



REPORT FROM THE AUDIT AND COMPLIANCE COMMITTEE ON RELATED-PARTY TRANSACTIONS

1. INTRODUCTION AND BACKGROUND

By virtue of the provisions of Recommendation 6 of the Unified Code of Good Governance of listed companies, approved in a resolution by the Board of the National Securities Market Commission Board (CNMV) on 22 May 2006, the Audit and Compliance Committee of Enagás, S.A. has drafted this report on the related-party transactions made by its group and subsidiaries in 2015, and which will be published on Enagás' website sufficiently in advance of the 2016 Ordinary Shareholders' Meeting.

The information included in this report is also made available to the shareholders in the notes to the financial statements and the annual corporate governance report, documents which form part of Enagás' 2015 consolidated financial statements.

To draft this report, the prevailing securities market regulations were taken into account, specifically Legislative Royal Decree 4/2015 of 23 October, which approves the consolidated text of the Securities Market Law, Order EHA/3050/2004 of 15 September, on reporting of related-party transactions that must be undertaken by companies issuing securities listed for trading in official secondary markets, and CNMV Circular 1/2008 of 30 January, on regular information from issuers with securities admitted to trading on regulated markets, regarding interim financial reports, intermediate management reports and, if applicable, quarterly financial reports.

Moreover, the provisions of article 14 bis regarding related-party transactions envisaged in the Regulations of the Organisation and Functioning of the Board of Directors of Enagás, S.A. were taken into account:

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 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.

The aforementioned transactions shall be assessed from the point of view of equal treatment and on an arm's length basis, 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 is no more than 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.*

2. CRITERIA TO DETERMINE WHICH RELATED-PARTY TRANSACTIONS SHOULD BE REPORTED INDIVIDUALLY

Based on the regulations stated in the preceding section, the company has applied the following criteria to determine which related-party transactions must be reported individually. The criteria are as follows:

- It is not necessary to disclose transactions between companies or entities belonging to the same consolidated group, provided that these are eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms form part of the company's ordinary trading activities.
- It is not necessary to disclose transactions which, though part of the routine transactions, are carried out on an arm's length basis and are of a small amount, which are understood to be those that are not required to be reported in order to provide a true and fair view of the company's equity, financial position and earnings. Therefore, given the scale of Enagás, S.A.'s financial statements, any transactions whose cumulative volume is less than 1% of the consolidated revenues, i.e. below 12 million euros (€12,000,000), are not disclosed, although the Company may still on occasion decide to disclose transactions that fall below this threshold.
- To clarify this: (i) it is necessary to disclose any related-party transactions that are not made on an arm's length basis, regardless of the amount, and (ii) it is advisable to disclose any related-party transactions with directors or with companies where they have a significant influence, regardless of the amount.

3. INFORMATION ABOUT ENAGÁS, S.A.'S RELATED-PARTY TRANSACTIONS

- Transactions between Enagás, S.A. and companies over which it has control:

- Transactions with Gasoducto de Morelos S.A.P.I. de C.V.- Enagás, S.A. is the lender of a loan to Gasoducto de Morelos S.A.P.I de C.V., which amounted to 28,512 million euros at 31/12/15. In 2015, an interest of 1,565 million euros accrued.
 - Moreover, Enagás, S.A. guarantees, in favour of third parties, obligations of Gasoducto de Morelos, S.A.P.I de C.V., amounting to 9,201 million euros.
 - Furthermore, Enagás, S.A. obtained a profit on the sale of assets at Gasoducto de Morelos S.A.P.I. de C.V., amounting to 138,000 euros; and Enagás, S.A. reported a loss on the derecognition or divestment of assets at Gasoducto de Morelos S.A.P.I. de C.V., totalling 98,000 euros.
 - Transactions with Estación de Compresión Soto la Marina S.A.P.I de C.V. Enagás, S.A. guarantees, in favour of third parties, obligations of Estación de Compresión Soto la Marina S.A.P.I de C.V., amounting to 8,157 million euros.
 - Likewise, Enagás, S.A. obtained a profit on the sale of assets at Estación de Compresión Soto la Marina S.A.P.I de C.V., amounting to 4,000 euros.
 - Transactions with Gasoducto del Sur Peruano, S.A.- Enagás, S.A. guarantees, in favour of third parties, obligations of Gasoducto del Sur Peruano, S.A., which amounted to 218,526 million euros.
 - Transactions with Swedegas AB.- Enagás, S.A. has undertaken to guarantee Swedegas AB's obligations totalling 25,864 million euros.
- Transactions between Enagás Transporte, S.A.U. and companies over which it has control:
- Transactions with Planta de Regasificación de Sagunto S.A.- Enagás, S.A. is the lender of a loan to Planta de Regasificación de Sagunto S.A., which amounted to 9,948 million euros at 31/12/15. In 2015, an interest of 80,000 euros accrued.
- Transactions between Enagás Internacional, S.L.U. and companies over which it has control:
- Transactions with Estación de Compresión Soto la Marina S.A.P.I de C.V. Enagás Internacional, S.L.U. is the lender of a loan to Estación de Compresión Soto la Marina, S.A.P.I. de C.V., which amounted to 67,366 million euros at 31/12/15. In 2015, an interest of 3,802 million euros accrued.

- Transactions with Gasoducto del Sur Peruano, S.A.- In 2015, financial revenues totalling 485,000 euros accrued in favour of Enagás Internacional, S.L.U. from a loan to Gasoducto del Sur Peruano, S.A.
 - In 2015, financial revenues totalling 485,000 euros accrued in favour of Enagás Internacional, S.L.U. from a loan to Gasoducto del Sur Peruano, S.A.
 - Transactions with Gasoducto del Sur Peruano, S.A.- In 2015, financial revenues totalling 70,000 euros accrued in favour of Enagás Internacional, S.L.U.
 - Transactions with Gasoducto del Sur Peruano, S.A.- Enagás Internacional, S.L.U. has an investment commitment with Gasoducto del Sur Peruano, S.A., which amounted to 109,195 million euros at 31/12/15.
- Transactions between Enagás Internacional, S.L.U. and companies over which it exercises significant influence:
- Transactions with Trans Adriatic Gas Pipelines, AG.- Enagás Internacional, S.L.U. is the lender of a loan to Trans Adriatic Gas Pipelines, AG, which amounted to 62,194 million euros at 31/12/15. In 2015, an interest of 953,000 euros accrued.
 - Transactions with Trans Adriatic Gas Pipelines, AG.- Enagás Internacional, S.L.U. has an investment commitment with Trans Adriatic Gas Pipelines, AG, which amounted to 141,025 million euros at 31/12/15.
- Transactions between Enagás, S.A. and companies over which it exercises significant influence:
- Transactions with Sociedad Española de Participaciones Industriales (S.E.P.I.)- Enagás, S.A. paid out a dividend of 15,613 million euros to S.E.P.I. in 2015.
 - Transactions with Bank of America Corporation.- Enagás, S.A. paid out a dividend of 11,285 million euros to Bank of America Corporation in 2015.
 - Transactions with Retail Oeics Aggregate.- Enagás, S.A. paid out a dividend of 3,153 million euros to Retail Oeics Aggregate in 2015.
- Transactions between Enagás, S.A. and companies over which directors and managers exercise significant influence:

Group entity	Related party	Item	Amount (€ thousand)
Enagás, S.A.	Banco Santander, S.A.	Finance cost	2,518
Enagás Internacional, S.L.U.	Banco Santander, S.A.	Finance cost	262
Enagás Financiaciones, S.A.U.	Banco Santander, S.A.	Finance cost	435
Total finance cost, other related parties			3,215
Enagás, S.A.	Instituto Petrofísico	Finance revenue	17
Total finance revenue, other related parties			17
Enagás, S.A.	Eulen, S.A.	Services received	386
Enagás Transporte S.A.U.	Eulen, S.A.	Services received	151
Enagás Internacional, S.L.U.	Newcomer 2000, S.L.U.	Services received	72
Total services received, other related parties			609
Enagás, S.A.	Banco Santander, S.A.	Guarantees	148,768
Guarantees and sureties received, other related parties			148,768
TOTAL TRANSACTIONS WITH OTHER RELATED PARTIES			152,609

4. CONCLUSION

Based on the information included in this report, Enagás' Audit and Compliance Committee confirms that the Company has complied with the securities market regulations regarding related-party transactions and verifies that all the related-party transactions in 2015 form part of the Company's ordinary course of business and were made on an arm's length basis and approved by the Company's Board of Directors.

And for all appropriate legal reasons, it is hereby stated that the Audit and Compliance Committee approved this report at its meeting held on 15 February 2016.

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