



## **ACTIVITIES REPORT OF THE APPOINTMENTS, REMUNERATION AND SOCIAL CORPORATE RESPONSIBILITY COMMITTEE OF ENAGÁS, S.A. FOR 2015**

This report summarises the activities performed by the Appointments, Remuneration and Corporate Social Responsibility Committee (hereinafter, the "**Committee**") of Enagás, S.A. in 2015.

### **1.- COMPOSITION IN 2015**

In 2015, the Committee comprised the following persons:

#### Chairperson

Ms Isabel Tocino Biscarolasaga (Independent Director)

#### Directors

Mr Ramón Pérez Simarro (Independent Director)  
Mr Jesús Máximo Pedrosa Ortega (Independent Director)  
Mr Antonio Hernández Mancha (Independent Director)  
Mr. Luis Javier Navarro Vigil (External Director)

#### Secretary

Mr Rafael Piqueras Bautista

Mr Jesús David Álvarez Mezquiriz formed part of the Committee until his removal as a director at the end of his bylaw term at the same time as the General Shareholders' Meeting on 27 March 2015. His vacancy has not been filled so far.

### **2.- AMENDMENT TO THE LEGAL REGULATIONS AND CORPORATE TEXTS REFERRING TO THE COMMITTEE**

On 4 December 2014, Law 31/2014, of 3 December, was published in the Boletín Oficial del Estado (Spanish Official State Gazette) amending the Spanish Limited Liability Companies Law ("**Spanish Limited Liability Companies Law**"). This law provides for legislative reform aimed at improving good governance at companies of all types generally, and furthermore includes specific measures for publicly traded corporations.

In line with the provisions of the Law, on 27 March 2014 the General Shareholders' Meeting approved the adaptation of the Articles of Association to the new features introduced in the Spanish Limited Liability Companies Law. The reform included amending the regulations for the Committee's composition and adapting its functions and powers to the provisions of the Spanish Limited Liability Companies Law. The new wording for article 45 of the Articles of Association was as follows:

**"ARTICLE 45.- APPOINTMENTS AND REMUNERATIONS COMMITTEE, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY**

*The Board of Directors shall appoint from among its members an Appointments, Remuneration and Corporate Social Responsibility Committee that shall be comprised of a minimum of three and a maximum of six Directors. A majority of Committee members must be Independent Directors and no Executive Directors may be included among its members. The Committee Chairperson shall be selected from among the Independent Directors by the Board of Directors, and shall not have the casting vote.*

*The Committee shall possess functions and competences in the following areas, in addition to those that may be attributed to it in the Articles of Association or the Rules and Regulations of the Board of Directors:*

- a) 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.*
- b) 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.*
- c) 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*
- d) 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*
- e) Report on proposed appointments and removals in senior management and the basic terms of their contracts.*
- f) To examine and organize the succession of the Company's Chairman and CEO and, if appropriate, to make proposals to the Board to ensure the succession is smooth and well-planned.*
- g) 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.*
- h) 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.*

*The Committee shall meet at least four times a year, with meetings being called by the 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."*

At its meeting on 23 February 2015, the Board of Directors resolved to amend the Board's Regulations to adapt them to the aforementioned Law. The amendment included article 26 referring to the Committee.

The Committee issued its favourable reports on the proposed amendment to the aforementioned articles.

On 18 February 2015, the CNMV Board approved the new Code of Good Governance for listed companies, which was published on 24 February 2015. At its meeting on 21 December 2015, the Board of Directors resolved to amend the Committee's Regulations. The Board plans to include, as an item on the forthcoming General Meeting's Agenda, the proposed amendment to article 45 of the Articles of Association to adapt it to the Code of Good Governance recommendations for listed companies. The Committee has provided a favourable report regarding such proposals.

## **2.- THE COMMITTEE'S ACTIVITIES**

The Committee met four times in 2015. The Committee Chairwoman informed the Board of the issues dealt with at each Committee meeting at the next Board meeting.

The main areas on which it focused its activity during the year are summarised below.

### **The Committee's activities in relation to the appointment and re-election of directors.**

In accordance with the provisions of articles 529 decies and 529 quinquies of the Spanish Limited Liability Companies Law, at its meeting on 4 February 2015, the Committee approved the proposal to re-elect the independent directors and the report on the re-election of directors other than independent ones which were included in the Agenda of the General Shareholders' Meeting held on 27 March 2015 and approved by the latter. The report drafted by the Committee was made available to the shareholders at the same time as the General Meeting was convened.

At its meeting on 2 February 2016, the Committee informed about the proposals regarding the directors included in the forthcoming General Shareholders' Meeting and approved the report which will be made available to the shareholders in accordance with the aforementioned provisions.

## **Activities regarding the remuneration for directors and members of the Management Committee**

At its meeting on 4 February 2015, the Committee assessed the degree of achievement of the Company's objectives established for 2014 for the purpose of determining the annual variable remuneration for the executive directors and members of the Management Committee. Based on the level of achievement, the Committee approved the annual variable remuneration for the members of the Management Committee and submitted its proposed annual variable remuneration for the executive directors to the Board, which approved this at its meeting on 23 February 2015.

At the same meeting, it approved the Company's objectives for the purpose of determining the variable remuneration in 2015.

At that meeting, it provided a favourable report regarding the proposed remuneration for the members of the Board of Directors in their position as such for 2015, which was later approved by the General Shareholders' Meeting on 27 March 2015, and the Annual Report on Directors' Remuneration for 2014, which was also approved by the General Meeting, which, as a result of applying the transitional provision of Law 31/2014 of 3 December, became the director remuneration policy for the 2015-2018 period, which was also approved by that General Shareholders' Meeting. Nevertheless, in a report made available to the shareholders at the same time as the General Meeting, the Board, after a report from the Committee, highlighted its commitment to submit to the General Meeting in 2016 a new remuneration policy for the 2016-2018 period which would include long-term remuneration items in line with the Code of Good Governance recommendations for listed companies and the criteria for institutional investors and proxy advisors.

In the second half of 2015, the Committee prepared an appropriate remuneration policy for 2016-2018, which must be included as a separate item on the Agenda of the forthcoming General Shareholders' Meeting. The Committee held specific meetings for such purpose on 4 November 2015, 1 December 2015 and 2 February 2016. At the latter meeting, it approved the proposal for that policy which, if approved by the Board, will be included as part of the proposed resolutions at the forthcoming General Shareholders' Meeting.

## **Activities regarding Corporate Social Responsibility and Good Corporate Governance**

The Committee has been periodically informed of the Company's policies and actions regarding Corporate Social Responsibility and Good Corporate Governance. The Committee provided a favourable report regarding the proposed Annual Corporate Governance Report and the corporate policies on "*Health and Safety, Environment and Quality*"; "*Human capital management*"; and "*Sustainability and Good Governance*", later approved by the Board.

For the corresponding legal purposes, the Appointments, Remuneration and Corporate Social Responsibility Committee approved this report its meeting on 2 February 2016.

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