

APPENDIX 1

ANNUAL REPORT ON DIRECTORS' REMUNERATION FOR LISTED COMPANIES

ISSUER'S PARTICULARS

FINANCIAL YEAR-END

31/12/2015

TAX ID NO. (C.I.F.)

A-28294726

CORPORATE NAME

ENAGAS, S.A.

REGISTERED OFFICE

PASEO DE LOS OLMOS, 19 MADRID

ANNUAL REPORT ON DIRECTORS' REMUNERATION FOR LISTED COMPANIES

A COMPANY REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR

A.1 Explain the Company's policy on Directors' remuneration, including:

- General principles and rationale of the remuneration policy.
- Most significant changes in the remuneration policy as compared to the previous financial year and changes introduced in the current year to the conditions for the exercise of options granted in previous years.
- Criteria and composition of groups of comparable companies whose remuneration policies have been considered for establishing the remuneration policy of the company.
- Relative weight of variable components compared to non-variable components of remuneration and criteria on which the various components of Directors' remuneration is based (remuneration mix).

Explain the remuneration policy

The Enagás remuneration model is an essential part of the company's Human Resources Management Model and ensures that any differences between the salaries of different individuals are due solely to their positions in the organisation, levels of experience, length of service and value contribution.

This model is designed to:

- (i) Link the salary structure with the Company's mission, vision, values and processes by evaluating the different posts in the Company and benchmarking the individual value of each post in the organisation against all the others, thereby ensuring internal equality;
- (ii) Facilitate proper application of corporate values in daily operation, by taking these values into consideration in the assessment of annual performance and their subsequent association with the fixed remuneration review process; (iii) Serving as way to manage and catalyze changes in the organisation by using the Management by Objectives tool associated with variable remuneration; this helps to ensure that the individual efforts of different people in the organisation are aligned with the overall objectives of the company and its strategic plan.
- (iv) Establish benchmarks relative to companies in the market that have performed well in bonus and remuneration studies to ensure the model is competitive in the marketplace (Willis Tower Watson) in terms of both evaluating positions and identifying market rates for fixed remuneration and the model for awarding variable remuneration.

The remuneration model for staff not covered by the collective wages agreement (43% of the workforce) consists of two elements:

- (i) Fixed remuneration (FR) based on the individual value of each post within the organisation. The performance appraisal model is essential to reviewing this remuneration.
- (ii) Variable remuneration (VR) managed using the Management-by-Objectives (MBO) Model that assesses individual contributions to the Company's overall objectives, broken down into management and personal objectives.

The Enagás salary structure is divided into five contribution bands or remuneration bands based on the contribution each post makes to generating value for the Company. Each of these bands represents a range for FR and a percentage for VR which rises in line with the level of responsibility from 10% (technical profiles) to 60% (management positions).

Board of Directors Remuneration Policy:

Article 36 in the Enagás, S.A. Articles of Association sets out the policy for remunerating members of the Board of Directors.

The main aspects of the Board of Directors compensation policy are:

- (i) Compensation will be commensurate with and related to the performance and qualifications of Board members.
- (ii) Compensation will never compromise the independence of judgement of Board members.
- (iii) Compensation will be based on market criteria, taking into account the practices of similar companies in Spain and abroad.

The following criteria have also been established for Executive Directors compensation:

- (i) Variable compensation will always be linked to the Company's performance and achievement of objectives.
- (ii) All components of compensation will be subject to adequate control systems that define the performance of the Directors.
- (iii) Any share-based compensation plan (equity or cash settled) shall be subject to shareholder approval at the General Shareholders' Meeting.

On occasion of the General Shareholder's Meeting held in 2015, the Board showed their approval of the transitory provision of Law 31/2014, dated 3 December, which modified the Law on Corporate Enterprises for the improvement in corporate governance and submitted an Annual Remunerations Report (IAR) for an advisory vote that included a remuneration policy to be approved for the period 2015-2018. Nonetheless, the Board specifically limited the efficacy of this new policy to the year 2015 and informed the Shareholder's Meeting of their formal commitment to submit a new policy for 2016-2018 to the Shareholder's Meeting for approval. This new policy would include a Long-Term Remuneration Incentive (hereinafter, the "ILP", "Plan or "Incentive"). To that end, as part of the documents submitted to the General Shareholders' Meeting, the Board submitted the following document: "Report submitted by the Board of Directors of Enagás, S.A. to the shareholders explaining the reasons why its remuneration policy for 2015 does not include a long-term remuneration incentive and states its commitment to do so from 2016 onwards". In this report, the Board set forth in detail the reasons for maintaining the same prudent remuneration policy in force since 2008 through 2015 and made its commitment to present a new policy in 2016 in the following terms:

"Thus, as of 2016, the Board of Directors undertakes to update the policy of remuneration for its Directors in respect of their membership of the Board and also in respect of the structure of the remuneration of Executive Directors, which shall include long-term variable remuneration in keeping with the recommendations of the New Good Governance Code for Listed Companies, due to come into force on 1 January 2016, and generally accepted practices with regard to long-term remuneration. The items of long-term variable remuneration shall be defined in 2016, and the first long-term remuneration programme shall be implemented for the period 2016-2018. The items of long-term variable remuneration shall also apply to senior management at the Company and to any other management personnel designated.

At the Ordinary General Shareholders' Meeting in 2016, the Board shall present a Directors' remuneration policy in accordance with the commitments stated above and with the specific commitment to establish long-term variable remuneration. The foregoing is subject to the provisions of Article 529r of the Amended Corporate Enterprises Act".

In view of the contents in the aforementioned sections, a first premise of the Policy is the Board's commitment to the shareholders in the Ordinary General Shareholders' Meeting held in 2015 of introducing an ILP in the remunerations structure of Executive Directors that will also be applicable to the Company's management team and that is in keeping with recommendations 56 to 64 of the Good Governance Code of the CNMV and with generally accepted practices with regard to this type of remuneration.

The second premise considered in the Policy is the duty of the Appointments and Remunerations Committee (CNR) and the Board of setting a remuneration policy that is appropriate - insofar as concerns structure and amounts - to achieving the objectives of the Company's Strategic Plan, encouraging value creation for shareholders, proportionally compensating capacity and effort and retaining the talent that the Company requires. All of the above, subject to the general conditions of the market for similar companies and the situation of the Company at each given moment.

Thus, the suitability of the remuneration of the members of the Board was analysed in comparison with the median of companies of reference. The companies of reference chosen for this exercise were other Spanish companies from the energy sector in the Ibex35 that compete with Enagás in the procurement and retention of the talent needed to guarantee the success of the Company's Strategic Plan (Acciona, Endesa, Gamesa, Gas Natural Fenosa, Iberdrola, REE and Repsol).

This involved collecting the most recent information made public for 2014. This analysis was made on the remuneration of Board members as such, the remuneration of Executive Directors and the remuneration of the members of the Steering Committee and other company executives. The CNR has had the support of Company Management and the independent external counsel of the Willis Towers Watson company, which has analysed the current remuneration of Board members and the Company's managers and has presented alternatives to this situation, and the Garrigues company, which has provided counsel on the legal aspects referred to in this report.

A.2 Information concerning the preparatory and decision-making process used for determining the remuneration policy and information, if applicable, about the role of the Remuneration Committee or other supervisory bodies in the design of the remuneration policy. This should include information, if applicable, about the mandate and composition of the Remuneration Committee, and the names of external consultants whose services have been used in determining the remuneration policy. It should also include a description of any Directors who have taken part in the remuneration setting process.

Explain the process for determining the remuneration policy

The Regulation of Operations and Organisation of the Enagás, S.A. Board of Directors confers powers on the Board of Directors to adopt decisions on the remuneration of Directors and Senior Management. Specifically, the Appointments, Remuneration and Corporate Social Responsibility Committee is responsible for supporting the Board on matters relating to remuneration of Directors and Senior Management.

The Committee consists of six Directors, with five being Independent Directors, one a Proprietary Director and one an External Director: Isabel Tocino Biscarolasaga (President, Independent), Ramón Pérez Simarro (Independent), Antonio Hernández Mancha (Independent), Jesús Máximo Pedrosa Ortega (Proprietary) and Luis Javier Navarro Vigil (External).

In the meeting held on 15 February, 2016, the Board of Directors of Enegás, S.A. agreed to submit to the General Shareholders' meeting the proposal for a "Remuneration Policy for Board of Director members for 2016, 2017 and 2018" for the purposes set forth in Article 529r of the Amended Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, dated 2 July and in Article 36 of the Corporate Statutes. Said proposal will be submitted for approval in the GSM of 2016 and its application in 2016 is explained in this report.

The Appointments, Remunerations and Corporate Social Responsibility Committee held specific meetings to deal with this policy on 3 November, 2015, 1 December, 2015 and 2 February, 2016. For the purposes of Article 529r of the Amended Corporate Enterprises Act, the Appointments, Remunerations and Corporate Social Responsibility Committee held a meeting on 2 February, 2016 and approved the report submitted by the Board to the shareholders, along with the proposal for a "Remuneration Policy for Board of Director members for 2016, 2017 and 2018". The Committee has had the support of Company Management and the independent external counsel of the Willis Towers Watson company, which has analysed the current remuneration of Board members and the Company's managers and has presented alternatives to this situation, and the Garrigues legal firm, which has provided counsel on the legal aspects referred to in this report.

A.3 Indicate the amount and nature of non-variable components - itemised, where applicable - of the remuneration received for discharging senior management duties and of any additional remuneration for the chairman or for membership of any board committees, of per diems for attendance at board and board committee meetings, and of any other non-variable remuneration paid to Directors. Provide an estimate of the annual non-variable remuneration payment they give rise to. Identify non-cash benefits and the main parameters for granting them.

Explain the non-variable components of Directors' remuneration

Insofar as concerns the "Remuneration Policy for Board of Director members for 2016, 2017 and 2018" that will be submitted for approval in the GSM of 2016, the fixed remuneration amounts for the members of the Board of Directors shall be as follows for the year 2016:

Remuneration of Directors in their capacity as such due to their membership on the Board.

The Company's policy of prudence as regards remuneration has prevented increases in this item since 2008. As such, total remuneration of the Board of Directors approved by the General Shareholders' Meeting was €1,249,733 for the period 2008-2011 and fell to €1,115,741 for the period 2011-2015. These figures represent the maximum authorised by the GSM. The actual remuneration received by all the Directors was less than that figure, according to the information made public by the Company for each year.

Notwithstanding the agreements arrived at by the Board regarding this issue, once the Policy is approved, the Board of Directors understands that the distribution by concepts and amounts of each Director shall be as follows, as proposed by the CNR. Nonetheless, as set forth in the stated provisions, the Board shall be able to modify the amounts assigned to each concept during the period covered by the Policy, without ever exceeding the maximum remuneration for the Board as a whole established by the GSM, as stated in the section above. Individual remuneration of the Directors for 2016 according to their positions their attendance to Board meetings and their respective Committees shall be: (i) A fixed annual amount of €82,000 for Board membership; (ii) An annual variable amount of up to €20,000, depending on attendance to Board meetings; (iii) A fixed annual amount for membership in Board Committees of 20,000€; (iv) A variable annual amount of up to €4,000, depending on attendance to Committee meetings; (v) A fixed annual amount of €15,000 for serving as President of each Committee; (vi) A fixed annual amount of €15,000 for serving as Independent Coordinator Director. The maximum remuneration for the entire Board in the year 2016 has been calculated on the basis of these individual remunerations, taking into account the maximum number of Directors allowed by Article 35 of the Statutes, which is fourteen, although the current number of Directors is thirteen. This must be approved by the GSM as part of this Policy as set forth in Article 529p of the LSC. The number of ordinary meetings of the Board will be eleven per year and there will be four meetings of each Committee in the same period. A provision has been included to remunerate attendance to a hypothetical extraordinary meeting of the Board and each Committee, should these take place. Attendance to other extraordinary meetings, should they occur, shall be remunerated if the remaining amounts are sufficient. The results of the calculations have been rounded off slightly upwards. Thus, the maximum amount of the annual remuneration to be paid to all the Directors in that capacity for the year 2016, which is the amount proposed by the Board to the GSM for approval under Article 529p.1 of the LSC and Article 36 of the Statutes, is €1,770,000.

Remuneration of the Executive Directors.

The proposal to correct remuneration will consist in aligning remuneration of the Executive Directors of Enagás, S.A. to 90% of the 2014 mean for the companies used as references at the end of the period covered by the Policy, that is, 2018. This will involve a transition that will raise remuneration gradually in each of the years for the 2016-2018 period. Thus, the goal in 2018 is to achieve the objective by implementing the ILP described in Section A.5 to update the remuneration of Executive Directors for their membership on the Board and to apply the increases in remuneration, which cannot exceed 30% annually and will take place according to an orderly transition plan over a period of three years. Therefore, the fixed annual remuneration of the Executive Chairman in 2016 will be €980,000, while that of the Chief Executive Officer will be €390,000.

A.4 Explain the amount, nature and main features of variable components of the remuneration schemes.

In particular:

- Identify each remuneration scheme to which Directors are entitled, its scope, date of approval, date of implementation, duration and main characteristics. For share-based schemes or schemes based on other financial instruments, the general characteristics of the plan shall include the terms for exercising the options or other financial instruments of each plan.
- Indicate any remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted.
- Explain the main parameters and rationale for any annual bonus scheme.
- The classes of directors (executive, proprietary, external independent or other independent directors) entitled to schemes or plans that include variable remuneration.
- The rationale of variable remuneration schemes or plans, the performance criteria chosen, the components and methods for evaluating performance to determine whether the criteria have been met, and an estimate of the sum total of variable payments arising from the existing remuneration policy, as a function of degree of compliance with pre-set targets or benchmarks.
- Disclose, where applicable, the periods of deferral or delay of payment established and/or any holding or lock-up periods of the shares or other financial instruments.

Explain the variable components of the remuneration schemes

Executive Directors are the only Directors that receive variable remuneration.

Variable annual remuneration.

The Executive Chairman and the Chief Executive Officer have an acknowledged right to receive a variable annual bonus for satisfying the objectives set forth by the Board of Directors at the proposal of the CNR for the corresponding year. The amount of this variable bonus shall not exceed 60 percent of the total fixed annual remuneration.

At the beginning of each year contemplated in the "Policy for Directors' remuneration for 2016,

2017 and 2018", the Board will approve the objectives applicable to the Executive Chairman and Chief Executive Officer for these purposes. At year-end, the CNR will appraise the extent to which the targets have been fulfilled and decide the variable annual remuneration for the Executive Chairman.

At the proposal of the CNR, the Board has already established the objectives that apply in 2016 to the Executive Chairman and Chief Executive Officer for these purposes, consisting of the following in general terms:

- 1.- Improvement of the economic results of the Company in the form of an increase in profit after taxes.
- 2.- Consolidation of the Company's regulated revenue.
- 3.- Consolidation of the Company's strategic plan, specifically as regards its international development.
- 4.- Development of Corporate Social Responsibility and Good Governance initiatives.

Long-term incentive (ILP 2016-2018).

The CNR and the Board deem it convenient to include an ILP as part of the remuneration policy of Executive Directors for the 2016-2018 period. This will also apply to the members of the Steering Committee and the rest of the Company's management team. The intention of the CNR and the Board is for the ILPs to remain as an element in the Company's remuneration structure and their proposal is that they be included in subsequent remuneration policies presented to the GSM for approval.

Objectives:

? To boost the sustainable achievement of objectives contemplated in the Company's Strategic Plan.

? To provide the opportunity of sharing the creation of values by the participants.

? To enhance the sense of pertaining to the Company and a common destiny.

? To be competitive.

? To align their efforts with the requirements of institutional investors, proxy advisors and best practices of Good Corporate Governance, especially those resulting from the recommendations of the new Good Governance Code of the CNMV.

The Executive Chairman and the Chief Executive Officer shall benefit from the ILP 2016-2018 in the terms set forth in the "Remuneration policy for Directors for the years 2016, 2017 and 2018" and in Section A.13 of this report, which are understood. It must be remembered that the ILP will not have a direct effect on the Executive Chairman's remuneration in 2016, 2017 and 2018, without prejudice to how the accounting is handled by the Company for the proportional part of the theoretical maximum of the same in each year.

The ILP will be distributed in 2019 and the Executive Chairman and the Chief Executive Officer will receive the incentive that corresponds to the degree of achievement of the objectives over the multi-year period. This incentive will consist entirely in shares, with the obligation of keeping them for two years. If the minimum degree of achievement of objectives is not met, the incentive shall amount to zero.

A.5 Explain the main features of long-term savings schemes, including retirement and other survival benefits, both partially and fully funded by the company, and whether allocated internally or externally. Provide an estimate of the amount of equivalent annual cost, indicating the type of plan, whether it is a defined-contribution or a defined-benefit plan, the terms for vesting of economic rights in favour of Directors and compatibility with any other type of compensation for early discharge or termination of the contractual relationship between the Company and the Director.

Indicate any contributions on the Director's behalf to defined-contribution pension plans, or any increase in the Director's vested rights in the case of contributions to defined-benefit schemes.

Explain any long-term savings schemes

Executive Chairman.

In the terms of the contract approved by the Board, the Executive Chairman receives an annual fixed remuneration in kind for items that are normal in these cases and similar to those of the entire management team of the Company (vehicle, medical insurance, etc., including the account deposits that correspond to personal income tax). The Executive Chairman is also an insured participant in the "Company Directors' Insured Pension Plan", established by the Company for its management team by means of a mixed group insurance policy for pension commitments, including benefits in the event of survival, death and disability, which the Company has signed with an insurance firm. In 2015, the Executive Chairman received contributions to the Enagás Employment System Pension Plan that applies to all the employees in the Company.

As per the information made public by the Company for other purposes, the Executive Chairman received the following amounts for these items in 2015: benefits in kind of 150 thousand euros; life insurance premium of 33 thousand euros; contributions to the Directors' Insured Pension Plan of 177 thousand euros and contribution to the pension plan of 7 thousand euros.

These items, which comprise the annual fixed remuneration in kind, are not expected to vary for the 2016-2018 period. Possible variations in amounts will derive from the application at each given time of price increases and any valuation rules that may be applicable.

The Executive Chairman is a member of the group insured by the civil liability policy that covers the contractual and non-contractual responsibilities that correspond to the activities undertaken in their posts.

The Company will compensate the Executive Chairman for travel, lodging, food and similar expenses incurred by performance of duties and in accordance with the travel and expenses policy in force in the Company.

Chief Executive Officer.

In the terms of the contract approved by the Board, the Chief Executive Officer receives an annual fixed remuneration in kind for items that are normal in these cases and similar to those of the entire management team of the Company (vehicle, medical insurance, etc., including the account deposits that correspond to personal income tax). The Chief Executive Officer is also an insured participant in the "Company Directors' Insured Pension Plan", established by the Company for its management team by means of a mixed group insurance policy for pension commitments, including benefits in the event of survival, death and disability, which the Company has signed with an insurance firm. In 2015, the Chief Executive Officer received contributions to the Enagás Employment System Pension Plan that applies to all the employees in the Company.

As per the information made public by the Company for other purposes, the Chief Executive Officer received the following amounts for these items in 2015: benefits in kind of 17 thousand euros; life insurance premium of 1 thousand euros; contributions to the Directors' Insured Pension Plan of 93 thousand euros and contribution to the pension plan of 5 thousand euros.

These items, which comprise the annual fixed remuneration in kind, are not expected to vary for the 2016-2018 period. Possible variations in amounts will derive from the application at each given time of price increases and any valuation rules that may be applicable.

The Chief Executive Officer is a member of the group insured by the civil liability policy that covers the contractual and non-contractual responsibilities that correspond to the activities undertaken in their posts.

The Company will compensate the Chief Executive Officer for travel, lodging, food and similar expenses incurred by performance of duties and in accordance with the travel and expenses policy in force in the Company.

A.6 Indicate any termination benefits agreed or paid in the event of termination of the appointment as Director.

Explain any termination benefits

Enagás, S.A is not required to pay out any benefits in the event of termination of the appointment as Non-Executive Directors.

A.7 Indicate the conditions to apply to the contracts of Executive Directors exercising senior management functions. Among them, disclose the duration, limits on the amount of termination payments, seniority requirements, notice periods, payments related to the duration of a notice period ("garden leave") and any other clauses covering hiring bonuses, as well as indemnities or "golden parachutes" in the event of early termination of the contractual arrangement between the Company and the Executive Director. Include, inter alia, non-competition, exclusivity, seniority or loyalty, and post-contractual non-competition agreements or arrangements.

Explain the conditions of contracts of employment of Executive Directors

Primary conditions of the Executive Chairman's contract.

The relationship between Enagás and the Executive Chairman is governed by a "Contract for services associated with the position of Executive Chairman" approved by the Board of Directors with all the requirements set forth in Article 249.3 of the LSC. The purpose of the contract is to regulate the rights and duties of the parties derived from the position of Executive Chairman that corresponds to Mr. Antonio Llardén Carratalá since his appointment by the Board on January 24, 2007. The contract applies to the time the Executive Chairman performs his duties as such.

The contract regulates the duties of the Executive Chairman and those of the Company. The sections above describe the corresponding remuneration in detail. The contract also regulates the conditions of contract expiration. In the event of voluntary termination by the Company for any reason, not associated with any serious blame or breach by the Executive Chairman, or breach of contract by the Company, the former will have the right to a compensation of three years of fixed annual remuneration, understood as the fixed annual remuneration received by the Executive Chairman at the time of termination, the remuneration in kind and the last variable annual remuneration received. This clause was included when the Executive Chairman was appointed in 2007.

The contract contains an exclusive dedication agreement for the Executive Chairman, which stipulates that the latter cannot provide services of any kind to third parties or form part of any other company or legal firm without the explicit authorisation of the Board. No economic compensation for the Executive Chairman is envisioned for this concept. Neither does the contract include an economic compensation for non-competition after contract termination. The permanence and loyalty of the Executive Chairman are motivated by the participation in the "Company Directors' Insured Pension Plan", described in Section A.5 of this report.

Primary conditions of the Chief Executive Officer's contract.

The relationship between Enagás and the Chief Executive Officer is governed by a "Contract for services associated with the position of Chief Executive Officer" approved by the Board of Directors with all the requirements set forth in Article 249.3 of the LSC. The purpose of the contract is to regulate the rights and duties of the parties derived from the position of Chief Executive Officer that corresponds to Mr. Marcelino Oreja Arburua since his appointment by the Board on September 17, 2012. The contract applies to the time the Chief Executive Officer performs his duties as such.

The contract regulates the duties of the Chief Executive Officer and those of the Company. The sections above describe the corresponding remuneration in detail. The contract also regulates the conditions of contract expiration. In the event of voluntary termination by the Company for any reason, not associated with any serious blame or breach by the Chief Executive Officer, or breach of contract by the Company, the former will have the right to a compensation of two years of fixed annual remuneration, understood as the fixed annual remuneration received by the Chief Executive Officer at the time of termination, the remuneration in kind and the last variable annual remuneration received.

The contract contains an exclusive dedication agreement for the Chief Executive Officer, which stipulates that the latter cannot provide services of any kind to third parties or form part of any other company or legal firm without the explicit authorisation of the Board. No economic compensation for the Chief Executive Officer is envisioned for this concept. The contract includes a non-competition clause for two years after contract termination. As compensation for this non-competition agreement, the Company shall pay the Chief Executive Officer 80% of the fixed annual remuneration for each of the two years contemplated by the agreement. Nonetheless, the resulting amount shall be subtracted from the amount in his favour in the "Directors' Insured Pension Plan". The permanence and loyalty of the Chief Executive Officer are motivated by the participation in the "Company Directors' Insured Pension Plan", described in Section A.5 of this report.

A.8 Explain any supplementary remuneration accrued by Directors as compensation for services provided other than those inherent in their post.

Explain any supplementary remuneration

Enagás, S.A. Directors have not accrued any other compensation.

A.9 Indicate any remuneration in the form of advances, loans or guarantees granted, along with the rate of interest, essential features and any amounts returned, as well as the obligations assumed on their behalf in the form of guarantees.

Explain any advances, loans and guarantees granted

Enagás, S.A. Directors have not accrued any other compensation.

A.10 Explain the main characteristics of non-cash remuneration.

Explain any non-cash remuneration

Enagás, S.A. provides its Executive Directors with other remuneration in kind such as company cars under lease contracts, private medical insurance and other welfare benefits that are generally available to Enagás executives. Remuneration in kind to be received by Executive Directors in 2016 will not vary from that of 2015. Any changes in 2016 with respect to 2015 shall be due to a different valuation, pursuant to the legal criteria applicable, of the same payments in kind.

A.11 Indicate remuneration accrued by the Director by virtue of payments made by the listed company to another entity at which the Director is employed where such payments are designed to remunerate the services provided by the Director at the listed company.

Explain remuneration accrued by the director by virtue of payments made by the listed company to another entity at which the director is employed.

Enagás, S.A. Directors have not accrued any other compensation.

A.12 Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration accrued by the director.

Explain any other compensation

Enagás, S.A. Directors have not accrued any other compensation.

A.13 Explain the actions taken by the company with respect to the remuneration system to reduce exposure to excessive risks and adjust it to the company's long-term objectives, value or interests, including, as appropriate, a reference to: measures in place to guarantee that the remuneration policy is based on the long-term results of the company; the measures in place to establish an appropriate balance between the non-variable and variable components of the remuneration; the measures adopted with respect to professional categories of employees whose professional activities have a material effect on the entity's risk profile; the reimbursement formulae or clauses set out to reclaim variable components of performance-related remuneration when these components have been paid based on data that have been proved to be manifestly misstated; and measures in place to prevent conflicts of interest, where applicable.

Explain actions taken to reduce risks

As mentioned in Sections A.1, A.2 and A.3 of this report, the CNR and the Board deem it convenient to include an ILP as part of the remuneration policy of Executive Directors for the 2016-2018 period. This will also apply to the members of the Steering Committee and the rest of the Company's management team. The intention of the CNR and the Board is for the ILPs to remain as an element in the Company's remuneration structure and their proposal is that they be included in subsequent remuneration policies presented to the GSM for approval. The Policy for the 2016-2018 period includes an initial ILP Plan with the following general conditions:

Objectives.

- To link performance in executive positions to fulfilling the objectives set forth in the Company's Strategic Plan.
- To implement a remuneration scheme that makes it possible to compete in the attraction and retention of talent.
- To align the Company's activity with the recommendations of the Good Governance Code of the CNMV.
- To fulfil the commitments made in the GSM of 2015 as regards requirements for corporate investors and proxy advisors.
- To reinforce Enagás' commitment as a mid-and long-term sustainable company.

Eligibility.

? Executive Directors (Executive Chairman and Chief Executive Officer).

? The eight members of the Steering Committee.

? The rest of the executive directors.

? In all, 43 beneficiaries (hereinafter, the "Beneficiaries"), notwithstanding new members and ceasing members as per the terms set forth in the Plan regulations (hereinafter, the "Regulations").

Type of Plan:

? A single Plan for the 2016-2018 period to be followed by a three-year period for the appraisal of objectives (the new plans must be included in future remuneration policies subject to approval by the GSM).

? The Plan contemplates granting shares and cash according to the objectives of the Strategic Plan.

? A minimum reference has been established for settlement in the form of shares for each segment (100% for Executive Directors, 75% for the Steering Committee and 50% for Directors).

? The Executive Directors must retain the shares they receive net of taxes at the time of settlement of the Plan (mid 2019) for two more years (Directors will not be able to divest themselves of the shares until 2021).

Term.

A period of 3 years for permanence and to measure objectives. Conditions to receive the Incentive.

The Incentive will be received according to the degree of fulfilment of four different objectives aligned with the Enagás Strategic Plan and with the expectations expressed by the institutional investors and proxy advisors:

? Objective 1. Funds for Operations (hereinafter, "FFO"). This shows the financial solidness and growth of net profit, pillars of the Strategic Plan. This takes into account both the EBITDA of the regulated business and the dividends received from the subsidiaries that are not controlled by Enagás. This is a reference indicator for investors. Fulfilling this objective will satisfy the Company forecasts for the distribution of Group, investment and debt amortisation dividends. It represents 40% of total weighted objectives.

? Objective 2. Accumulated cash flows received from investee companies (hereinafter, "Dividend"). This reflects the focus on international growth and a realistic and profitable investments plan as two additional pillars of the Strategic Plan. It measures the profitability of the international business versus the objective of annual remuneration, which measures the volume of international investment for the year. It represents 30% of total weighted objectives.

? Objective 3. Total return for the shareholder (hereinafter, "RTA"). To ensure appropriate, competitive shareholder remuneration. It takes into account the share history and the policy of dividends. It is measured relatively in comparison with a group of fifteen companies (REE, SNAM, TERNA, NATIONAL GRID, REN, IBERDROLA, GAS NATURAL FENOSA, ENEL, RWE, E.ON, ENGIE, CÉNTRICA, UNITED UTILITIES, SEVERN TRENT, PENNON GROUP). It represents 20% of total weighted objectives.

? Objective 4. Sustainability Plan (hereinafter, "Sustainability Plan"). Sustainability understood as a framework for developing Enagás' business. It is proposed that the CNR evaluate the following aspects of the Company's Sustainability Plan: carbon footprint, equality (non-discrimination) and other matters (employee commitment, customer satisfaction, volunteer programs, sponsorship, etc.). It represents 10% of total weighted objectives.

Reception of the Incentive depends on the Beneficiary remaining with the Enagás Group until the date of Plan settlement, except under the special circumstances explained in the Plan regulations.

B REMUNERATION POLICY PLANNED FOR FUTURE YEARS

Repealed.

C OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE YEAR

- C.1 Provide an overall summary of the main features of the remuneration structure and components in the remuneration policy applied during the year that resulted in the itemised individual remuneration accrued by each director appearing in section D of this report, and a summary of the decisions taken by the board to apply the components.

Explain the remuneration structure and concepts of the remuneration policy applied during the year

On occasion of the Ordinary Shareholder's Meeting held in 2015, the Board showed their approval of the transitory provision of Law 31/2014, dated December 3, which modified the Law on Corporate Enterprises for the improvement in corporate governance and submitted an Annual Remunerations Report (IAR) for an advisory vote that included a remuneration policy to be approved for the period 2015-2018. Nonetheless, the Board specifically limited the efficacy of this new policy to the year 2015 and informed the Shareholder's Meeting of their formal commitment to submit a new policy for 2016-2018 to the Shareholder's Meeting for approval. This new policy would include a Long-Term Remuneration Incentive (hereinafter, the "ILP", "Plan or "Incentive").

In 2015, the aforementioned policy was implemented regarding the procedures for setting remuneration of Directors for their membership in the Board and its Committees; to the Executive Directors for performing their executive duties; and to members of Senior Management.

Remuneration in respect of membership of the Board and its Committees -

The remuneration received by the Board for this item has not increased since 2008. Changes between financial years correspond to actual attendance by Directors to the meetings.

The General Shareholders Meeting approved the following resolution at its meeting on 27 March 2015:

"The General Shareholders' Meeting, in accordance with paragraph two of Article 36 of the Company's Articles of Association, agrees to set the figure of €1,115,741 as the total maximum payment for members of the Board of Directors for 2015, to be paid in accordance with the following procedures and criteria:

- Each Board member personally attending a minimum of two meetings during the year will be entitled to a payment of 22,050 euros.

- In addition, actual attendance of meetings will entitle Directors to a maximum annual payment of €42,446 per Director. The Board of Directors will decide the specific amount payable for attending each meeting.

- Additionally, Board Committee members will be entitled to the sum of 11,025 euros per annum, with chairmanship of any committee entitling them to an additional 5,513 euros per annum.

- The post of Lead Independent Director will be remunerated with the complementary sum of 16,000 euros.

The above amounts are compatible with and independent of salaries, wages, indemnifications, pensions or compensations of any type established in general or in particular for members of the Board of Directors with executive duties for the performance of these duties."

Actual remuneration in 2015 in this respect for all Directors totalled €1,176 thousand.

Remuneration of Executive Directors -

The difference in the Executive Chairman's remuneration in 2015 with respect to 2014 was exclusively due to the increase in withholding taxes for payments in kind, which were the same in both years.

In 2015, the Executive Chairman received €960 thousand of fixed remuneration and €576 thousand of variable remuneration, with both components approved by the Board. In addition, the Executive Chairman was paid €64 thousand in attendance fees (fixed remuneration plus fee for attending board meetings) and €150 thousand in remuneration in kind, for a combined total of €1,749 thousand. In addition, he was provided with a life insurance policy, with total premiums in the year of €33 thousand, and €7 thousand was contributed to his pension scheme. The Group has outsourced its pension obligations with its directors by means of a mixed group insurance policy. In addition to pension obligations, the cover provides benefits in the cases of life expectancy, death or disability. The Executive Chairman is part of the group covered by this policy: of the total premium paid for this during the year, €177 thousand corresponded to the Executive Chairman. The difference in the Executive Chairman's remuneration in 2015 is exclusively due to the differences in valuation of payments in kind, which were the same in both years.

In 2015, the Chief Executive Officer was paid fixed remuneration of €300 thousand and variable remuneration of €180 thousand, with both components approved by the Board. In addition, the CEO was paid €64 thousand in Board attendance fees (fixed compensation plus attendance fee per meeting) and €17 thousand in remuneration in kind, for a combined €561 thousand. In addition, he was provided with a life insurance policy, with total premiums in the year of €1 thousand, and €5 thousand was contributed to his pension scheme. The CEO is also covered by the mixed group insurance policy for pension commitments, and the amount of €93 thousand of this premium corresponds to him.

Remuneration of Senior Management.

At its meeting on 4 February 2015, the Appointments, Remuneration and Corporate Social Responsibility Committee considered the extent of fulfilment of 2014 "Company Targets", and approved the variable remuneration payable to each member of Senior Management for that year (in 2015) on the basis of fulfilment of their respective targets. The variable remuneration of each member of Senior Management is determined in accordance with achievement of the respective targets by each of them. These targets consist partly of fulfilment of the "Company Targets" (set out in the table in section E.1 of the 2014 Annual report on remuneration), of the "Management Targets" stipulated for each of the units they manage, and of the "Personal Targets" used to evaluate their individual performance. Total remuneration received by members of Senior Management, excluding Executive Directors, during 2015 was €2,716 thousand.

D ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	2015 accrual period
ANTONIO HERNÁNDEZ MANCHA	Independent	From 01/01/2015 to 31/12/2015
LUIS JAVIER NAVARRO VIGIL	Other External	From 01/01/2015 to 31/12/2015
ANA PALACIO VALLELERSUNDI	Independent	From 01/01/2015 to 31/12/2015
MARTÍ PARELLADA SABATA	Independent	From 01/01/2015 to 31/12/2015
JESÚS MÁXIMO PEDROSA ORTEGA	Proprietary	From 01/01/2015 to 31/12/2015
RAMÓN PÉREZ SIMARRO	Independent	From 01/01/2015 to 31/12/2015
ISABEL TOCINO BISCAROLASAGA	Independent	From 01/01/2015 to 31/12/2015
ROSA RODRÍGUEZ DÍAZ	Independent	From 01/01/2015 to 31/12/2015
GONZALO SOLANA GONZÁLEZ	Independent	From 01/01/2015 to 31/12/2015
LUIS VALERO ARTOLA	Proprietary	From 01/01/2015 to 31/12/2015
ANTONIO LLARDÉN CARRATALÁ	Executive	From 01/01/2015 to 31/12/2015
MARCELINO OREJA ARBURÚA	Executive	From 01/01/2015 to 31/12/2015
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Proprietary	From 01/01/2015 to 31/12/2015

D.1 Complete the following tables regarding the individual remuneration accrued by each director (including remuneration received for the discharge of executive duties) during the year.

a) Remuneration accrued at the reporting company:

i) Remuneration in cash (in thousands of €)

Name	Salaries	Non-variable remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership on Board committees	Termination benefits	Other components	2015 Total	2014 Total
ANTONIO LLARDÉN CARRATALÁ	960	22	42	575	0	0	0	150	1.749	1.737
MARCELINO OREJA ARBURÚA	300	22	42	180	0	0	0	17	561	552
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	0	22	42	0	0	12	0	0	76	72
RAMÓN PÉREZ SIMARRO	0	22	42	0	0	12	0	0	76	76
LUIS JAVIER NAVARRO VIGIL	0	22	42	0	0	12	0	0	76	76
JESÚS MÁXIMO PEDROSA ORTEGA	0	22	42	0	0	12	0	0	76	76
ROSA RODRÍGUEZ DÍAZ	0	22	42	0	0	12	0	0	76	70
ANA PALACIO VALLELERSUNDI	0	22	58	0	0	0	0	0	80	60
MARTÍ PARELLADA SABATA	0	22	42	0	0	17	0	0	81	80
ISABEL TOCINO BISCAROLASAGA	0	22	42	0	0	17	0	0	81	60
ANTONIO HERNÁNDEZ MANCHA	0	22	42	0	0	12	0	0	76	60
LUIS VALERO ARTOLA	0	22	42	0	0	12	0	0	76	53
GONZALO SOLANA GONZÁLEZ	0	22	42	0	0	12	0	0	76	57

ii) Share-based remuneration schemes

iii) Long-term savings schemes

Name	Contribution by the company in the year (thousands of €)		Cumulative amount of funds (thousands of €)	
	2015	2014	2015	2014
ANTONIO LLARDÉN CARRATALÁ	177	178	1.784	1.591
MARCELINO OREJA ARBURÚA	93	79	200	137

b) Remuneration accrued by directors for sitting on the boards of other group companies:

i) Remuneration in cash (in thousands of €)

Name	Salaries	Non-variable remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership on Board committees	Termination benefits	Other components	2015 Total	2014 Total
ANA PALACIO VALLELERSUNDI	0	0	0	0	0	0	0	0	0	0
ANTONIO HERNÁNDEZ MANCHA	0	0	0	0	0	0	0	0	0	0
ANTONIO LLARDÉN CARRATALÁ	0	0	0	0	0	0	0	0	0	0
GONZALO SOLANA GONZÁLEZ	0	0	0	0	0	0	0	0	0	0
ISABEL TOCINO BISCAROLASAGA	0	0	0	0	0	0	0	0	0	0
JESÚS MÁXIMO PEDROSA ORTEGA	0	0	0	0	0	0	0	0	0	0
LUIS VALERO ARTOLA	0	0	0	0	0	0	0	0	0	0
LUIS JAVIER NAVARRO VIGIL	0	0	0	0	0	0	0	0	0	0
MARCELINO OREJA ARBURÚA	0	0	0	0	0	0	0	0	0	0
MARTÍ PARELLADA SABATA	0	0	0	0	0	0	0	0	0	0
RAMÓN PÉREZ SIMARRO	0	0	0	0	0	0	0	0	0	0
ROSA RODRÍGUEZ DÍAZ	0	0	0	0	0	0	0	0	0	0
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	0	0	0	0	0	0	0	0	0	0

c) Summary of remuneration (in thousands of €):

Should include amounts for all remuneration components referred to in the present report accrued by the director, in thousands of euros.

For long-term savings schemes, include contributions or amounts allocated to the scheme:

Name	Remuneration accrued in the company				Remuneration accrued in group companies				Totals		
	Total remuneration in cash	Amount of shares granted	Gross gain on options exercised	Total 2015 Company	Total remuneration in cash	Amount of shares awarded	Gross gain on options exercised	Total 2015 Group	Total 2015:	Total 2014:	Contribution to saving schemes in the year
ANTONIO LLARDÉN CARRATALÁ	1.749	0	0	1.749	0	0	0	0	1.749	1.737	177
MARCELINO OREJA ARBURÚA	561	0	0	561	0	0	0	0	561	552	93
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	76	0	0	76	0	0	0	0	76	72	0
RAMÓN PÉREZ SIMARRO	76	0	0	76	0	0	0	0	76	76	0
MARTÍ PARELLADA SABATA	81	0	0	81	0	0	0	0	81	80	0
LUIS JAVIER NAVARRO VIGIL	76	0	0	76	0	0	0	0	76	76	0
JESÚS MÁXIMO PEDROSA ORTEGA	76	0	0	76	0	0	0	0	76	76	0
ROSA RODRÍGUEZ DÍAZ	76	0	0	76	0	0	0	0	76	70	0
ANA PALACIO VALLELERSUNDI	80	0	0	80	0	0	0	0	80	60	0
ISABEL TOCINO BISCAROLASAGA	81	0	0	81	0	0	0	0	81	60	0
ANTONIO HERNÁNDEZ MANCHA	76	0	0	76	0	0	0	0	76	60	0
LUIS VALERO ARTOLA	76	0	0	76	0	0	0	0	76	53	0
GONZALO SOLANA GONZÁLEZ	76	0	0	76	0	0	0	0	76	57	0
TOTAL	3.160	0	0	3.160	0	0	0	0	3.160	3.029	270

D.2 Disclose the relationship between remuneration obtained by directors and the company's profits or some other measure of enterprise results, explaining, as appropriate, how changes in the company's performance may have influenced the variation in directors' remuneration.

At the proposal of the Appointments, Remuneration and Corporate Responsibility Committee, on 19 May 2014 the Board of Directors approved the "Company Objectives" for 2014. Pursuant to the procedures for deciding the variable remuneration of Executive Directors and Senior Management, at its meeting on 4 February the Appointments, Remuneration and Corporate Responsibility Committee evaluated the degree of fulfilment of Company objectives established for 2014.

The Company objectives and their accomplishment, which determine the annual variable remuneration payable to the Executive Chairman and the Chief Executive Officer, reached 99.73%. In light of this accomplishment level, the Committee proposed that both Executive Directors should be recognised for this 99.73% percentage as their variable remuneration, which represents 59.84% of their fixed remuneration.

D.3 Disclose the outcome of the advisory vote at the annual general meeting on the annual report on director remuneration of the previous year, indicating the number of votes against, if any.

	Number	% of total
Votes cast	125.567.529	100,00%

	Number	% of total
Votes against	5.337.853	4,20%
Votes for	100.854.007	80,30%
Abstentions	19.375.669	15,40%

E OTHER INFORMATION OF INTEREST

If you consider any material aspect of directors' remuneration exists that has not been addressed in this report, which you feel is necessary to provide a fuller view of the Company's director remuneration practices, please explain these details briefly.

Document with Company objective accomplishment for financial year 2015 is listed below.

This Annual Report on remunerations was approved by the Company's Board of Directors at its meeting held on 15 February 2016.

List whether any Directors voted against or abstained from voting on the approval of this Report.

Yes

No

Name or corporate name of board members who voted against or abstained from voting on the approval of this report	Reasons (voted against, abstention, non-attendance)	Explain the reasons
	Abstention	Mr. Federico Ferrer Delso, physical representative of the body corporate Sociedad Estatal de Participaciones Industriales (SEPI), abstained from voting on the Annual Report on Directors' Remuneration, expressing that the SEPI Board of Directors must determine whether the vote of SEPI, as an Enagás, S.A. shareholder, matters on this and other proposals for discussion at the 2016 General Shareholders Meeting.