice of meeting.</p>
<p>ARTICLE 7.- BOARD PROCEEDINGS</p>	<p>ARTICLE 7.- BOARD PROCEEDINGS</p>
<p>1. The Board of Directors shall be properly constituted when at least half its members plus one member are present in person or by proxy, except when the meeting has not been duly convened, in which case the attendance of all members is required.</p> <p>2.- The Chairman shall moderate the proceedings, encouraging the active involvement of all Directors in the Board's deliberations and safeguarding their freedom to state their position and express their views.</p> <p>3.- Each Director may confer a proxy to another Director, subject to any ceiling on proxies stipulated by the Articles of Association. Proxies for the representation of absent Directors may be granted by any means, with a telegram or facsimile addressed to the Chairman or Secretary of the Board being valid.</p> <p>4.- Resolutions shall be adopted with the vote in favour of an absolute majority of Directors present in person or by proxy.</p> <p>Votes may be cast in writing and in the absence of a</p>	<p>1. The Board of Directors shall be properly constituted when at least half its members plus one member are present in person or by proxy, except when the meeting has not been duly convened, in which case the attendance of all members is required.</p> <p>2.- The Chairman shall moderate the proceedings, encouraging the active involvement of all Directors in the Board's deliberations and safeguarding their freedom to state their position and express their views.</p> <p>3.- Each Director. The Directors must attend the meetings of the Board in person. Without prejudice to the foregoing, Directors may confer a proxy to another Director, subject to any ceiling on proxies stipulated by the Articles of Association. Non-Executive Directors may grant a proxy only to other Non-Executive Directors. Proxies for the representation of absent Directors may be granted by any means, with a telegram or facsimile addressed to the Chairman or Secretary of the Board being valid.</p> <p>4.- Resolutions shall be adopted with the vote in favour of an absolute majority of Directors present in person or by proxy.</p> <p>Votes may be cast in writing and in the absence of a meeting if no Director objects to</p>

<p>meeting if no Director objects to such procedure and the requirements are satisfied of the Reglamento del Registro Mercantil [Spanish registrar of companies regulations].</p> <p>5.- When Directors or the Secretary express concerns about some proposal or, in the case of Directors, about the Company's performance, and such concerns are not resolved at the meeting, those concerns must be noted in the minutes upon demand by the person voicing them.</p>	<p>such procedure and the requirements are satisfied of the Reglamento del Registro Mercantil [Spanish registrar of companies regulations].</p> <p>5.- When Directors or the Secretary express concerns about some proposal or, in the case of Directors, about the Company's performance, and such concerns are not resolved at the meeting, those concerns must be noted in the minutes upon demand by the person voicing them.</p>
<p>ARTICLE 8.- APPOINTMENT OF DIRECTORS</p>	<p>ARTICLE 8.- APPOINTMENT OF DIRECTORS</p>
<p>1.- Directors shall be appointed by the General Meeting or by the Board of Directors in conformity with the provisions of the Ley de Sociedades de Capital (Corporate Enterprise Act, "LSC") and the Company's Articles of Association.</p> <p>2.- Candidates must be persons who, in addition to satisfying the legal and statutory requirements of the post, have acknowledged prestige and appropriate professional knowledge and experience to perform their tasks..</p> <p>Proposals for the appointment of Directors which the Board of Directors submits to the General Shareholders' Meeting, as well as appointments adopted by the Board by virtue of its powers of co-option, must be made subject to a report from the Appointments, Remuneration and Corporate Responsibility Committee. When the Board of Directors does not agree</p>	<p>1.- Directors shall be appointed by the General Meeting or by the Board of Directors in conformity with the provisions of the Ley de Sociedades de Capital (Corporate Enterprise Act, "LSC") and the Company's Articles of Association.</p> <p>2.- Candidates must be persons who, in addition to satisfying the legal and statutory requirements of the post, have acknowledged prestige and appropriate professional knowledge and experience to perform their tasks..</p> <p>The Appointments, Remuneration and Social Corporate Responsibility Committee is responsible for proposing the appointment of Independent Directors.</p> <p>ProposalsThe proposals for the appointment or re-election of Non-independent Directors which the Board of Directors submits to the General Shareholders' Meeting, as well as appointments adopted by the Board by virtue of its powers of co-option, must be made subject to a report from the Appointments, Remuneration and Social Corporate Responsibility Committee. When the Board of Directors does not agree with the Committee's recommendations, it must explain its reasons and duly record them in the minutes.</p>

<p>with the Committee's recommendations, it must explain its reasons and duly record them in the minutes.</p> <p>3.- Selection procedures must be free of any implied bias against women candidates. The Company shall make an effort to include women with the target profile among the candidates for Board positions.</p>	<p>Proposals 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.</p> <p>The foregoing will also be applicable to natural persons appointed as representatives of a legal person Director. The proposal for a natural-person representative must be submitted to the Appointments, Remuneration and Social Corporate Responsibility Committee.</p> <p>3.- Selection procedures must be free of any implied bias against women candidates. The Company shall make an effort to include women with the target profile among the candidates for Board positions.3.- The Board of Directors must ensure that the procedures for selecting its members promote diversity of gender, experience and knowledge, that do not suffer from implicit biases that entail any discrimination and, in particular, that facilitate the selection of directors.</p>
<p>ARTICLE 9.- APPOINTMENT OF INDEPENDENT DIRECTORS</p>	<p>ARTICLE 9.- APPOINTMENT OF INDEPENDENT DIRECTORS</p>
<p>Independent Directors are defined as those who, appointed based on their personal and professional aptitudes, may perform their duties without being affected by dealings with the Company, its significant shareholders or its executives. Under no circumstances may the following be classified as Independent Directors:</p> <p>a) Past employees or executive directors of Group companies, unless three or five years have elapsed, respectively, from the end of the employment relationship.</p> <p>b) Persons who receive any sum or benefit other than Director's remuneration from the Company or its Group, unless such benefit is</p>	<p>Independent Directors are defined as those who, appointed based on their personal and professional aptitudes, may perform their duties without being affected by dealings with the Company, or its Group, significant shareholders or its executives. Under no circumstances may the following be classified as Independent Directors:</p> <p>a) a)—Past employees or executive directors of Group companies, unless three or five years have elapsed, respectively, from the end of the employment relationship.</p> <p>b) b)—PersonsThose who receive any sumhave received some payment or benefitother than Director's remunerationform of compensation from the Company or its Group on top of their directors' fees, unless such benefitthe amount</p>

<p>negligible. Payment shall not include for the purposes of the provisions of this article, dividends or pension top-ups paid to the director in connection with his or her former professional or employment relationship, so long as their settlement is unconditional in nature and the company paying them cannot arbitrarily choose to suspend, modify or revoke their payment, unless the director is in breach of his or her obligations.</p>	<p>involved is negligible not significant for the Board. Payment shall not include, for the purposes of the provisions of this article, dividends or pension top-ups paid to the director in connection with his or her former professional or employment relationship, so long as their settlement is unconditional in nature and the company Company paying them cannot arbitrarily choose to suspend, modify or revoke their payment, the accrual thereof unless the director is in breach of his or her obligations.</p>
<p>d) Partners, now or in the past three years, in the external auditor or the firm responsible for the audit report, during said period, of Enagás, S.A. or any other within its Group.</p>	<p>c) e) Partners, now or in the past three years, in the external auditor or the firm responsible for the audit report, during said period, of Enagás, S.A. or any other within its Group.</p>
<p>d) Executive directors or senior officers of another company where an executive director or senior officer of Enagás, S.A. is an external director.</p>	<p>d) e) Executive directors or senior officers of another company where an executive director or senior officer of Enagás, S.A. is an external director.</p>
<p>e) Persons who maintain, or have maintained in the past year, a significant business relationship with Enagás, S.A. or any other Group company, whether on their own behalf or as a significant shareholder, director or senior manager of any company that maintains or has maintained such relationship. Business relationships shall be defined as relationships whereby the Company serves as a provider of goods or services, including those of a financial nature, and as an advisor or consultant.</p>	<p>e) e) Persons who maintain, or have maintained in the past year, a significant relationship Those having material business dealings with Enagás, S.A. or any some other in its Group company, whether or who have had such dealings in the preceding year, either on their own behalf account or as a the significant shareholder, director or senior manager officer of any a company that maintains has or has maintained had such relationship dealings. Business relationships shall be defined as relationships whereby the Company serves as a provider of goods or services, including those of a financial nature, and as an advisor or consultant.</p>
<p>f) Persons who are significant shareholders, executive directors or senior managers of any entity that receives, or have received during the past three years, significant donations from Enagás, S.A. or its Group. Patrons or</p>	<p>f) f) Persons who are significant shareholders, executive directors or senior managers officers of any an entity that receives, or have received during the past three years, significant donations from Enagás, S.A. or its Group, or has done so in the past three years. Patrons or trustees of any foundation that receives donations shall not be included under</p>

<p>trustees of any foundation that receives donations shall not be included under this section.</p> <p>g) Spouses, or partners maintaining an analogous affective relationship, or close relatives of one of the company's executive directors or senior officers.</p> <p>h) Persons who have not been nominated, whether for appointment or renewal, by the Appointments, Remuneration and Corporate Responsibility Committee.</p> <p>j) Persons who, in respect of a significant shareholder or one represented on the Board, find themselves in any of the circumstances described under sections a), e), f) or g). In the case of the family relations set out in letter g), the limitation shall apply not only in connection with the shareholder but also with his or her proprietary directors in the investee company.</p> <p>Proprietary directors disqualified as such and obliged to resign due to the disposal of shares by the shareholder they represent may only be re-elected as independents once the said shareholder has sold all remaining shares in the company.</p> <p>A director with shares in the company may qualify as independent, provided he or she meets all the conditions stated in this article and the holding in question is not significant.</p>	<p>this section.</p> <p>g) g) Spouses, or partners maintaining an analogous affective relationship, or close relatives of one of the company's executive directors or senior officers.</p> <p>h) Persons who have not been nominated, whether for appointment or renewal, by the Appointments, Remuneration and Corporate Responsibility Committee.</p> <p>i) Any person who has been a director for more than 12 consecutive years.</p> <p>j) Persons who, in respect of a significant shareholder or one represented on the Board, find themselves in any of the circumstances described under sections a), e), f) or g). In the case of the family relations set out in letter g), the limitation shall apply not only in connection with the shareholder but also with his or her proprietary directors in the investee company.</p> <p>Proprietary directors disqualified Directors who lose their status as such and obliged to resign due to as a result of the disposal sale of shares their interest by the shareholder that they represent represented may only be re-elected as independents independent Directors if the said shareholder that they represented until that time has sold all remaining of its shares in the company Company.</p> <p>A director with shares in the company may qualify as independent, provided he or she meets all the conditions stated in this article and the holding in question is not significant.</p>
<p>ARTICLE 10.- TERM OF OFFICE AND CO-OPTION</p>	<p>ARTICLE 10.- TERM OF OFFICE AND CO-OPTION</p>
<p>Directors may hold their post for a period of four years, and may be re-elected. Directors appointed by co-option will perform their</p>	<p>Directors may hold their post for a period of four years, and may be re-elected for periods of up to four more years. Directors appointed by co-option will perform their functions duties until the date of</p>

<p>functions until the date of the next General Shareholders' Meeting.</p>	<p>the nextfirst General Shareholders'Meeting, or until the date of the following meeting, if the vacancy arises after the General Meeting has been convened and before it is held.</p>
<p>ARTICLE 11.- RE-APPOINTMENT OF DIRECTORS</p>	<p>ARTICLE 11.- RE-APPOINTMENT OF DIRECTORS</p>
<p>The Appointments, Remuneration and Corporate Responsibility Committee, responsible for evaluating the quality of work and dedication to the post of the directors proposed during the previous term of office, shall provide information required to assess proposal for re-appointment of directors presented by the Board of Directors to the General Shareholders' Meeting.</p> <p>As a general rule, appropriate rotation of independent directors should be endeavoured. For this reason, when an Independent Director is proposed for re-election, the circumstances making this Director's continuity in the post advisable must be justified. Independent directors should not stay on as such for a continuous period of more than 12 years.</p>	<p>The Appointments, Remuneration and Corporate Responsibility Committee, responsible for evaluating the quality of work and dedication to the post of the directors proposed during the previous term of office, shall provide information required to assess proposal for re-appointment of non-independent directors presented by the Board of Directors to the General Shareholders' Meeting, and shall propose the re-election of the independent directors, as applicable.</p> <p>Proposals for re-election shall always be accompanied by a report from the Board justifying the competencies, experience and merits of the candidate. This report shall be attached to the minutes of the General Meeting or of the Board.</p> <p>As a general rule, appropriate rotation of independent directors should be endeavoured. For this reason, when an Independent Director is proposed for re-election, the circumstances making this Director's continuity in the post advisable must be justified. Independent directors should not stay on as such for a continuous period of more than 12 years.</p>
<p>ARTICLE 13.- DUTIES OF THE DIRECTOR</p>	<p>ARTICLE 13.- DUTIES OF THE DIRECTOR</p>
<p>The duty of a Director is to support and oversee the running of the Company for the purpose of maximising its value for the benefit of shareholders.</p> <p>By virtue of his/her office, a Director is under a duty to:</p> <ul style="list-style-type: none"> a) Perform any specific task assigned by the Board of Directors and which is reasonably included in his/her dedication 	<p>The duty of a Director is to support and oversee the running of the Company for the purpose of maximising its value for the benefit of shareholders.</p> <p>By virtue of his/her office, a Director is under a duty to:</p> <ul style="list-style-type: none"> b) a) Perform any specific task assigned by the Board of Directors and which is reasonably included in his/her dedication commitment.

commitment.

- e)b) Report to the Board on any acts he/she performs by delegation from or engagement by the Board.

In addition to the aforementioned general duties, Directors will have, in particular, the following:

a) **Duty of diligent administration:**

A Director must perform his/her office with the diligence of a prudent businessperson.

Every Director must diligently acquaint himself with the Company's affairs and properly prepare for meetings of the Board and of any Committees of which he/she is a member.

Directors must attend the meetings of the bodies of

- e)b) Report to the Board on any acts he/she performs by delegation from or engagement by the Board.

In addition to the aforementioned general duties, Directors will have, in particular, the following:

a) ~~a) Duty of diligent administration:~~ **General duty of diligence:**

~~A Director~~ Directors must perform ~~his/her office~~ their duties and comply with the duties imposed by law and the Articles of Association with the diligence of a prudent ~~businessperson~~ businessman, given the nature of their post and the functions attributed to each of them.

Directors must show the proper dedication and adopt the precise measures for the proper management and control of the company.

When performing their functions, Directors have the duty to demand and the right to receive appropriate information from the Company with which to fulfil their obligations.

In terms of strategic and business decisions requiring the discretionary authority of a business person, the standard of diligence of a prudent business person will be understood to be met when the Director has acted in good faith, without personal interest in the matter on which he or she decides and with sufficient information and following an appropriate decision procedure.

Decisions that personally affect other Directors and related persons and, in particular, that are intended to authorise the operations provided for in article 230 of the revised text of the Corporate Enterprise Act shall not be understood as included in the sphere of discretionary authority of a business person.

~~Every~~ Each Director must ~~diligently acquaint himself with the Company's affairs and~~ properly prepare for ~~meetings of the Board and of any Committees of which he/she is a member.~~

Directors must attend the meetings of the bodies of which they are members and

which they are members and actively participate in order for their opinions to make an effective contribution to the decision-making process. . Director absences will be kept to the bare minimum and quantified in the Annual Corporate Governance Report. If, on justified grounds, a Director is unable to attend a meeting to which he/she has been called, he/she must give instructions to the Director who, as the case may be, represents him/her by proxy.

Directors shall apprise the Appointments, Remuneration and Corporate Responsibility Committee of any other professional obligations in case they might detract from the necessary dedication. The Company may limit the number of directorships that its board members may hold if this may also detract from the commitment required.

b) Duty of loyalty:

A Director must perform his/her office as a loyal representative in defence of the Company's interests and shall discharge the duties imposed by law and the Articles of Association.

actively participate in order for their opinions to make an effective contribution to the decision-making process.— Director absences will be kept to the bare minimum and quantified in the Annual Corporate Governance Report. If, on justified grounds, a Director is unable to attend a meeting to which he/she has been called, he/she must give instructions to the Director who, as the case may be, represents him/her by proxy.

Directors shall apprise the Appointments, Remuneration and Corporate Responsibility Committee of any other professional obligations in case they might detract from the necessary dedication. The Company may limit the number of directorships that its board members may hold if this may also detract from the commitment required.

b) ~~b)~~ Duty of loyalty:

~~A Director must~~ Directors will perform his/her office as their positions with the loyalty of a ~~loyal~~ reliable representative, acting in ~~defence of the Company's interests~~ good faith and ~~shall discharge~~ in the ~~duties imposed by law and the Articles~~ best interest of ~~Association~~ the Company.

In particular, the duty of loyalty requires that Directors:

a) Not exercise their powers for purposes other than those for which they have been granted.

b) Keep secret any information, data, reports or records which they have had access to in the performance of their duties, including if they have been removed from their positions, except in cases where the law permits or requires that they act otherwise.

c) Refrain from participating in deliberating and voting on resolutions or decisions in which they or a related person have a direct or

indirect conflict of interests. Resolutions or decisions that affect them in their capacity as Director, such as their appointment to or removal from posts on the governing body or others of a similar nature, will be excluded from the preceding obligation, .

d) Perform their functions according to the principle of personal responsibility with freedom of judgement or judgement and independence relating to instructions from and links with third parties.

e) Adopt the measures required to avoid becoming involved in situations in which their interests, either for their own personal reasons or those of another party, may conflict with the Company's interest or with their duties with the Company.

In particular, the obligation to avoid conflicts of interest referred to in the preceding paragraph requires that Directors refrain from:

a) Conducting transactions with the Company, except for routine transactions carried out under standard conditions for the customers and having little import, which are understood to be those that are not required to be reported in order to express a true and fair view of the equity, the financial position and results of the entity.

b) Using the name of the Company or invoking their position as director to improperly influence the conducting of private transactions.

c) Using the corporate assets, including the Company's confidential information, for private purposes.

d) Taking advantage of the Company's business opportunities.

e) Obtaining benefits and remunerations from third parties other than the Company and its group associated with the performance of their duties, except for acts of mere courtesy.

f) Conducting activities for themselves or for another party that—actually or potentially—entail effective competition with the company or that, in any other manner, place them in permanent conflict with the Company's interests.

The above provisions will also be applicable if the beneficiary of prohibited acts or activities

In addition, a Director must comply with all rules imposed on him/her by the Company's Internal Code of Conduct in his/her capacity as a Director and, as the case may be, as a shareholder or senior executive of the Company.

Notwithstanding the provisions of article 12, Directors will inform the board of any circumstance that might harm the Company's name or reputation, in particular any criminal charges brought against them and the progress of any subsequent trial.

d) **Ban on use of the name of the Company and of the capacity of Director:**

A Director may not use the Company's name or hold himself out as a Director of the Company for the purpose of concluding transactions on his/her own behalf or on behalf of his/her related parties.

A Director, in his/her capacity as an honest representative of the Company, must inform the Company of any Enagás shares he/she holds, whether directly or through third companies in which he/she holds a significant interest, following the

is a person related to the Director.

In any event, Directors must inform the other Directors and the Board of Directors of any direct or indirect situation of conflict that they or persons related to them make have with the Company's interests.

Direct and indirect conflicts of interest in Directors become involved shall be disclosed in the Annual Report.

c) **Other duties:**

In addition, a Director must comply with all rules imposed on him/her by the Company's Internal Code of Conduct in his/her capacity as a Director and, as the case may be, as a shareholder or senior executive of the Company.

Notwithstanding the provisions of article 12, Directors will inform the board of any circumstance that might harm the Company's name or reputation, in particular any criminal charges brought against them and the progress of any subsequent trial.

~~e) **Ban on use of the name of the Company and of the capacity of Director:**~~

~~A Director may not use the Company's name or hold himself out as a Director of the Company for the purpose of concluding transactions on his/her own behalf or on behalf of his/her related parties.~~

A Director, in his/her capacity as an honest representative of the Company, must inform the Company of any Enagás shares he/she holds, whether directly or through third companies in which he/she holds a significant interest, following the procedure and other formalities laid down for investment in the equity of Enagás and its investees.

~~A Director may not use the Company's non-~~

procedure and other formalities laid down for investment in the equity of Enagás and its investees.

d) Persons related to the Directors:

For the purposes of these Rules and Regulations, the persons referred to in article 231 of the Corporate Enterprise Act shall be considered related parties of a Director.

e) Ban on taking advantage of business opportunities:

A Director may not enter into, for his/her own benefit or for the benefit of his/her related parties, investments or any manner of transaction connected to Company property and known to him/her by reason of his/her office if such investment or transaction was offered to the Company or the Company had an interest in it, provided that the Company has not rejected such investment or transaction for reasons unrelated to the Director's influence.

f) Situations involving conflicts of interest:

A Director must disclose to the Board any situation of direct or indirect conflict between his/her own and the Company's interests.

public information for private purposes, except in the absence of any detriment to the Company and of any right of exclusivity in the Company or legal position of analogous import as to the information intended to be used, and provided that such information is not used for transactions of acquisition or sale of Company securities.

The Director must at all events comply with the standards of conduct prescribed in the legislation on the securities market and in the Enagás Group, S.A. Internal Code of Conduct regarding the securities market.

d) ~~d)~~—Persons related to the Directors:

For the purposes of these Rules and Regulations, the persons referred to in article 231 of the Corporate Enterprise Act shall be considered related parties of a Director.

~~e) —Ban on taking advantage of business opportunities:~~

~~A Director may not enter into, for his/her own benefit or for the benefit of his/her related parties, investments or any manner of transaction connected to Company property and known to him/her by reason of his/her office if such investment or transaction was offered to the Company or the Company had an interest in it, provided that the Company has not rejected such investment or transaction for reasons unrelated to the Director's influence.~~

~~f) —Situations involving conflicts of interest:~~

~~A Director must disclose to the Board any situation of direct or indirect conflict between his/her own and the Company's interests.~~

In the event of a conflict of interest, the Director must refrain from taking part in the transaction giving rise to the conflict.

Any conflict of interest affecting Company Directors shall in any event be disclosed in the Annual Report.

The Director must disclose any direct or indirect equity interests, held either by the Director or by the related persons referred to in article 231 of the LSC, in another company carrying on the same or a similar or related business to that forming the subject matter of the Company's corporate purpose, and any office or functions he/she performs at such company.

The situations involving conflicts of interest provided in the foregoing paragraphs shall be disclosed in the Annual Report.

A Director may not, whether directly or indirectly, carry out professional or commercial transactions with the Company or any Group company unless he/she gives advance notice of the conflict of interest and the Board, with the advice of the Appointments, Remuneration and Corporate Responsibility Committee, approves the transaction. If the transactions are ordinary, a generic authorisation of the type of transaction and its terms and conditions shall suffice.

A Director affected by a proposal for appointment, re-election or removal shall abstain from taking part in

~~In the event of a conflict of interest, the Director must refrain from taking part in the transaction giving rise to the conflict.~~

~~Any conflict of interest affecting Company Directors shall in any event be disclosed in the Annual Report.~~

~~The Director must disclose any direct or indirect equity interests, held either by the Director or by the related persons referred to in article 231 of the LSC, in another company carrying on the same or a similar or related business to that forming the subject matter of the Company's corporate purpose, and any office or functions he/she performs at such company.~~

~~The situations involving conflicts of interest provided in the foregoing paragraphs shall be disclosed in the Annual Report.~~

~~A Director may not, whether directly or indirectly, carry out professional or commercial transactions with the Company or any Group company unless he/she gives advance notice of the conflict of interest and the Board, with the advice of the Appointments, Remuneration and Corporate Responsibility Committee, approves the transaction. If the transactions are ordinary, a generic authorisation of the type of transaction and its terms and conditions shall suffice.~~

~~A Director affected by a proposal for appointment, re-election or removal shall abstain from taking part in any deliberations and votes addressing such matters. In these~~

any deliberations and votes addressing such matters. In these events, votes shall be cast under conditions of secrecy.

g) Directors' duty of confidentiality:

A Director must keep in confidence any confidential information that becomes known to him/her in the performance of his/her office, even after vacating office; he/she is under a duty to uphold the confidentiality of any information, data, reports or background known to him/her by reason of his/her office, and may not communicate any such information to third parties or disclose it if the consequences might be detrimental to the Company's interests.

Cases in which the laws allow such information to be communicated or disseminated to a third-party or in which, if applicable, Directors are summoned or must forward the information to the respective oversight authorities are excepted from the obligation referred to in this article. In such events, the obligation to keep information confidential must conform to the law.

If a Director is body corporate, the duty of confidentiality shall bind its individual representative, subject to the representative's duty to inform the body-corporate Director.

h) Duty of non-competition:

A Director must abide by the

~~events, votes shall be cast under conditions of secrecy.~~

~~**g) Directors' duty of confidentiality:**~~

~~**A Director must keep in confidence any confidential information that becomes known to him/her in the performance of his/her office, even after vacating office; he/she is under a duty to uphold the confidentiality of any information, data, reports or background known to him/her by reason of his/her office, and may not communicate any such information to third parties or disclose it if the consequences might be detrimental to the Company's interests.**~~

~~Cases in which the laws allow such information to be communicated or disseminated to a third-party or in which, if applicable, Directors are summoned or must forward the information to the respective oversight authorities are excepted from the obligation referred to in this article. In such events, the obligation to keep information confidential must conform to the law.~~

~~If a Director is body corporate, the duty of confidentiality shall bind its individual representative, subject to the representative's duty to inform the body-corporate Director.~~

~~**h) Duty of non-competition:**~~

~~**A Director must abide by the non-**~~

<p>non-competition duties prescribed in article 230 of the LSC.</p>	<p>competition duties prescribed in article 230 of the LSC.</p> <p>e) Natural person representative:</p> <p>A natural person appointed to permanently exercise the functions corresponding to the office of a legal person Director must meet the legal requirements established for directors and shall be required to perform the same duties as and shall be jointly and severally liable with the legal person director".</p>
<p>ARTICLE 14.- USES OF COMPANY INFORMATION AND ASSETS</p>	<p>ARTICLE 14.- USES OF COMPANY INFORMATION MANDATORY NATURE AND ASSETSEXEMPTION OF THE DUTY OF LOYALTY</p>
<p>1.- A Director may not use the Company's non-public information for private purposes, except in the absence of any detriment to the Company and of any right of exclusivity in the Company or legal position of analogous import as to the information intended to be used, and provided that such information is not used for transactions of acquisition or sale of Company securities.</p> <p>The Director must at all events comply with the standards of conduct prescribed in the legislation on the securities market and in the Enagás Group, S.A. Internal Code of Conduct regarding the securities market.</p> <p>2.- A Director may not use Company assets or exploit his/her position at the Company to gain an economic advantage, unless he/she has given adequate consideration in return. If he/she is dispensed from giving such consideration, the economic advantage thus obtained shall be treated as indirect remuneration, and must be authorised by the Appointments, Remuneration and Corporate Responsibility</p>	<p>1.-</p> <p>A Director may not use the Company's non-public information for private purposes, except in the absence of any detriment to the Company and of any right of exclusivity in the Company or legal position of analogous import as to the information intended to be used, and provided that such information is not used for transactions of acquisition or sale of Company securities.</p> <p>The Director must at all events comply with the standards of conduct prescribed in the legislation on the securities market and in the Enagás Group, S.A. Internal Code of Conduct regarding the securities market.</p> <p>2.- A Director may not use Company assets or exploit his/her position at the Company to gain an economic advantage, unless he/she has given adequate consideration in return. If he/she is dispensed from giving such consideration, the economic advantage thus obtained shall be treated as indirect remuneration, and must be authorised by the Appointments, Remuneration and Corporate Responsibility Committee in strict conformity with the principle of equality of treatment of shareholders.</p>

<p>Committee in strict conformity with the principle of equality of treatment of shareholders.</p>	<ol style="list-style-type: none"> 1.- Application of the rules relating to the duty of loyalty and liability for the violation thereof are mandatory. 2. Notwithstanding the provisions set forth in the preceding paragraph, the Company may establish exemptions regarding the prohibitions contained in article 13 b) above in exceptional cases, authorising a Director or a related person to carry out a given transaction with the Company, to use certain corporate assets, to take advantage of a specific business opportunity, or to obtain a benefit or remuneration from a third party. 3.- The authorisation must, without exception, be agreed by the General Meeting when its purpose is establish an exemption from the prohibition against obtaining a benefit or remuneration from third parties or when it affects a transaction for an amount greater than ten percent of the corporate assets. 4.- In other cases, authorisation may also be granted by the Board of Directors, provided a guarantee is given regarding the independence of the members granting it vis-à-vis the Director for whom the exemption is established. Additionally, assurance must be given regarding the harmlessness of the authorised transaction for the the company's assets or, if applicable, that it will be carried out under market conditions and and that the process is transparent. 5.- An exemption may be given regarding the obligation to not compete with the Company only when it is not expected to damage the Company or when any expected damage can be expected to be compensated by the benefits expected to be obtained from the exemption. Exemptions are granted through an express and separate agreement of the General Meeting. 6.- In all cases, at the request of any member, the General Meeting will decide on the removal of a director who carries out competitive activities when the risk of harm to the Company has become relevant."
<p>ARTICLE 14 bis.- RELATED-PARTY TRANSACTIONS</p>	<p>ARTICLE 14 bis.- RELATED-PARTY TRANSACTIONS</p>
	<ol style="list-style-type: none"> 1.- It will be the responsibility of the Board of Directors to identify and approve, pursuant to a

<p>1.- The Board of Directors shall know the transactions that the Company enters into, either directly or indirectly, with Directors, with significant shareholders or with persons related to these as defined in law. The execution of said transactions shall require authorisation from the board, on the basis of a favourable report from the Appointments, Remuneration and Corporate Responsibility Committee.</p> <p>The aforementioned transactions shall be measured from the point of view of equal treatment and according to market conditions, and shall be disclosed in the annual corporate governance report and in the Company's regular public reporting as provided in applicable laws and regulations.</p> <p>2.- The authorisation provided in the previous paragraph shall not be necessary, however, for transactions that simultaneously comply with the three following conditions:</p> <p>(a) they are undertaken by virtue of contracts whose conditions are basically standardised and are usually applied to the customers who contract the type of</p>	<p>report from the Audit and Compliance Committee, transactions carried out by the Company or the companies in its Group with Directors under the terms set forth in Articles 229 and 230, 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 boards of other companies belonging to the same group or with persons associated with them. The affected Directors or those who represent or are related to the affected shareholders must refrain from participating in deliberating and voting on the resolution in question.</p> <p>1.- The Board of Directors shall know the transactions that the Company enters into, either directly or indirectly, with Directors, with significant shareholders or with persons related to these as defined in law. The execution of said transactions shall require authorisation from the board, on the basis of a favourable report from the Appointments, Remuneration and Corporate Responsibility Committee.</p> <p>The aforementioned transactions shall be measured from the point of view of equal treatment and according to market conditions, and shall be disclosed in the annual corporate governance report and in the Company's regular public reporting as provided in applicable laws and regulations.</p> <p>2.- The authorisation approval provided in the previous paragraph shall not be necessary required, however, for transactions that simultaneously comply with the three following conditions:</p> <p>(a) (a) — they that are undertaken governed by virtue of standard form contracts whose conditions are basically standardised and are usually applied on an across-the-board basis to the a large number of customers who contract the type of product or service</p>
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<p>product or service in question;</p> <p>(b) they go through at market prices, generally set by the person supplying the goods or services or, when the transactions are goods or services that have no set prices, at normal market rates, similar to those applied in commercial relations with customers with similar characteristics; and</p> <p>(c) their amount is no more than 1% of the Company's annual revenues.</p> <p>3.- If the conditions provided in the paragraph above are met, the affected parties shall not be under a duty to report said transactions.</p> <p>4.- Exceptionally, when grounds of urgency make it advisable, related-party transactions may be authorised, if appropriate, by the Executive Committee, and later ratified by the board.</p>	<p>in question;</p> <p>(b) (b)—they go through at market prices, generally set by the person supplying the goods or services or, when the transactions are goods or services that have no set prices, at normal market rates, similar to those applied in commercial relations with customers with similar characteristics; and</p> <p>(c) (c)—their amount is no more than does not exceed 1% of the Company's annual revenues.</p> <p>3.- If the conditions provided in the paragraph above are met, the affected parties shall not be under a duty to report said transactions.</p> <p>4.- Exceptionally, when grounds of urgency make it advisable urgently documented, urgent reasons, related-party transactions may be authorised, if appropriate as applicable, by the Executive Committee, delegated bodies and later persons, who must be ratified by at the board first meeting of the Board of Directors held after the decision is adopted.</p>
<p>ARTICLE 16.- DIRECTOR REMUNERATION</p>	<p>ARTICLE 16.- DIRECTOR REMUNERATION</p>
<p>1.- The office of Director of Enagás, S.A. shall be remunerated in the manner stipulated in the Articles of Association, having regard to the report issued by the Appointments, Remuneration and Corporate Responsibility Committee pursuant to article 25 of these Rules and Regulations.</p>	<p>1.- The office of Director of Enagás, S.A. shall be remunerated in the manner stipulated in the Articles of Association, having regard to the report issued by the Appointments, Remuneration and Corporate Responsibility Committee pursuant to article 25 of these Rules and Regulations.</p> <p>The Director remuneration policy will determine the remuneration of the Directors in this capacity, within the remuneration system provided for in the Articles of Association and will include the maximum amount of the annual remuneration to be paid to all the Directors in that capacity.</p> <p>The remuneration of Directors for performing the executive functions provided for in contracts approved in accordance with the provisions of article 19.bis of these Regulations conform to the</p>

The Appointments, Remuneration and Corporate Responsibility Committee shall establish remuneration criteria for Company Directors, within the scope of the Company Articles of Association and in accordance with resolutions of the General Meeting, while the Board of Directors is responsible for final distribution of the overall sum within the limits established by Articles of Association for this purpose.

director remuneration policy, which must necessarily set forth the amount of the fixed annual payment and the variation therein in the period covered by the policy, the different parameters for setting the variable components and the main conditions of directors' contracts, and, in particular, the length of their contracts, compensation for early removal or termination of the contractual relationship, and exclusivity, post-contractual non-competition and seniority or loyalty arrangements.

The Board of Directors is responsible for setting Directors' remuneration for performing executive functions and the terms and conditions of their contracts with the Company in accordance with article 19.bis of these Regulations and with the Director remuneration policy approved by the General Meeting.

The Appointments, Remuneration and Social Corporate Responsibility Committee shall establish remuneration criteria for Company Directors, within the scope of the ~~Company~~Company's Articles of Association and in accordance with resolutions of the General Meeting, while the Board of Directors is responsible for final distribution of the overall sum within the limits established by Articles of Association for this purpose— and in accordance with the Director remuneration policy approved by the General Meeting, given the functions and responsibilities attributed to each Director.

The Directors' remuneration policy shall be in keeping with the corresponding remuneration system provided for in the Articles of Association, and shall be approved by the General Shareholders' Meeting at least every three years as a separate item on the Agenda.

The grounds for the proposed remuneration policy of the Board of Directors shall be stated and the proposal must be accompanied by a specific report from the Appointments, Retribution and Social Corporate Responsibility Committee. Both documents will be made available to the shareholders on the Company's website after notice of the General Meeting has been given, and shareholders may also request that these documents be delivered or sent free of charge. The announcement of the notice of the General Meeting will mention this right.

The Directors' remuneration policy, approved as set forth above, will remain valid for three fiscal years after being approved by the General Meeting. Any amendment to or replacement of this policy during

The Board of Directors may, on an annual basis, delegate the powers conferred upon it in respect of the remuneration of Directors to the Appointments, Remuneration and Social Corporate Responsibility Committee, subject to the restrictions laid down in the Articles of Association.

2.- Director remuneration shall be transparent. To this end:

- The Notes to the financial statements, as an integral part of the financial statements, shall include accurate, detailed information on the remuneration received by each Director, and on the remuneration received by Executive Directors for performing senior management functions.

- The Appointments, Remuneration and Corporate Responsibility Committee must submit to the Board of Directors the proposed Annual Report on Director Remuneration, which will contain full, clear and understandable information on the Company's remuneration policy approved by the Board for the current year, as well as, where appropriate, the expected policy for future years. It shall also include a global summary of how the remuneration policy was applied over the year, as well as a list of the individual remuneration accrued by each of the Directors. The Annual Report on Director Remuneration, once approved by the Board, shall be distributed and submitted to the vote, as a separate item on the agenda, of the Annual General Meeting of Shareholders.

said period will require the prior approval of the General Shareholders' Meeting, in accordance with the procedure established for its approval.

The Board of Directors may, on an annual basis, delegate the powers conferred upon it in respect of the remuneration of Directors to the Appointments, Remuneration and Social Corporate Responsibility Committee, subject to the restrictions laid down in the law and the Articles of Association.

2.- Director remuneration shall be transparent. To this end:

- The Notes to the financial statements, as an integral part of the financial statements, shall include accurate, detailed information on the remuneration received by each Director, and on the remuneration received by Executive Directors for performing senior management functions.

- The Appointments, Remuneration and Social Corporate Responsibility Committee must submit to the Board of Directors the proposed Annual Report on Director Remuneration, which will contain full, clear and understandable information on the Company's remuneration policy approved by the Board for the current year, as well as, where appropriate, the expected policy for future years. It shall also include a global summary of how the remuneration policy was applied over the year, as well as a list of the individual remuneration accrued by each of the Directors. The Annual Report on Director Remuneration, once approved by the Board, shall be distributed and submitted to ~~the~~an advisory vote, as a separate item on the agenda, of the Annual General Meeting of Shareholders. **Should the Annual Report on Director Remuneration be rejected by the advisory vote of the Ordinary General Meeting, the remunerations policy to be applied in the next fiscal year must be submitted to the General Meeting for approval before being applied, even if the three-year validity period has not expired. An exception to the foregoing shall be made if the remuneration policy has been approved at that same Ordinary General Meeting.**

Any remuneration paid to Directors for holding or being removed from their positions and for performing executive functions must be set forth in the corresponding contract, in accordance with the

	terms set forth in article 19.bis, and will be consistent with the Director remuneration policy in effect at any given time, except for any remuneration expressly approved by the General Shareholders' Meeting.
ARTICLE 18.- THE LEAD INDEPENDENT DIRECTOR.	ARTICLE 18.- THE LEAD INDEPENDENT DIRECTOR.
<p>The Board of Directors may appoint an Independent Director, on the proposal of the Appointments, Remuneration and Corporate Responsibility Committee, to perform the following duties, under the title of Lead Independent Director:</p> <p>a) To request the Chairman of the Board of Directors to convene that body when the said Coordinating Independent Director deems it appropriate.</p> <p>b) To request that items be included on the Agenda of the meetings of the Board of Directors.</p> <p>c) To coordinate and voice the opinions of External Directors.</p> <p>d) To oversee the Board's evaluation of its Chairman and, where appropriate, the Managing Director.</p> <p>e) To perform as a Deputy Chairman the functions of the Chairman as regards the Board of Directors if the Chairman is absent, ill or unable to act as Chairman for whatever reason. In the absence of a Lead Independent Director, for the purposes of this section the most senior Director in age shall act as Chairman.</p>	<p>The Board of Directors may appoint an Independent Director, on the proposal of the Appointments, Remuneration and Corporate Responsibility Committee, to perform the following duties, under the title of Lead Independent Director:</p> <p>a) a)—To request the Chairman of the Board of Directors to convene that body when the said CoordinatingLead Independent Director deems it appropriate.</p> <p>b) b)—To request that items be included on the Agenda of the meetings of the Board of Directors.</p> <p>c) c)—To coordinate and voiceconvene the opinions of Externalexternal Directors.</p> <p>d) d)—To oversee the Board's evaluation of its Chairman and, where appropriate, the Managing DirectorChief Executive Officer.</p> <p>e) e)—To perform as a Deputy Chairman the functions of the Chairman as regards the Board of Directors, if the Chairman is absent, ill or unable to act as Chairman for whatever reason. In the absence of a Lead Independent Director, for the purposes of this section the most senior Director in age shall act as Chairman.</p> <p>The appointment of a Lead Independent Director shall be obligatory if the Chairman of the Board is an Executive Director. In such cases the Lead Independent Director shall be appointed by the Board with the Executive Directors abstaining from the vote.</p>
	ARTICLE 19 bis.- CONTRACT OF THE EXECUTIVE DIRECTORS

	<p>When a member of the Board of Directors is appointed Chief Executive Officer or executive functions are attributed to him/her under a different title, a contract must be entered into between said Board member and the Company, and this contract must be approved by the Board of Directors with a favourable vote of two thirds of its members. The affected Director must refrain from attending the deliberation and taking part in the vote. The approved contract must be incorporated as an appendix to the minutes of the meeting.</p> <p>The contract will detail all items for which the Director may obtain remuneration for performing executive functions, including, where applicable, any possible compensation for early removal from said post and the amounts to be paid by the Company as insurance premiums or contribution to savings systems. The Director may not receive any payment for performing executive functions the amounts or descriptions of which are not given in the contract.</p> <p>The contract must be in accordance with the remuneration policy approved by the General Meeting, as applicable."</p>
<p>ARTICLE 20.- SECRETARY OF THE BOARD OF DIRECTORS</p>	<p>ARTICLE 20.- SECRETARY OF THE BOARD OF DIRECTORS</p>
<p>1.- The Secretary of the Board of Directors shall be appointed by the Board and need not be a Director. The Secretary shall exercise the functions conferred upon such position under commercial law and in these Rules and Regulations. To ensure the independence, impartiality and professionalism of the Secretary, his/her appointment and removal shall be the subject of a prior report from the Appointments, Remuneration and Corporate Responsibility Committee and must be approved by the Board in plenary session.</p> <p>2.- The Secretary will assist the Chairman and must take the necessary measures to ensure the smooth operation of the Board of Directors, in particular by providing the Directors with needed advice</p>	<p>1.- The Secretary of the Board of Directors shall be appointed by the Board and need not be a Director. The Secretary shall exercise the functions conferred upon such position under commercial law and in these Rules and Regulations. To ensure the independence, impartiality and professionalism of the Secretary, his/her appointment and removal shall be the subject of a prior report from the Appointments, Remuneration and Corporate Responsibility Committee and must be approved by the Board in plenary session.</p> <p>2.- The Secretary will assist the Chairman and must take the necessary measures to ensure the smooth operation of the Board of Directors, in particular by providing the Directors with needed advice and information, helping the Chairman to see to it that the Directors receive the relevant information for exercising their</p>

<p>and information, keeping the corporate documentation, keeping a record of meeting proceedings in the minute books and attesting to the resolutions of the Board of Directors. The Secretary shall also be responsible for giving notice of the resolutions adopted by the Board.</p> <p>3.- The Secretary shall also be responsible for the formal and substantive legality of the Board of Directors' actions and ensure that its governing procedures and rules are respected and regularly revised. In particular he/she shall ensure that the actions of the Board:</p> <p>a) Adhere to the spirit and letter of primary enactments and their implementing regulations, including those issued by regulatory agencies;</p> <p>b) Comply with the Company's Articles of Association and Rules and Regulations of the Board and others of the Company;</p> <p>c) Are informed by the good governance recommendations that the company has subscribed to.</p>	<p>function in due time and proper form, keeping the corporate documentation, keeping a record of meeting proceedings in the minute books and attesting to the resolutions of the Board of Directors. The Secretary shall also be responsible for giving notice of the resolutions adopted by the Board.</p> <p>3.- The Secretary shall also be responsible for the formal and substantive legality of the Board of Directors' actions and ensure that its governing procedures and rules are respected and regularly revised. In particular he/she shall ensure that the actions of the Board:</p> <p>a) Adhere to the spirit and letter of primary enactments and their implementing regulations, including those issued by regulatory agencies;</p> <p>b) Comply with the Company's Articles of Association and Rules and Regulations of the Board and others of the Company;</p> <p>c) Are informed by the good governance recommendations that the company has subscribed to.</p>
<p>ARTICLE 21.- VICE-SECRETARY OF THE BOARD OF DIRECTORS</p>	<p>ARTICLE 21.- VICE-SECRETARY OF THE BOARD OF DIRECTORS</p>
<p>The Board of Directors may appoint a Vice-secretary, who need not be a Director, to assist or replace Secretary of the Board of Directors in performing his or her duties in the event of absence or illness.</p>	<p>The Board of Directors, after receiving a report from the Appointments, Retribution and Social Corporate Responsibility Committee, may appoint a Vice-secretary, who need not be a Director, to assist or replace Secretary of the Board of Directors in performing his or her duties in the event of absence or illness.</p> <p>The same procedure will be followed to approve the removal of the Vice-secretary.</p>
<p>CHAPTER FIVE</p>	<p>CHAPTER FIVE</p>
<p>DELEGATION OF POWERS AND SPECIAL SPECIAL</p>	<p>DELEGATION OF POWERS AND SPECIAL SPECIAL COMMITTEES</p>

<u>COMMITTEES</u>	
ARTICLE 24.- EXECUTIVE COMMITTEE	ARTICLE 24.- EXECUTIVE COMMITTEE
<p>1. The Executive Committee shall comprise the Chairman of the Board and no more than eight Directors, drawn from the three categories defined in article 3 of these Rules and Regulations in the same proportions as those then prevailing on the Board.</p> <p>The appointment of a member of the Executive Committee shall require a vote in favour by at least two-thirds of Directors whose appointments are in effect.</p> <p>2.- The Chairman of the Board shall be the Chairman of the Executive Committee, and the Secretary to the Board shall be the Committee Secretary, who may be assisted by a Deputy Secretary.</p> <p>3.- The Executive Committee shall be validly constituted when one half of the membership plus one member are in attendance or represented at the Meeting.</p> <p>4.- The members of the Executive Committee will removed from office when they relinquish their capacity as Director or when so agreed by the Board. Vacancies will be promptly filled by the Board of Directors.</p> <p>5.- The Executive Committee will act with the powers delegated by the Board of Directors. The scope of the permanent delegation of powers by the Board of Directors in favour of the Executive Committee will be decided by agreement of the latter and may refer to all powers of the Board, except those that for legal or institutional reasons cannot be</p>	<p>1. The Executive Committee shall comprise the Chairman of the Board and no more than eight Directors, drawn from the three categories defined in article 3 of these Rules and Regulations in the same proportions as those then prevailing on the Board.</p> <p>The appointment of a member of the Executive Committee shall require a vote in favour by at least two-thirds of Directors whose appointments are in effect.</p> <p>2.- The Chairman of the Board shall be the Chairman of the Executive Committee, and the Secretary to the Board shall be the Committee Secretary, who may be assisted by a Deputy Secretary.</p> <p>3.- The Executive Committee shall be validly constituted when one half of the membership plus one member are in attendance or represented at the Meeting.</p> <p>4.- The members of the Executive Committee will removed from office when they relinquish their capacity as Director or when so agreed by the Board. Vacancies will be promptly filled by the Board of Directors.</p> <p>5.- The Executive Committee will act with the powers delegated by the Board of Directors. The scope of the permanent delegation of powers by the Board of Directors in favour of the Executive Committee will be decided by agreement of the latter and may refer to all powers of the Board, except those that for legal or institutional reasons cannot be delegated. No delegation may be made of the duties to render accounts and lay financial statements before the General Meeting, nor of any powers granted by the General Meeting to the Board of</p>

delegated. No delegation may be made of the duties to render accounts and lay financial statements before the General Meeting, nor of any powers granted by the General Meeting to the Board of Directors, unless expressly authorised so to delegate by the General Meeting.

6.- The Executive Committee will hold its regular meetings on a monthly basis. The Secretary will keep the Minutes of the resolutions adopted at meetings, an account of which will be given at the next plenary session of the Board of Directors.

7.- If in the view of the Chairman or of three Executive Committee members the importance of some matter so requires, the relevant resolution of the Executive Committee shall be submitted to ratification by a plenary meeting of the Board.

This rule shall also apply to any matter which the Board has referred to the Executive Committee for consideration while reserving the power to make the final decision.

In any other event, a resolution adopted by the Executive Committee in the exercise of the powers delegated to it shall be valid and binding without need of later ratification by the plenary meeting of the Board.

The full Board shall be informed of the business transacted and decisions adopted by the Executive Committee at the first full Board meeting subsequent to the Committee meeting. All Directors shall receive copies of the minutes of proceedings of the Executive Committee.

~~Directors, unless expressly authorised so to delegate by the General Meeting by law or according to the bylaws these Regulations cannot be delegated.~~

6.- The Executive Committee will hold its regular meetings on a monthly basis. The Secretary will keep the Minutes of the resolutions adopted at meetings, an account of which will be given at the next plenary session of the Board of Directors.

7.- If in the view of the Chairman or of three Executive Committee members the importance of some matter so requires, the relevant resolution of the Executive Committee shall be submitted to ratification by a plenary meeting of the Board.

This rule shall also apply to any matter which the Board has referred to the Executive Committee for consideration while reserving the power to make the final decision.

In any other event, a resolution adopted by the Executive Committee in the exercise of the powers delegated to it shall be valid and binding without need of later ratification by the plenary meeting of the Board.

The full Board shall be informed of the business transacted and decisions adopted by the Executive Committee at the first full Board meeting subsequent to the Committee meeting. All Directors shall receive copies of the minutes of proceedings of the Executive Committee.

<p>8.- The provisions of these Regulations relating to the operation of the Board of Directors will, to the extent possible, be applicable to the Executive Committee.</p>	<p>8.- The provisions of these Regulations relating to the operation of the Board of Directors will, to the extent possible, be applicable to the Executive Committee.</p>
<p>ARTICLE 25.- APPOINTMENTS, REMUNERATION AND SOCIAL CORPORATE RESPONSIBILITY</p>	<p>ARTICLE 25.- APPOINTMENTS, REMUNERATION AND SOCIAL CORPORATE RESPONSIBILITY</p>
<p>1.- The Appointments, Remuneration and Social Corporate Responsibility Committee shall comprise at least three and no more than six Directors, to be appointed by the Board.</p> <p>A majority of the members of the Appointments, Remuneration and Social Corporate Responsibility Committee must be Independent Directors. Executive Directors may not sit on the Committee, although they may be present if so expressly decided by the Committee.</p> <p>The Committee Chairman shall be an Independent Director selected from among Committee members by the Board of Directors, and shall not have a casting vote.</p> <p>2.- Under Article 45 of the Articles of Association, the Committee has the following duties and powers:</p> <ul style="list-style-type: none"> ■ Propose remuneration criteria for the Directors of the Company, in accordance with the stipulations of the Articles of Association and in line with resolutions passed at the General Meeting, and to ensure that remuneration is transparent. 	<p>1.- The Appointments, Remuneration and Social Corporate Responsibility Committee shall comprise at least three and no more than six Directors, to be appointed by the Board.</p> <p>A majority of the members of the Appointments, Remuneration and Social Corporate Responsibility Committee must be Independent Directors. Executive Directors may not sit on the Committee, although they may be present if so expressly decided by the Committee.</p> <p>The Committee Chairman shall be an Independent Director selected from among Committee membersthe Independent Directors by the Board of Directors, and shall not have athe casting vote.</p> <p>2.- Under Article 45 of the Articles of Association, the Committee has the following duties and powers:</p> <ul style="list-style-type: none"> ■ Propose remuneration criteria for the Directors of the Company, in accordance with the stipulations of the Articles of Association and in line with resolutions passed at the General Meeting, and to ensure that remuneration is transparent.To evaluate the competencies, knowledge and experience required on the Board of Directors. To this end, it shall determine the functions and capacities required of the candidates to fill each vacancy, and evaluate the precise amount of time and degree of dedication

- To review the structure of the Board of Directors, the criteria for the renewal of Directors required under the Articles of Association, the addition of new members and any other aspects relating to its composition that it deems appropriate, providing the Board of Directors with the proposals that the Committee considers necessary.

- To report on the appointment and dismissal of the Secretary of the Board of Directors.

- To draw up and review the criteria that must be utilised for the composition of the Board and for

necessary for them to effectively perform their duties.

- To review the structure of the Board of Directors, the criteria for the renewal of Directors required under the Articles of Association, the addition of new members and any other aspects relating to its composition that it deems appropriate, providing the Board of Directors with the proposals that the Committee considers necessary.

- To establish a goal concerning the representation of the less-represented gender on the Board of Directors and to prepare guidelines on how this goal can be attained.

- To forward to the Board of Directors proposed appointments of Independent Directors for them to be designated by co-option or subject to the decision of the General Meeting of Shareholders, as well as on proposals for their re-election or removal by the General Shareholders' Meeting

- To report proposed appointments of the remaining Directors for them to be designated by co-option or subject to the decision of the General Meeting of Shareholders, as well as on proposals for their re-election or removal by the General Shareholders' Meeting

- To report on the appointment and dismissal of the Secretary of the Board of Directors.

- To report on proposed appointments and removals of senior management and the basic terms of their contracts.

- To examine and organise the succession of the Company's President of the Board of Directors and CEO and, if appropriate, to make proposals to the Board to ensure the succession is smooth and well-planned.

- To draw up and review the criteria that must be utilised for the composition of the Board and for selection of those nominated as Directors, ensuring that their access to the

selection of those nominated as Directors, ensuring that their access to the Board does not affect the Company's status as technical transmission operator, pursuant to the provisions of regulations applicable concerning hydrocarbons.

- To provide information, objectively and in the Company's interest, concerning the proposals for appointment, re-election and ratification of Directors, as well as for the appointment of members of Board Committees.
- To formulate proposals to the Board of Directors regarding the Company's organisational structure, including the creation of senior management posts in order to achieve improved and more efficient Company administration.
- To propose a general remuneration policy for Enagás management, providing a rationale to the Board of Directors, and guidelines relating to the appointment, selection, promotion and dismissal of senior managers, in order to ensure that the Company has appropriate highly qualified staff for administering its business at all times.

Board does not affect the Company's status as technical transmission operator, pursuant to the provisions of regulations applicable concerning hydrocarbons.

- ~~■ To provide information, objectively and in the Company's interest, concerning the proposals for appointment, re-election and ratification of Directors, as well as for the appointment of members of Board Committees.~~
- To formulate proposals to the Board of Directors regarding the Company's organisational structure, including the creation of senior management posts in order to achieve improved and more efficient Company administration.
- ~~■ To propose to the Board of Directors a policy of remuneration of Directors and general managers or those who perform senior management functions and report directly to the Board of Directors, to executive committees or Executive Directors, along with individual remuneration and other terms of Executive Directors' contracts, ensure that said policy is abided by.~~
- To propose a general remuneration policy for Enagás management, providing a rationale to the Board of Directors, and guidelines relating to the appointment, selection, promotion and dismissal of senior managers, in order to ensure that the Company has appropriate highly qualified staff for administering its business at all times.

- Produce reports on appointments and dismissals of Senior Management, and, where necessary, approve special terms in their contracts.
 - Approve the remuneration of senior management, provided that this does not diverge from criteria established in the general remuneration policy for executives.
 - To report to the Board on general policy concerning Corporate Social Responsibility and Corporate Governance, ensuring the adoption and effective application of best practices – both those which are compulsory and those that are in line with generally-accepted recommendations. To do this, the Committee may submit to the Board the initiatives and proposals it deems appropriate and shall provide information on proposals submitted to the Board and information the company releases to shareholders annually regarding these issues.
 - To report to the Board of Directors on measures to be taken in the event of breach of these Rules and Regulations or the Internal Code of Conduct on matters relating to the securities markets on the part of Directors or other persons subject to those rules. In performing this duty, the Appointments, Remuneration and Corporate Responsibility Committee shall work in conjunction with the Audit and Compliance Committee wherever appropriate.
- ~~Produce reports on appointments and dismissals of Senior Management, and, where necessary, approve special terms in their contracts.~~
 - ~~Approve the remuneration of senior management, provided that this does not diverge from criteria established in the general remuneration policy for executives.~~
 - To report to the Board on general policy concerning Corporate Social Responsibility and Corporate Governance, ensuring the adoption and effective application of best practices – both those which are compulsory and those that are in line with generally-accepted recommendations. To do this, the Committee may submit to the Board the initiatives and proposals it deems appropriate and shall provide information on proposals submitted to the Board and information the company releases to shareholders annually regarding these issues.
 - To report to the Board of Directors on measures to be taken in the event of breach of these Rules and Regulations or the Internal Code of Conduct on matters relating to the securities markets on the part of Directors or other persons subject to those rules. In performing this duty, the Appointments, Remuneration and Corporate Responsibility Committee shall work in conjunction with the Audit and Compliance Committee wherever appropriate.

<ul style="list-style-type: none"> ▪ To report to the Board of Directors on any related-party transactions before authorisation thereof. Under no circumstances shall the transaction be authorised if prior to this the report stipulated in article 14.bis of these Rules and Regulations has not been issued. ▪ To inform the Board of Directors, prior to approval, of transactions that Directors wish to undertake that imply or may imply a conflict of interest, in accordance with the stipulations of the Code of Conduct regarding the securities market. <p>3.- The Committee shall meet at least four times a year. Meetings shall be called by its Chairman. The Committee may seek advice both internally and externally and request the attendance of senior management personnel of the Company and its Group, as deemed necessary in the execution of its duties. Each Committee meeting shall be reported at the first subsequent meeting of the full Board, and a copy of the minutes of Committee proceedings shall be sent to every Director.</p>	<ul style="list-style-type: none"> ▪ To report to the Board of Directors on any related party transactions before authorisation thereof. Under no circumstances shall the transaction be authorised if prior to this the report stipulated in article 14.bis of these Rules and Regulations has not been issued. ▪ To inform the Board of Directors, prior to approval, of transactions that Directors wish to undertake that imply or may imply a conflict of interest, in accordance with the stipulations of the Code of Conduct regarding the securities market. <p>3.- The Committee shall meet at least four times a year. Meetings shall be called by its Chairman. The Committee may seek advice both internally and externally and request the attendance of senior management personnel of the Company and its Group, as deemed necessary in the execution of its duties. Each Committee meeting shall be reported at the first subsequent meeting of the full Board, and a copy of the minutes of Committee proceedings shall be sent to every Director.</p>
<p>ARTICLE 26.- THE AUDIT AND COMPLIANCE COMMITTEE</p>	<p>ARTICLE 26.- THE AUDIT AND COMPLIANCE COMMITTEE</p>
<p>1.- The Audit and Compliance Committee shall comprise at least three and no more than five Directors, to be appointed by the Board having particular regard to their expertise and experience in accounting, auditing or risk management.</p> <p>No executive Director may sit on the Audit and Compliance Committee. At least one</p>	<p>1.- The Audit and Compliance Committee shall comprise at least three and no more than five Directors, to be appointed by the Board having particular regard to their expertise and experience in accounting, auditing or risk management.</p> <p>No executive Director may sit on the Audit and Compliance Committee. At least one member of the Committee must be independent and will be</p>

member of the Committee must be independent and will be appointed in light of his knowledge and track record in matters of accountancy, auditing, or both.

The Committee Chairman shall be an Independent Director selected from among Committee members by the Board of Directors, and shall not have a casting vote. The Chairman must be replaced every four years, and may be re-elected after the lapse of one year from his departure from office.

2.- The chief purposes of the Committee are to evaluate the Company's accounting verification system, ensure the independence of the External Accounts Auditor, review the internal control system, safeguard the transparency of information, and ensure compliance with the Internal Code of Conduct.

3.- In particular, and in compliance with the provisions of article 44 of the Articles of Association, the Audit and Compliance Committee has the following duties and powers:

- To provide information at General Meetings on issues raised by shareholders that fall within the scope of its powers.
- To see to the proper operation of the Company's internal control, its internal audit function, if applicable, and risk management systems, and discuss with the auditors any significant weaknesses in the internal control system detected in the course of audit.
- To oversee the process of preparation and

appointed in light of his or her knowledge and track record in matters of accountancy, auditing, or both.

The Committee Chairman shall be ~~an Independent Director~~ selected from among ~~Committee member~~ the Independent Directors by the Board of Directors, and shall not have ~~a~~ the casting vote. The Chairman must be replaced every four years, and may be re-elected after the lapse of one year from his departure from office.

2.- The chief purposes of the Committee are to evaluate the Company's accounting verification system, ensure the independence of the External Accounts Auditor, review the internal control system, safeguard the transparency of information, and ensure compliance with the Internal Code of Conduct.

3.- In particular, and in compliance with the provisions of article 44 of the Articles of Association, the Audit and Compliance Committee has the following duties and powers:

- To ~~provide information at~~ inform the General Meetings Shareholders' Meeting on issues raised ~~by shareholders~~ in the areas that ~~fall~~ lie within the ~~scope of its powers~~ Committee's competence.
- To see to the proper operation of the Company's internal control, and its internal audit function, ~~if applicable,~~ and risk management systems, ~~and~~ including those related to tax-risk management, and to discuss with the auditors any significant weaknesses in the internal control system detected in the course of audit.
- To oversee the process of preparation and

presentation of statutory financial reporting.

- To propose to the Board of Directors, for submission to the General Meeting, the appointment of the external accounts auditor, in accordance with article 264 of the LSC, and the fees payable to the auditor.

- To liaise with the account auditors to obtain information on any issues that could compromise the latter's independence for appraisal by the Committee or any other subjects related to the auditing process, and on any other disclosure obligations established in legislation on the annual audit process and in auditing standards. At all events, they must annually receive from the auditors a written confirmation of their being independent from the Company and any entity directly or indirectly related to it, and a disclosure of any manner of additional services provided to such entities by the auditors or persons or entities related to them in accordance with the Ley 19/1988 of 12 July (Audit Act).

- Issuing annually, prior to the issue of the audit report, a report giving an opinion on the independence of the auditors or audit firms. The report must at all events make reference to the provision of additional services referred to in the above sub-section.

presentation of statutory financial reporting.

- To ~~propose forward~~ to the Board of Directors, proposals for ~~submission to the General Meeting, the appointment of selecting, appointing, re-electing and replacing the external accounts auditor, in accordance~~ auditors, along with ~~article 264~~ the terms of their contract, in regularly gathering information from it on the auditing plan and its execution, in addition to remaining independent in the exercise of ~~the LSC, and the fees payable to the auditor~~ their functions

- To liaise with the ~~account auditor~~ external auditor to obtain information on any issues that could compromise the latter's independence for ~~appraisal~~ review by the Committee or any other subjects related to the auditing process, and on any other disclosure obligations established in legislation on the annual audit process and in auditing standards. ~~At~~ In all events, ~~they must annually~~ on an annual basis, the Audit Committee shall receive from the auditors ~~a~~ written confirmation of their ~~being independent from~~ independence vis-à-vis the Company and any entity or entities related to it directly or indirectly ~~related to it, and a disclosure of any manner of~~, in addition to information on additional services ~~provided of any kind rendered to such~~ these entities by the ~~mentioned~~ auditors or persons or entities related to them in ~~accordance~~ conformity with the ~~Ley 19/1988 of 12 July (Audit Act)~~ provisions of auditing legislation.

- ~~Issuing annually,~~ To issue an annual report, prior to the issue of the audit report, ~~a report~~ giving an opinion on the independence of the auditors ~~or audit firms. The~~. This report ~~must at~~ shall in all events ~~make reference to cases include a valuation of the provision of~~ additional services provided, as referred to in the ~~above sub~~ previous section, considered separately and in their entirety, consisting of services other than statutory audits and how they relate to the requirement of independence or to the regulatory legislation on auditing.

<p>4.- The Audit and Compliance Committee is governed by the applicable legal regulations, by the Articles of Association, by these regulations and by its own Regulations of organisation and operation, which will be approved by the Board of Directors. Each Committee meeting shall be reported at the first subsequent meeting of the full Board, and a copy of the minutes of Committee proceedings shall be sent to every Director.</p>	<ul style="list-style-type: none"> ▪ To keep the Board of Directors apprised, in advance, on all items provided for in the law, the Articles of Association and the Rules and Regulations on the Board of Directors, in particular, on: <ol style="list-style-type: none"> 1. The financial information that the Company must periodically publish; 2. The creation or acquisition of investments in special purpose vehicles or entities domiciled in jurisdictions considered tax havens; and 3. Related party transactions. <p>4.- The Audit and Compliance Committee is governed by the applicable legal regulations, by the Articles of Association, by these regulations and by its own Regulations of organisation and operation, which will be approved by the Board of Directors. Each Committee meeting shall be reported at the first subsequent meeting of the full Board, and a copy of the minutes of Committee proceedings shall be sent to every Director.</p>
<p>ARTICLE 27. – SHAREHOLDER RELATIONS</p>	<p>ARTICLE 27. – SHAREHOLDER RELATIONS</p>
<p>1.- In its shareholder relations, the Board of Administrators will apply the principle of equality of treatment, will create appropriate systems to become familiar with the proposals of the latter in relation to corporate management, will organise informational meetings on the performance of the Company and its Group, and will establish the necessary channels for a regular exchange of information with shareholder committees or groups.</p> <p>2.- As regards institutional shareholders, the Board shall put in place systems allowing for regular information</p>	<p>1.- In its shareholder relations, the Board of Administrators will apply the principle of equality of treatment, will create appropriate systems to become familiar with the proposals of the latter in relation to corporate management, will organise informational meetings on the performance of the Company and its Group, and will establish the necessary channels for a regular exchange of information with shareholder committees or groups.</p> <p>2.- As regards institutional shareholders, the Board shall put in place systems allowing for regular information exchange on topics such as investment strategy, performance assessment,</p>

exchange on topics such as investment strategy, performance assessment, composition of the Board and management effectiveness. Such information may in no event create states of privilege or afford special advantages with respect to the rest of shareholders.

In particular, the Board of Directors will strive to avoid an asymmetric distribution of information among shareholders and improper access by the significant shareholders to confidential Company information.

3. The Board of Directors shall encourage informed participation by shareholders at the General Meetings, adopting such measures as are appropriate to facilitate the General Meeting properly carrying out the functions attributed to it by law and the Articles of Association.

In particular, the Board of Directors will adopt the following measures:

a) All information that the Board of Directors can be legally required to furnish will be made available to the shareholders prior to the General Meeting, as will, to the extent possible, all additional information that, although the Board of Directors is not legally required to furnish it, is clearly relevant and can be reasonably furnished.

b) The Board shall publish an Annual Corporate Governance Report at least containing the disclosures prescribed in article 61.bis of the Ley de Mercado de Valores

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b) ~~b)~~ The Board shall publish an Annual Corporate Governance Report ~~at least~~ containing, ~~at a minimum,~~ the ~~disclosures prescribed~~ contents set forth in ~~article 61.bis~~ Article 540 of the ~~Ley de Mercado de Valores~~ (Securities Market amended Corporate Enterprise Act, "LMV"), in the

(Securities Market Act, "LMV"), in the laws and regulations implementing that statute, and any other applicable laws and regulations.

The Annual Corporate Governance Report shall be published in the form of a 'significant event' [Hecho Relevante] and made available to shareholders on the Company's website to facilitate shareholders' right to information as prescribed in Articles 197, 520 and 539 of the LSC.

c) The Board shall publish an annual Report on Director Remuneration at least containing the disclosures prescribed in article 61.ter of the Ley de Mercado de Valores (Securities Market Act, "LMV"), in the laws and regulations implementing that statute, and any other applicable laws and regulations.

d) The Board shall see to it that the Company's website functions as an effective reporting tool and at all times provides the mandatory content, in properly updated form, stipulated in applicable laws and regulations.

The Board of Directors shall be responsible for the information displayed on the Company's website being kept up to date, and shall ensure that its content is reflects the documents filed and deposited with the appropriate public registers.

e) It will reply, with utmost

laws and regulations implementing ~~that statute~~this law, and in any other applicable laws and regulations.

The Annual Corporate Governance Report shall be published in the form of a 'significant event' [Hecho Relevante] and made available to shareholders on the Company's website to facilitate shareholders' right to information as prescribed in Articles 197, 520 and 539 of the LSC.

c) ~~e)~~The Board shall publish an ~~annual Report~~report on ~~Director Remuneration at least~~Directory remuneration containing, at a minimum, the ~~disclosures prescribed~~contents set forth in ~~article 61.ter~~Article 541 of the ~~Ley de Mercado de Valores~~—(Securities—Market amended Corporate Enterprise Act, "LMV"),—in the laws and regulations implementing ~~that statute~~this law, and in any other applicable laws and regulations.

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The Board of Directors shall be responsible for the information displayed on the Company's website being kept up to date, and shall ensure that its content is reflects the documents filed and deposited with the appropriate public registers.

e) ~~e)~~It will reply, with utmost diligence, to

diligence, to the request for information made by shareholders prior to the General Meeting.

f) It will reply, with equal diligence, to the questions raised by the shareholders during the the General Meeting.

g) The Board shall ensure, in its functions as Presiding Panel at the General Meeting, that the stipulations of regulations for the hydrocarbons sector are met in connection with restrictions on exercise of voting rights.

h) The Board shall see to it that the Rules and Regulations of the General Meeting are complied with.

4.- The Board of Directors shall establish appropriate procedures to know shareholders' proposals as regards the running of the Company.

5.- The Board, via one of the Directors and with the assistance of such executives as it thinks fit, may host presentations on the performance of the Company and its Group aimed at shareholders residing in the leading financial centres of Spain and other countries.

6.- Any public requests for proxies issued by any member of the Board must specify how the proxy intends to vote if the shareholder omits to give instructions.

Any Director who has issued a public call for proxies at a General Meeting shall refrain from exercising voting rights on the shares represented in

the request for information made by shareholders prior to the General Meeting.

f) ~~f)~~ It will reply, with equal diligence, to the questions raised by the shareholders during the the General Meeting.

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6.-. Any public requests for proxies issued by any member of the Board must specify how the proxy intends to vote if the shareholder omits to give instructions.

Any Director who has issued a public call for proxies at a General Meeting shall refrain from exercising voting rights on the shares represented in relation to any item of business on the agenda in respect of which the Director

relation to any item of business on the agenda in respect of which the Director is affected by a conflict of interest, unless the proxy has received precise voting instructions for each of these points, pursuant to the provisions of Article 522 of the LSC. In all events, the Director shall be deemed to be in a position of conflicts of interest with regard to the following decisions:

- i. His/her own appointment, re-election or ratification as a Director.
- ii. His/her removal, dismissal or termination as a Director.
- iii. The bringing by the Company of an action for liability against him/her.
- iv. The adoption or ratification, as applicable, of Company transactions with the Director in question or with companies controlled or represented by him/her or by persons acting on his/her behalf.

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- i. His/her own appointment, re-election or ratification as a Director.
- ii. His/her removal, dismissal or termination as a Director.
- iii. The bringing by the Company of an action for liability against him/her.
- iv. The adoption or ratification, as applicable, of Company transactions with the Director in question or with companies controlled or represented by him/her or by persons acting on his/her behalf.