



REPORT OF ENAGÁS, S.A.'S BOARD OF DIRECTORS JUSTIFYING THE PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION SUBMITTED TO THE ORDINARY GENERAL SHAREHOLDERS' MEETING FOR APPROVAL AS ITEM 6 ON THE AGENDA

1. INTRODUCTION AND PURPOSE OF THE REPORT

Recently, the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of July 2 ("**LSC**") has been amended by Law 5/2021, of April 12, which amends the revised text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of July 2, and other financial regulations, regarding the promotion of long-term shareholder involvement in listed companies - which transposes into Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017 amending Directive 2007/36/EC- (the "**Law 5/2021**"), published on April 13, 2021 in the Official State Gazette and which, among other issues, adapted the wording of articles 182 and 521 of the LSC to develop the regulation of remote attendance, also introducing a new article 182 bis to allow the holding of General Shareholders' Meetings exclusively by remote means, if so provided for in the Articles of Association by complying with a series of requirements. Other matters provided for in the LSC have also been amended, such as the regime of related-party transactions, the identification of shareholders and the exercise of voting rights, capital increases and pre-emptive subscription rights and directors' remuneration, among others.

Likewise, on June 26, 2020, the National Securities Market Commission approved the partial amendment to the Code of Good Governance of Listed Companies ("**CBG**"), as amended, among other matters, Recommendation 7, which establishes that large cap companies should, to the extent possible, make provision for attendance and participation in the General Shareholders' Meeting by electronic means.

Pursuant to the foregoing, the Board of Directors of Enagás, S.A. ("**Enagás**" or the "**Company**") resolved, at its meeting held on April 19, 2021, to call an Ordinary General Shareholders' Meeting to be held on May 26, 2021 at first call, and on May 27, 2021 at second call, and to submit to said General Shareholders' Meeting, under item 6 on the agenda, the approval of the amendment to the Articles of Association, with changes to the current articles 7 ("Accounting Records and Identity of Shareholders"), 18 ("General Meeting"), 27 ("Attendance, Proxies and Voting at General Meetings."), 36 ("Remuneration of the Board of Directors"), 39 ("Board Meetings"), 43 ("Delegation of Powers"), 44 ("Audit and Compliance Committee"), 49 ("Formulation of the Annual Accounts") and 55 ("Filing and Publication of the Annual Accounts"), as well as the introduction of a new article 27 bis ("General Meeting Exclusively by Remote Means") to the Articles of Association.

In accordance with the provisions of article 286 of the LSC and related provisions of the Regulations of the Companies Registry, approved by Royal Decree 1784/1996, of July 19, the aforementioned proposed resolution to the General Meeting of Shareholders requires the preparation by the governing body of the following justifying report (the "**Report**"), as well as the drafting of the full text of the proposed amendment to the Articles of Association.

In this regard, and in order to facilitate comparison between the new wording of the articles proposed to be amended or, where appropriate, introduced, and the current wording, a version of the articles proposed to be amended or, where appropriate,



incorporated, with the proposed amendments marked, is included as an **Appendix** to this report for informational purposes.

2. JUSTIFICATION OF THE PROPOSED AMENDMENT

2.1. AMENDMENT TO ARTICLE 7 (“ACCOUNTING RECORDS AND IDENTITY OF SHAREHOLDERS”) TO ADAPT THE SYSTEM APPLICABLE TO THE RIGHT TO KNOW THE IDENTITY OF SHAREHOLDERS AND BENEFICIAL OWNERS

It is proposed to adapt and add to article 7 (“Accounting Records and Identity of Shareholders”) in accordance with the new regulation provided for in articles 497 and 497 bis of the LSC, as amended by Law 5/2021, in relation to the right to know the identity of the shareholders and the beneficial owners of the Company, respectively.

2.2. AMENDMENT TO ARTICLE 18 (“GENERAL MEETING”) TO INCORPORATE DIFFERENT PROVISIONS OF THE LSC

It is proposed to add to the powers of the General Shareholders’ Meeting, on the one hand, with the *“approval, if applicable, of the statement of non-financial information”*, in accordance with the provisions of article 49.6 of the Commercial Code, as amended by Law 11/2018 and, on the other hand, with the *“approval of related-party transactions whose approval corresponds to the General Shareholders’ Meeting under the terms provided by law”*, in accordance with the provisions of article 529 duovicies, section 1, of the LSC, introduced by Law 5/2021.

2.3. AMENDMENT TO ARTICLE 27 (“ATTENDANCE PROXIES AND VOTING AT GENERAL MEETINGS”) TO ADAPT IT TO THE REFORM OF THE LSC

In relation to conflicts of interest of shareholders at the General Shareholders’ Meeting, it is proposed to add to the cases of removal of voting rights in certain cases with the reference to “the cases provided by law with regard to related-party transactions whose approval is the responsibility of the General Shareholders’ Meeting”, in accordance with article 529 duovicies, section 1, of the LSC in the wording given by Law 5/2021.

It is also proposed to adapt the provisions relating to the delegation of proxies and voting by intermediary entities to the new wording of article 524 of the LSC, as amended by Law 5/2021.

2.4. INCORPORATION OF A NEW ARTICLE 27 BIS (“GENERAL MEETING EXCLUSIVELY BY REMOTE MEANS”) TO PROVIDE FOR THE POSSIBILITY OF HOLDING REMOTE-ONLY GENERAL MEETINGS

The proposed statutory reform consists of the introduction of a new article 27 bis in Enagás’ Articles of Association to authorise, where permitted by applicable regulations, the calling of General Meetings to be held with the participation of shareholders exclusively by remote means, i.e. without the physical attendance of shareholders and their proxies.

The crisis situation resulting from the Covid-19 pandemic has given unprecedented impetus to the incorporation of electronic means of remote communication in relation to the organisation and operation of capital companies and, in particular, listed companies. The exceptional regulations enacted in 2020 and 2021 to address the



economic and social impact caused by this situation have also incorporated measures to facilitate the holding of meetings of the governing bodies of companies, both the board of directors and the General Meeting, by remote means of communication and, among them, they have also provided for the possibility of holding General Meetings exclusively by electronic means, without the physical presence of shareholders or their representatives, all within the framework of encouraging the involvement of shareholders in the life of the company in accordance with the provisions of the CBG.

Based on the experience in the use of these measures during the state of emergency, under Law 5/2021, an authorisation has been incorporated so that, in general and no longer linked to the exceptional circumstances referred to, General Meetings may be held exclusively by remote means, without prejudice to guaranteeing the full exercise of their rights by the shareholders or their representatives. In this regard, Law 5/2021 has included a new article 182 bis in the LSC including this provision and incorporating a new paragraph 3 in article 521 of the LSC. This possibility is already provided for in other legal systems and is also incorporated into Spanish law.

In this regard, notwithstanding the fact that the Board of Directors considers the physical attendance of shareholders or their proxies at the General Shareholders' Meeting to be the ordinary channel for the exercise of their rights, together with the possibility of exercising these rights by remote means of communication prior to the holding of the Meeting, the proposed inclusion in the Articles of Association of the possibility of holding General Meetings attended by shareholders and their proxies exclusively by remote means may be very useful in certain situations that make it advisable to facilitate the holding of the Meetings. All of the above notwithstanding the rights of the shareholders, which may be exercised by them or their proxies in terms equivalent to those applying where the General Meeting is held with the physical attendance of the shareholders or their proxies.

2.5. AMENDMENT TO ARTICLE 36 ("REMUNERATION OF THE BOARD OF DIRECTORS") TO ADAPT THE DIRECTORS' REMUNERATION SYSTEM TO THE REFORM OF THE LSC

The preamble of Law 5/2021 establishes that the right of shareholders to express their opinion on the remuneration of directors has been one of the most important developments in international corporate governance in recent years. In 2002, the United Kingdom obliged British listed companies to publish an annual remuneration report and submit it to an advisory vote at the General Meeting. Since then, this right has been introduced, with different variations, in various jurisdictions, including Spain since 2014.

Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017, amending Directive 2007/36/EC, now extends this mechanism to the entire European Union, but providing it with sufficient flexibility to "respect the diversity of existing corporate governance systems in the Union, which reflect the different views of Member States on the role of companies and of the bodies responsible for determining the remuneration policy and the specific remuneration of each director". Thus, for example, the aforementioned Directive allows Member States to regulate that the remuneration policy may be in force for up to four years before being approved by the General Shareholders' Meeting, or that the vote of the latter is merely consultative.

The national regulation in force until now is more demanding than the Directive, as it establishes a three-year term and makes the vote of the General Shareholders'



Meeting binding. As stated in the preamble to Law 5/2021, the implementation of this system has been positive from the point of view of most listed companies, investors and financial agents, so that Law 5/2021 maintains this system unaltered in its main elements and introduces some modifications of some relevance in the annual remuneration report, whose content is now more detailed as a consequence of the transposition of the Directive.

Pursuant to the foregoing, it is proposed to amend Article 36 of the Articles of Association, relating to the remuneration system for Directors in order to adapt it to the new features introduced in the LSC by Law 5/2021 and, in particular:

- The regulation of the first paragraph relating to the remuneration of Directors in their capacity as such is completed with the obligation on the Sustainability, Appointments and Remuneration Committee to previously inform the Board on the distribution thereof, in accordance with article 529 septdecies.3 of the LSC.
- With regard to the provisions on the approval of the remuneration policy, they are adapted to the wording of article 529 novodecies.1 of the LSC, which establishes that the policy shall be approved by the General Meeting as a separate item on the agenda to be applied for a maximum period of three years, as well as the other provisions regarding the approval of new remuneration policies for Directors set out in the aforementioned article 529 novodecies.1 of the LSC.
- The provisions relating to the rejection of the Annual Report on Directors' Remuneration are adapted to the wording of article 529 novodecies.7.b) of the LSC.

2.6. AMENDMENT TO ARTICLE 39 ("BOARD MEETINGS") TO INCORPORATE A TECHNICAL CLARIFICATION

In relation to the quorum for the constitution of the Board, it is proposed to replace the current expression "half plus one" by "*majority*", in accordance with the term used in article 247.2 of the LSC, and in coordination in turn with the provisions of the current article 7 of the Board of Directors' Regulations.

2.7. AMENDMENT TO ARTICLE 43 ("DELEGATION OF POWERS") TO INCORPORATE VARIOUS PROVISIONS OF THE LSC

It is proposed to add to the powers of the Board of Directors: (i) by supplementing point (p) with the "supervision of the process of preparation and presentation of the financial information and of the management report, which shall include the mandatory non-financial information" in accordance with section j) of article 529 ter of the LSC incorporated by Law 11/2018, of December 28, and also in coordination with the provisions of article 5 of the Regulations of the Board; (ii) incorporating as a new section q) the "*formulation, as the case may be, of the statement of non-financial information for its presentation to the General Shareholders' Meeting*", in accordance with the provisions of article 49.6 of the Commercial Code, as amended by Law 11/2018, of December 28, and in coordination with the provisions of the current article 5 of the Board Regulations; and (iii) adapt the powers relating to related-party transactions provided for in section u) to the provisions of article 529 ter.1.h) of the LSC and related articles, as amended by Law 5/2021.



Likewise, it is proposed to adapt the name of the "corporate social responsibility policy" to "sustainability policies in environmental and social matters" included in section m), in coordination with the name provided in Recommendations 53 to 55 of the CBG of June 2020 as well as in the current article 5 of the Regulations of the Board of Directors.

2.8. AMENDMENT TO ARTICLE 44 ("AUDIT AND COMPLIANCE COMMITTEE") TO SUPPLEMENT THE REQUIREMENTS FOR ITS MEMBERSHIP IN ACCORDANCE WITH THE NEW WORDING OF THE CBG AND ADAPT ITS POWERS TO THE REFORM OF THE LSC

On the one hand, it is proposed to add to the first paragraph of article 44 regarding the requirements for the membership of the Audit and Compliance Committee in accordance with the new wording of Recommendation 39 of the CBG of June 2020, which establishes that the members of the Committee shall be appointed, "as a whole" taking account of their knowledge and experience in accounting, auditing "and both financial and non-financial risk management".

On the other hand, in relation to the functions and powers of the Committee, it is proposed:

- To incorporate as a new section g) the function of "*reporting on related-party transactions that must be approved by the General Shareholders' Meeting or the Board of Directors and supervise the internal procedure established by the Company for transactions whose approval has been delegated*", pursuant to article 529 quaterdecies.4.g) of the LSC, in the wording given by Law 5/2021.
- To amend section h), supplementing section 1 such that the Committee shall report to the Board on the financial information "and management report, which shall include mandatory non-financial information" that the Company must periodically disclose, and eliminating section 3 regarding related party transaction, all in accordance with the provisions of article 529 quaterdecies.4.h) of the LSC, as amended by Law 5/2021.

2.9. AMENDMENT TO ARTICLE 49 ("PREPARATION OF THE ANNUAL ACCOUNTS") TO INCORPORATE REFERENCES TO THE STATEMENT OF NON-FINANCIAL INFORMATION

It is proposed to supplement the reference to the management report in the first and third paragraphs of this article 49 with the words "which shall include, where appropriate, the statement of non-financial information", in accordance with the provisions of article 253 of the LSC, as amended by Law 11/2018 of December 28.

2.10. AMENDMENT TO ARTICLE 55 ("FILING AND PUBLICATION OF ANNUAL ACCOUNTS") TO INCLUDE A REFERENCE TO THE STATEMENT OF NON-FINANCIAL INFORMATION

It is proposed to supplement the reference to the management report in article 55 with the words "which shall include, where appropriate, the statement of non-financial information", in accordance with the provisions of article 279 of the LSC, as amended by Law 11/2018 of December 28.



3. FULL TEXT OF THE PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

The proposed amendment to the articles of association, in the event that it is approved by the General Shareholders' Meeting, will imply the amendment to the following articles of the Articles of Association that, hereinafter, will have the following literal wording:

"ARTICLE 7.– ACCOUNTING RECORDS AND IDENTITY OF SHAREHOLDERS

The entity in charge of maintaining the Accounting Records concerning the shares is the Servicio de Compensación y Liquidación de Valores, (Spanish Securities Clearing and Settlement Service) or such entity as may in future replace it.

The Company or a third party appointed by the Company shall have the right to obtain, at any time, from the central securities Depository, the information legally required to determine the identity of its shareholders, in order to communicate directly with them with a view to facilitating the exercise of their rights and their involvement in the Company.

Any shareholder associations having formed within the Company and representing at least one percent of the share capital, as well as shareholders who individually or jointly hold at least three percent of the share capital, shall enjoy the same right exclusively for purposes of facilitating communications with the shareholders in the exercise of their rights and the best defence of their common interests.

The request must state the purpose of the consultation and the information may not be used for purposes other than those stated in the request.

Likewise, in the event that the entity or person legitimised as shareholder by virtue of the share ledger is an intermediary entity that holds the shares on behalf of the beneficial owners or another intermediary entity, the Company or a third party designated by it may request the identification of the beneficial owners directly from the intermediary entity or request it indirectly through the central securities depository, all in accordance with the terms set forth in the Law. Shareholders' associations representing at least one per cent of the share capital or shareholders individually or jointly holding at least three per cent of the share capital shall necessarily request the identification of the beneficial owners from the intermediary entity through the central securities depository. In both cases, the intermediary entity shall communicate directly to the applicant the identity of the beneficial owners.

In the event of abusive or harmful use of the information requested, the association or partner in question shall be liable for any loss or damage caused.

Knowledge by the Company or other authorised applicants of the beneficial owner of their shares shall in no way affect the ownership or the exercise of the economic and political rights that correspond to the intermediary entity or person legitimised as shareholder by virtue of the regulations governing the accounting registration of the shares. Likewise, the Company is not involved in relations between the beneficial owner and the intermediary entity or entities and in relations between the entities forming part of the chain of intermediary entities."



"ARTICLE 18 – GENERAL MEETING.

The shareholders, when constituted as a duly summoned General Meeting, shall by the majority of votes provided for in Spanish law decide upon the matters that fall within the powers of the General Meeting.

The General Meeting is responsible for addressing and agreeing upon the following issues:

- a) Approval of the annual accounts, the appropriation of earnings, and approval of company management.*
- b) Approval, if applicable, of the statement of non-financial information.*
- c) The appointment and removal of directors, liquidators, or, where applicable, account auditors, as well as the institution of liability actions against any of them.*
- d) Amendments to the Articles of Association.*
- e) To effect capital increases and reductions.*
- f) To suspend or restrict the pre-emptive subscription right.*
- g) To acquire, dispose of or contribute core assets to another company. Asset are considered to be core assets, if the respective transaction amount is greater than 25% of the value of the assets shown on the last approved balance sheet.*
- h) To transfer core activities previously carried out by the Company itself to subsidiaries, even though the Company retains full control. Activities and operating assets are considered to be core activities and core operating assets, if the respective transaction amount is greater than 25% of the total value of the assets held on the balance sheet.*
- i) To restructure, merge, or split the company, or fully transfer the assets and liabilities thereof, or to agree to move the registered office outside Spain.*
- j) To dissolve the Company.*
- k) To approve the final balance sheet for liquidation purposes.*
- l) To approve any transactions that effectively add up to the Company's liquidation.*
- m) To approve the policy on directors' remuneration.*
- n) The approval of related-party transactions where the approval is the remit of the General Shareholders' Meeting under the terms set forth in the Law.*
- o) Any other affairs prescribed by law or the Articles of Association.*

All shareholders, including those absent or dissenting, shall be bound by the resolutions of the General Meeting.



The Company shall guarantee, at all times, equality in the treatment of all shareholders in the same position, in regard of information, participation and the exercise voting rights at General Shareholder Meetings.”

"ARTICLE 27. – ATTENDANCE, PROXIES AND VOTING AT GENERAL MEETINGS.

Shareholders owning shares, registered at least five days prior to the date scheduled for the General Meeting with the corresponding registers of any of the entities participating in the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores (securities clearing and settlement entity), or the entity replacing it in the future, may attend and vote at General Meetings.

Without prejudice to the foregoing, shareholders may not exercise the voting rights corresponding to their shares concerning the adoption of a resolution where one of the grounds for a conflict of interest exists according to Article 190.1 of the Consolidated Text of the Corporate Enterprises Act or in the cases provided for by law concerning related-party transactions whose approval is the responsibility of the General Meeting.

Any shareholder having attendance and voting rights under this Article may exercise such rights to vote on motions on the business on the Agenda at any class of General Meeting by attending such a Meeting and voting in person or by post, by recognised electronic signature or other electronic means, or by any other medium of remote communication satisfying the requirements prescribed by laws and regulations, provided that the identity of the person exercising voting rights and the security of electronic communications are properly assured.

The Rules and Regulations of General Meetings may govern remote exercising of said rights, including in particular any or all of the following forms:

- a) Real-time streaming of the General Shareholders’ Meeting.*
- b) The remote attendance at the Meeting by telematic and simultaneous means and remote voting by telematic means during the meeting, subject to the requirements provided for.*

In this case, the Regulations of the Meeting may empower the Board of Directors to determine when, in view of the state of the art, the circumstances and the safety conditions, such attendance and telematic voting is permitted. The Regulations of the Meeting may also empower the Board of Directors to regulate all necessary procedural aspects.

- a) Real-time bi-directional communication to allow shareholders to address the General Shareholders’ Meeting from other locations.*
- b) A mechanism to exercise votes prior to or during the General Shareholders’ Meeting, without having to appoint a representative physically present at the meeting.*

Shareholders that attend or cast their votes remotely shall for the purposes of constitution of any General Meeting count as being present.

A shareholder having attendance rights may have himself represented by proxy at a General Meeting by another person, who need not be a shareholder. Proxies must be



conferred in writing, by post, a recognised electronic signature, or any of the other legally permitted electronic or remote communication methods. The identity of the representative must be duly guaranteed, and shall be valid only for the particular Meeting in question.

The provisions of the foregoing paragraph will likewise be applicable to notification of the proxy to the Company, and revocation of the appointment. The Company will establish the system for electronic notification of the appointment with the formal requisites provided to ensure the identification of the shareholder and the designated proxy or proxies.

If the represented shareholder has issued voting instructions, their proxy holder shall cast the shareholder's vote in accordance with said instructions and shall be bound to safeguard the instructions for one year starting from the date of the meeting that is being called.

The proxy may represent more than one shareholder, and there are no restrictions on the number of shareholders that can be represented. When a proxy represents various shareholders, the proxy may vote in more than one direction based on the instructions of each shareholder. In all cases, the number of shares represented shall be counted towards the valid constitution of the Meeting.

Before their appointment, the proxy holder must inform the shareholder in detail if there is any conflict of interest, in accordance with the provisions of article 523 of the LSC. If the conflict arises after the appointment and the proxy holder had not advised the represented shareholder of the possible existence thereof, the proxy holder must inform the shareholder immediately. In both cases, if the proxy holder does not receive new precise voting instructions for each of the matters upon which the proxy holder must vote on behalf of the shareholder, the proxy holder must abstain from casting a vote.

Intermediary entities appearing as legitimated shareholders according to the accounting records but acting on behalf of different beneficial owners, may in all cases split the voting rights and exercise them in opposing ways in adherence to divergent voting instructions, should they have received such.

These intermediary entities may grant proxy to each of the beneficial owners or to third parties designated by the same, with no restrictions placed on the number of proxies granted.

In the event of a public call for proxies, articles 186 and 526 of the Corporate Enterprises Act shall apply.

Proxy representation conferred shall be revocable at any time, and the principal's attendance at the Meeting in person shall be equivalent to revocation.

The Rules and Regulations of General Meetings shall elaborate on the methods and requirements for the due exercise of attendance, voting and representation rights, as well as on the procedures set up for those purposes.

Subject to the relevant provisions of the Rules and Regulations of the General Shareholders' Meeting, and at all events in fulfilment of statutory requirements, the Board of Directors shall be competent to determine the time as from which shareholders may cast their votes or grant proxies by electronic or other, taking into account the state of the art of the technical means required for this purpose."



"ARTICLE 27 BIS. GENERAL MEETING EXCLUSIVELY BY REMOTE MEANS

The General Meeting may be called to be held exclusively by remote means and, therefore, without the physical attendance of the shareholders, their representatives and, if applicable, the members of the Board of Directors, when so permitted by the applicable regulations.

The holding of the General Shareholders' Meeting exclusively by remote means shall be in accordance with the legal and statutory provisions as well as the conduct thereof contained in the Regulations of the General Shareholders' Meeting and, in all cases, shall be subject to the identity and legitimacy of the shareholders and their representatives being duly guaranteed and to all attendees being able to effectively participate in the meeting by means of the remote communication media permitted in the call notice, both to exercise in real time the rights to speak, inform, propose and vote that correspond to them, and to follow the contributions of the other attendees by the indicated means, taking account of the state of the art and the circumstances of the Company, all in accordance with the applicable regulations."

"ARTICLE 36.- REMUNERATION OF THE BOARD OF DIRECTORS.

The position of Director shall be remunerated.

The General Shareholders' Meeting shall determine the total maximum remuneration to be paid to Members of the Board of Directors in their capacity as such. Said remuneration shall comprise a cash sum payable on an annual basis or in respect of such period as the General Meeting may determine, a fee for each Board of Directors meeting a Director actually attends, a fee for sitting on the Committees of the Board of Directors, and another for acting as Chairperson of same, and in the case of the Independent Leading Director, a supplementary amount in remuneration of said function. The allocation of remuneration among the various remuneration components and to each Director shall be determined by resolution of the Board of Directors, after receiving a report from the Sustainability, Appointments and Remuneration Committee, and taking into consideration the duties and responsibilities attributed to each Director.

Directors may receive additional remuneration in the form of company shares, share options or other securities that enable the holder to obtain shares, or through other remuneration systems based on the price of the shares quoted on a public exchange. The implementation of said systems shall be presented to the General Meeting for approval, and the Meeting shall determine the maximum number of shares that may be allocated to this remuneration system in each financial year, or the system for calculating the price for the exercise of option rights, the reference value of the shares applied, if applicable, and the term of duration of the scheme.

Directors who have executive functions in the Company, whatever the nature of their legal relationship with the Company, will also be entitled to receive remuneration for the performance of these functions, which must be set forth in a contract between the Director and the Company, which shall consist of: (i) a fixed remuneration, in cash and in kind, commensurate with the services rendered and responsibilities assumed; if applicable (ii) a variable remuneration short-term and long-term and the general system of incentives established for the Company's Senior Management, which might comprise the delivery of shares, or the entitlement to options on same, or remuneration based on the value of the shares, subject to the requirements set forth in the prevailing legislation at any given time; (iii) a benefits component to include appropriate pension and insurance schemes and social security benefits; as



well as, if applicable (iv) a consideration for a post-contractual covenant not to compete. The Director will be entitled to compensation if he/she were asked to step down but it was not due to the discharging of duties.

Directors shall be entitled to the payment or reimbursement of expenses incurred as a result of attendance at meetings and other tasks directly related to the performance of their duties, such as travel, accommodation, meals and any other which may arise.

The Company may take out civil liability insurance for Directors and Senior Managers.

The Directors' remuneration policy shall be in keeping with the remuneration system provided for herein, and shall be approved by the General Shareholders' Meeting as a separate item on the Agenda to be applied for a maximum period of three financial years. However, the proposal for a new Directors' remuneration policy must be submitted to the General Shareholders' Meeting prior to the end of the last financial year of application of the previous policy, and the General Shareholders' Meeting may determine that the new policy shall apply from the date of approval and for the following three financial years. Any modification or replacement thereof during said period shall require the prior approval of the General Shareholders' Meeting in accordance with the procedure established for its approval.

Directors' remuneration shall be disclosed in the legally established terms, in the Notes to the Annual Accounts, in the Annual Corporate Governance Report and in the Annual Report on Directors' Remuneration. The latter report shall be submitted to an advisory vote as a specific item on the Agenda of the Ordinary General Meeting.

In the event that the Annual Report on Directors' Remuneration is rejected in the advisory vote at the Ordinary General Shareholders' Meeting, the Company may only continue to apply the remuneration policy in force at the date of the General Meeting until the next General Meeting is held."

"ARTICLE 39 – BOARD MEETINGS.

The Board of Directors shall meet at least once every two months, and in addition, whenever convened by the Chairperson or upon requisition by a majority of Directors.

Meetings shall ordinarily be held at the registered office, but may also be held elsewhere and by any means that the Chairperson may determine. Such a venue or manner of holding the meeting must be specified in the notice of meeting.

A meeting shall be convened, by any channel, by the Chairperson, stating the venue of the meeting and the items on the Agenda. 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 Chairperson to convene the meeting, and the meeting has not been called within one month without reasonable cause.

However, a meeting of the Board of Directors shall be valid without need of prior notice if, all Directors being present, the Directors unanimously decide to hold a meeting.

Except in cases where the meeting of the Board is constituted or 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 at the meeting. The



Chairperson of the Board in collaboration with the Secretary shall ensure that this obligation to provide information is fulfilled.

The Board of Directors' meeting shall be validly constituted when the majority of its members are in attendance or represented at it. 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 only grant a proxy to another Non-Executive Director.

Board of Directors meetings held by videoconference or multiple teleconference shall be valid provided that the Directors have the necessary means to enable them to be recognised and identified, to communicate permanently with each other and to intervene and cast their votes in real time. The minutes of the Board of Directors and the certification of these resolutions shall include a record of the Directors who have used this system and who shall be considered present. In this case, the Board meeting shall be deemed a single meeting held at the registered office.

Resolutions shall be passed by an absolute majority of the Directors present at the meeting.

Votes may be cast in writing and in the absence of a meeting, if no Director objects to such procedure."

"ARTICLE 43. – DELEGATION OF POWERS.

The Board of Directors may designate from among its members one or several executive directors or executive committees, and shall determine in each case the content, limits and modalities of the delegation. The Executive Committee shall meet as often as convened by the Chairperson or the majority of its members.

The following powers of the Board of Directors shall not be delegated under any circumstances:

- a) Supervision of the effective functioning of committees it sets up and of the actions of the executive bodies and Senior Managers it appoints.*
- b) Determination of the general policies and strategies of the Company.*
- c) Authorisation does not release the Board of Directors from its obligations deriving from the duty to loyalty in conformity with article 230 of the Amended Consolidated Text of the Corporate Enterprises Act.*
- d) Its own organisation and functioning.*
- e) Preparing the annual accounts and their presentation to the General Meeting.*
- f) The issuance of any type of report the Board of Directors is required to submit by law, if the transaction to which the report refers cannot be delegated.*
- g) Appointing and removing the Company's Managing Directors and establishing the terms of their contracts.*
- h) Appointing and removing managers that report directly to the Board of Directors or to one of its members, and establishing the basic terms of their contracts including their remuneration.*



- i) *Decisions concerning the remuneration of Directors within the framework of the Articles of Association, and, if applicable, under the remunerations policy approved by the General Meeting.*
- j) *Convening the General Meeting of Shareholders and determining the Agenda and the proposed resolutions.*
- k) *Determining policy concerning the Company's own shares or equity holdings.*
- l) *The powers the General meeting would have delegated to the Board of Directors unless the latter has been expressly authorised by the General Meeting to sub-delegate them.*
- m) *Approving the Company's strategic or business plan, the management targets and annual budgets, investment or financing policy, the sustainability policy in environmental and social matters or the dividend policy.*
- n) *Defining the Company's risk control and management policy, including tax risks, or the policy for monitoring its internal information and control systems.*
- o) *Defining the Company's or the Group's corporate governance policy, its organisation and operation and functioning, or in particular, approving and amending its own rules and regulations.*
- p) *The supervision of the process of preparation and presentation of the financial information and of the management report, which shall include the mandatory non-financial information, as well as the approval of the financial information that the Company must periodically publish due to its status as a listed company.*
- q) *Preparing, if applicable, the non-financial information statement for submission to the General Meeting.*
- r) *Defining the structure of the Group.*
- s) *Approving 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 their approval falls to the General Meeting.*
- t) *Approving the creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a similar nature whose complexity might impair the transparency of the Company or the Group.*
- u) *The approval, subject to a report of the Audit and Compliance Committee, of related-party transactions under the terms established by law, unless their approval is under the remit of the General Shareholders' Meeting and with the exception of related-party transactions with companies belonging to the Group carried out as part of the ordinary management and on an arm's length basis, as well as related-party transactions entered into under standardised contracts applied en masse to a large number of customers, at prices or rates generally established by the party acting as the supplier of the goods or*



services in question and the amount of which does not exceed 0.5% of the net turnover of the Company.

- v) *The determination of the Company's tax strategy.*

Under, duly justified, urgent circumstances, the decisions pertaining to issues m) to v) above may be adopted by the delegated bodies and persons, who must be ratified at the first meeting of the Board of Directors held after the decision was adopted."

"ARTICLE 44.- AUDIT AND COMPLIANCE COMMITTEE.

There shall be an Audit and Compliance Committee within the Board of Directors and it shall comprise at least three and no more than seven Directors, to be appointed by the Board having particular regard, as a whole, to their expertise and experience in accounting, auditing and financial and non-financial risk management. No Executive Director may sit on this Committee.

Overall, the members of the Audit and Compliance Committee shall have the pertinent technical knowledge of the gas industry.

The majority of the Committee must be independent and will be appointed in light of their knowledge and track record in matters of accountancy, auditing, or both. The Committee Chair shall be selected from among the Independent Directors by the Board of Directors and shall not have the casting vote. The Chairperson must be replaced every four years, and may be re-elected after the lapse of one year from their departure from office.

The Audit and Compliance 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 Board Regulations:

- a) *To inform the General Shareholders' Meeting on issues raised in the areas that lie within the Committee's competence and, in particular, about the audit result, explaining how it has contributed to the integrity of the financial reporting and the Committee's function during the process.*
- b) *To oversee the effectiveness of the Company's and its Group's system of internal control, internal auditing and risk management, as well as discussing with the auditors any significant weaknesses in the internal control system identified during the course of the audit without impinging on its independence. For such purposes and, where applicable, they can submit recommendations or proposals to the Board of Directors and the corresponding deadline for dealing with them.*
- c) *To oversee the process of preparation and presentation of statutory financial reporting and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.*
- d) *To submit to the Board of Directors proposals for the selection, appointment, re-election and replacement of the auditor, being responsible for the selection process, in accordance with the provisions of the applicable regulations, as well as the conditions of their recruitment and regularly collecting information on them the audit plan and its execution, in addition to preserving its independence in the exercise of its functions.*



- e) *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 audit process and, where applicable, the authorisation of the services other than those forbidden, under the terms envisaged in the applicable regulations, and any other disclosures envisaged in the audit regulations and audit standards. In all cases, 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 detailed and individual 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.*
- f) *To issue an annual report, prior to the issue of the audit report, giving an opinion on whether the independence of the auditors or audit companies is compromised. This report shall in all cases include an assessment of the additional services provided, as referred to in the previous section, considered separately and in their totality, that consists of services other than statutory audits and how they relate to the requirement of independence or to the audit regulations.*
- g) *To report on related-party transactions that must be approved by the General Shareholders' Meeting or the Board of Directors and supervise the internal procedure established by the Company for transactions whose approval has been delegated.*
- h) *To keep the Board of Directors informed, in advance, on all items provided for in the law, the Articles of Association and the Regulations of the Board of Directors, in particular, in relation to:*
 - 1. *The financial information and the management report, which shall include the mandatory non-financial information that the Company must periodically make public.*
 - 2° *The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens.*

The meetings of this Committee shall be called by its Chairperson and shall be held at least four times a year. The Company's External Auditor may attend Committee meetings and the Finance Director, head of the Company's Internal Audit Unit, or any other senior manager of the Company or Group that the Committee deems appropriate, may also be asked to give account at meetings. The Committee may obtain support and assistance from the aforesaid Senior Managers in the performance of its duties."

"ARTICLE 49. – PREPARATION OF THE ANNUAL ACCOUNTS.

The Board of Directors must prepare, within three months of the close of the Company's financial year, its annual accounts, management report, which shall include, when applicable, the non-financial information statement, proposed allocation of profits or losses and, where appropriate, the consolidated annual accounts and management report.

The annual accounts shall comprise the balance sheet, the income statement, a statement of changes in equity for the year, a cash flow statement and the notes to



the annual accounts. These documents, which form a single unit, shall be clearly drawn up and shall give a true and fair view of the Company's assets, financial position and results of operations.

The annual accounts and management report, and when applicable the non-financial information statement, must be signed by all Directors and if the signature of any Director is missing, this must be shown in all the documents with the reason clearly indicated."

"ARTICLE 55. – FILING AND PUBLICATION OF ANNUAL ACCOUNTS.

Within one month of the approval of the annual accounts, the certified resolutions of the General Shareholders' Meeting, duly signed, approving the annual accounts, the allocation of profits and losses, and, where applicable, the consolidated accounts shall be filed at the companies registry pertaining to the Company's registered office, together with a copy of each of the annual accounts, the management report, which shall include, when applicable, the non-financial information statement, and the audit report."

4. SEPARATE VOTE BY SUBJECT

In relation to the proposed amendment to the Articles of Association submitted for approval by the Ordinary General Shareholders' Meeting, each separate article or group of articles shall be voted on separately, in accordance with the provisions of article 197 bis of the LSC.

5. APPENDIX

Attached as an Annex to this Report is a text comparing the articles of the current Articles of Association and the new wording of the same, highlighting the proposed modifications.

And for all appropriate legal reasons, the Company's Board of Directors prepares this report at its meeting held on April 19, 2021.

The Secretary to the Board of Directors

Rafael Piqueras Bautista

Enagás, S.A.



APPENDIX

"ARTICLE 7. - ACCOUNTING RECORDS AND IDENTITY OF SHAREHOLDERS

The entity in charge of maintaining the Accounting Records concerning the shares is the Servicio de Compensación y Liquidación de Valores, (Spanish Securities Clearing and Settlement Service) or such entity as may in future replace it.

The Company or a third party appointed by the Company shall have the right to obtain, at any time, from the central securities Depository, the information legally required to determine the identity of its shareholders, in order to communicate directly with them with a view to facilitating the exercise of their rights and their involvement in the Company. The Company may at any time request the information associated with the shareholders from the companies keeping the securities records. This includes the shareholders' addresses and contact details.

Any shareholder associations having formed within the Company and representing at least one percent of the share capital, as well as shareholders who individually or jointly hold at least three percent of the share capital, shall enjoy the same right exclusively for purposes of facilitating communications with the shareholders in the exercise of their rights and the best defence of their common interests.

The request must state the purpose of the consultation and the information may not be used for purposes other than those stated in the request.

Likewise, in the event that the entity or person legitimised as shareholder by virtue of the share ledger is an intermediary entity that holds such shares on behalf of the beneficial owners or another intermediary entity, the Company or a third party designated by it may request the identification of the beneficial owners directly from the intermediary entity or request it indirectly through the central securities depository, all in accordance with the terms set forth in the Law. Shareholders' associations representing at least one per cent of the share capital or shareholders individually or jointly holding at least three per cent of the share capital shall necessarily request the identification of the beneficial owners from the intermediary entity through the central securities depository. In both cases, the intermediary entity shall communicate directly to the applicant the identity of the beneficial owners.

In the event of abusive or harmful use of the information requested, the association of shareholders or partner in question shall be liable for any loss or damage caused.

Knowledge by the Company or other authorised applicants of the beneficial owner of their shares shall in no way affect the ownership or the exercise of the economic and political rights that correspond to the intermediary entity or person legitimised as shareholder by virtue of the regulations governing the accounting registration of the shares. Likewise, the Company is not involved in relations between the beneficial owner and the intermediary entity or entities and in relations between the entities forming part of the chain of intermediary entities."



"ARTICLE 18. - GENERAL MEETING.

The shareholders, when constituted as a duly summoned General Meeting, shall by the majority of votes provided for in Spanish law decide upon the matters that fall within the powers of the General Meeting.

The General Meeting is responsible for addressing and agreeing upon the following issues:

- a) Approval of the annual accounts, the appropriation of earnings, and approval of company management.
- b) Approval, if applicable, of the statement of non-financial information.
- b)c) The appointment and removal of directors, liquidators, or, where applicable, account auditors, as well as the institution of liability actions against any of them.
- c)d) Amendments to the Articles of Association.
- d)e) To effect capital increases and reductions.
- e)f) To suspend or restrict the pre-emptive subscription right.
- f)g) To acquire, dispose of or contribute core assets to another company. Asset are considered to be core assets, if the respective transaction amount is greater than 25% of the value of the assets shown on the last approved balance sheet.
- g)h) To transfer core activities previously carried out by the Company itself to subsidiaries, even though the Company retains full control. Activities and operating assets are considered to be core activities and core operating assets, if the respective transaction amount is greater than 25% of the total value of the assets held on the balance sheet.
- h)i) To restructure, merge, or split the company, or fully transfer the assets and liabilities thereof, or to agree to move the registered office outside Spain.
- i)j) To dissolve the Company.
- j)k) To approve the final balance sheet for liquidation purposes.
- k)l) To approve any transactions that effectively add up to the ~~company~~Company's liquidation.
- m) To approve the policy on directors' remuneration.
- n) The approval of related-party transactions whose approval corresponds to the General Shareholders' Meeting under the terms set out in the Law.
- l)o) Any other affairs prescribed by law or the Articles of Association.

All shareholders, including those absent or dissenting, shall be bound by the resolutions of the General Meeting.



The Company shall guarantee, at all times, equality in the treatment of all shareholders in the same position, in regard of information, participation and the exercise voting rights at General Shareholder Meetings.”

“ARTICLE 27. - ATTENDANCE, PROXIES AND VOTING AT GENERAL MEETINGS.

Shareholders owning shares, registered at least five days prior to the date scheduled for the General Meeting with the corresponding registers of any of the entities participating in the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores (securities clearing and settlement entity), or the entity replacing it in the future, may attend and vote at General Meetings.

Without prejudice to the foregoing, shareholders may not exercise the voting rights corresponding to their shares concerning the adoption of a resolution where one of the grounds for a conflict of interest exists according to Article 190.1 of the Consolidated Text of the Corporate Enterprises Act, or in the cases provided for by law concerning related-party transactions whose approval is the responsibility of the General Meeting.

Any shareholder having attendance and voting rights under this Article may exercise such rights to vote on motions on the business on the Agenda at any class of General Meeting by attending such a Meeting and voting in person or by post, by recognised electronic signature or other electronic means, or by any other medium of remote communication satisfying the requirements prescribed by laws and regulations, provided that the identity of the person exercising voting rights and the security of electronic communications are properly assured.

The Rules and Regulations of General Meetings may govern remote exercising of said rights, including in particular any or all of the following forms:

- a) Real-time streaming of the General Shareholders’ Meeting.
- b) The remote attendance at the Meeting by telematic and simultaneous means and remote voting by telematic means during the meeting, subject to the requirements provided for.

In this case, the Regulations of the Meeting may empower the Board of Directors to determine when, in view of the state of the art, the circumstances and the safety conditions, such attendance and telematic voting is permitted. The Regulations of the Meeting may also empower the Board of Directors to regulate all necessary procedural aspects.

- a) Real-time bi-directional communication to allow shareholders to address the General Shareholders’ Meeting from other locations.
- b) A mechanism to exercise votes prior to or during the General Shareholders’ Meeting, without having to appoint a representative physically present at the meeting.

Shareholders that attend or cast their votes remotely shall for the purposes of constitution of any General Meeting count as being present.



A shareholder having attendance rights may have himself represented by proxy at a General Meeting by another person, who need not be a shareholder. Proxies must be conferred in writing, by post, a recognised electronic signature, or any of the other legally permitted electronic or remote communication methods. The identity of the representative must be duly guaranteed, and shall be valid only for the particular Meeting in question.

The provisions of the foregoing paragraph will likewise be applicable to notification of the proxy to the Company, and revocation of the appointment. The Company will establish the system for electronic notification of the appointment with the formal requisites provided to ensure the identification of the shareholder and the designated proxy or proxies.

If the represented shareholder has issued voting instructions, their proxy holder shall cast the shareholder's vote in accordance with said instructions and shall be bound to safeguard the instructions for one year starting from the date of the meeting that is being called.

The proxy may represent more than one shareholder, and there are no restrictions on the number of shareholders that can be represented. When a proxy represents various shareholders, the proxy may vote in more than one direction based on the instructions of each shareholder. In all cases, the number of shares represented shall be counted towards the valid constitution of the Meeting.

Before their appointment, the proxy holder must inform the shareholder in detail if there is any conflict of interest, in accordance with the provisions of article 523 of the LSC. If the conflict arises after the appointment and the proxy holder had not advised the represented shareholder of the possible existence thereof, the proxy holder must inform the shareholder immediately. In both cases, if the proxy holder does not receive new precise voting instructions for each of the matters upon which the proxy holder must vote on behalf of the shareholder, the proxy holder must abstain from casting a vote.

~~Intermediary Entities~~ entities appearing as legitimated shareholders according to the accounting records but acting on behalf of different beneficial owners ~~persons~~, may in all cases split the voting rights and exercise them in opposing ways in adherence to divergent voting instructions, should they have received such.

These intermediary entities ~~referred to in the previous paragraph~~ may grant proxy to each of the ~~indirect shareholders~~ beneficial owners or to third-parties designated by the same, with no restrictions placed on the number of proxies granted.

In the event of a public call for proxies, articles 186 and 526 of the Corporate Enterprises Act shall apply.

Proxy representation conferred shall be revocable at any time, and the principal's attendance at the Meeting in person shall be equivalent to revocation.

The Rules and Regulations of General Meetings shall elaborate on the methods and requirements for the due exercise of attendance, voting and representation rights, as well as on the procedures set up for those purposes.

Subject to the relevant provisions of the Rules and Regulations of the General Shareholders' Meeting, and at all events in fulfilment of statutory requirements, the Board of Directors shall be competent to determine the time as from which



shareholders may cast their votes or grant proxies by electronic or other, taking into account the state of the art of the technical means required for this purpose.”

“ARTICLE 27 BIS. GENERAL MEETING EXCLUSIVELY BY REMOTE MEANS.

The General Meeting may be called to be held exclusively by remote means and, therefore, without the physical attendance of the shareholders, their representatives and, if applicable, the members of the Board of Directors, when so permitted by the applicable regulations.

The holding of the General Shareholders' Meeting exclusively by remote means shall be in accordance with the legal and statutory provisions as well as the conduct thereof contained in the Regulations of the General Shareholders' Meeting and, in all cases, shall be subject to the identity and legitimacy of the shareholders and their representatives being duly guaranteed and to all attendees being able to effectively participate in the meeting by means of the remote communication media permitted in the call notice, both to exercise in real time the rights to speak, inform, propose and vote that correspond to them, and to follow the contributions of the other attendees by the indicated means, taking account of the state of the art and the circumstances of the Company, all in accordance with the applicable regulations.”

“ARTICLE 36.- REMUNERATION OF THE BOARD OF DIRECTORS.

The position of Director shall be remunerated.

The General Shareholders’ Meeting shall determine the total maximum remuneration to be paid to Members of the Board of Directors in their capacity as such. Said remuneration shall comprise a cash sum payable on an annual basis or in respect of such period as the General Meeting may determine, a fee for each Board of Directors meeting a Director actually attends, a fee for sitting on the Committees of the Board of Directors, and another for acting as Chairperson of same, and in the case of the Independent Leading Director, a supplementary amount in remuneration of said function. The allocation of remuneration among the various remuneration components and to each Director shall be determined by resolution of the Board of Directors, after receiving a report from the Sustainability, Appointments and Remuneration Committee, and taking into consideration the duties and responsibilities attributed to each Director.

Directors may receive additional remuneration in the form of company shares, share options or other securities that enable the holder to obtain shares, or through other remuneration systems based on the price of the shares quoted on a public exchange. The implementation of said systems shall be presented to the General Meeting for approval, and the Meeting shall determine the maximum number of shares that may be allocated to this remuneration system in each financial year, or the system for calculating the price for the exercise of option rights, the reference value of the shares applied, if applicable, and the term of duration of the scheme.

Directors who have executive functions in the Company, whatever the nature of their legal relationship with the Company, will also be entitled to receive remuneration for the performance of these functions, which must be set forth in a contract between the Director and the Company, which shall consist of: (i) a fixed



remuneration, in cash and in kind, commensurate with the services rendered and responsibilities assumed; if applicable (ii) a variable remuneration short-term and long-term and the general system of incentives established for the Company's Senior Management, which might comprise the delivery of shares, or the entitlement to options on same, or remuneration based on the value of the shares, subject to the requirements set forth in the prevailing legislation at any given time; (iii) a benefits component to include appropriate pension and insurance schemes and social security benefits; as well as, if applicable (iv) a consideration for a post-contractual covenant not to compete. The Director will be entitled to compensation if he/she were asked to step down but it was not due to the discharging of duties.

Directors shall be entitled to the payment or reimbursement of expenses incurred as a result of attendance at meetings and other tasks directly related to the performance of their duties, such as travel, accommodation, meals and any other which may arise.

The Company may take out civil liability insurance for Directors and Senior Managers.

The policy for Directors' remuneration shall be in keeping with the remuneration system provided for herein, and shall be approved by the General Shareholders' Meeting ~~at least every three years~~ as a separate item on the Agenda to be applied for a maximum period of three financial years. However, the proposal for a new Directors' remuneration policy must be submitted to the General Shareholders' Meeting prior to the end of the last financial year of application of the previous policy, and the General Shareholders' Meeting may determine that the new policy shall apply from the date of approval and for the following three financial years. Any modification or replacement thereof during said period shall require the prior approval of the General Shareholders' Meeting in accordance with the procedure established for its approval.

Directors' remuneration shall be disclosed in the legally established terms, in the Notes to the Annual Accounts, in the Annual Corporate Governance Report and in the Annual Report on Directors' Remuneration. The latter report shall be submitted to an advisory vote as a specific item on the Agenda of the Ordinary General Meeting.

In the event that the Annual Report on Directors' Remuneration is rejected by consultive vote in the Ordinary General Meeting the Company may only continue to apply the remuneration policy in force at the date of the General Meeting until the next General Meeting is held.~~applicable to the following year must be submitted for the approval of the general meeting prior to application, even if the aforementioned three year term has not elapsed. An exception to the foregoing shall be made in the event that the remunerations policy has been approved at that same Ordinary General Meeting.~~

"ARTICLE 39. - MEETINGS OF THE BOARD OF DIRECTORS.

The Board of Directors shall meet at least once every two months, and in addition, whenever convened by the Chairperson or upon requisition by a majority of Directors.

Meetings shall ordinarily be held at the registered office, but may also be held elsewhere and by any means that the Chairperson may determine. Such a venue or manner of holding the meeting must be specified in the notice of meeting.



A meeting shall be convened, by any channel, by the Chairperson, stating the venue of the meeting and the items on the Agenda. 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 Chairperson to convene the meeting, and the meeting has not been called within one month without reasonable cause.

However, a meeting of the Board of Directors shall be valid without need of prior notice if, all Directors being present, the Directors unanimously decide to hold a meeting.

Except in cases where the meeting of the Board is constituted or 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 at the meeting. The Chairperson of the Board in collaboration with the Secretary shall ensure that this obligation to provide information is fulfilled.

The Board of Directors' meeting shall be validly constituted when ~~one-half of the membership plus one member~~ the majority of its members are in attendance or represented at it. 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 only grant a proxy to another Non-Executive Director.

Board of Directors meetings held by videoconference or multiple teleconference shall be valid provided that the Directors have the necessary means to enable them to be recognised and identified, to communicate permanently with each other and to intervene and cast their votes in real time. The minutes of the Board of Directors and the certification of these resolutions shall include a record of the Directors who have used this system and who shall be considered present. In this case, the Board meeting shall be deemed a single meeting held at the registered office.

Resolutions shall be passed by an absolute majority of the Directors present at the meeting.

Votes may be cast in writing and in the absence of a meeting, if no Director objects to such procedure."

"ARTICLE 43. - DELEGATION OF POWERS.

The Board of Directors may designate from among its members one or several executive directors or executive committees, and shall determine in each case the content, limits and modalities of the delegation. The Executive Committee shall meet as often as convened by the Chairperson or the majority of its members.

The following powers of the Board of Directors shall not be delegated under any circumstances:

- a) Supervision of the effective functioning of committees it sets up and of the actions of the executive bodies and Senior Managers it appoints.
- b) Determination of the general policies and strategies of the Company.



- c) Authorisation does not release the Board of Directors from its obligations deriving from the duty to loyalty in conformity with article 230 of the Amended Consolidated Text of the Corporate Enterprises Act.
- d) Its own organisation and functioning.
- e) Preparing the annual accounts and their presentation to the General Meeting.
- f) The issuance of any type of report the Board of Directors is required to submit by law, if the transaction to which the report refers cannot be delegated.
- g) Appointing and removing the Company's Managing Directors and establishing the terms of their contracts.
- h) Appointing and removing managers that report directly to the Board of Directors or to one of its members, and establishing the basic terms of their contracts including their remuneration.
- i) Decisions concerning the remuneration of Directors within the framework of the Articles of Association, and, if applicable, under the remunerations policy approved by the General Meeting.
- j) Convening the General Meeting of Shareholders and determining the Agenda and the proposed resolutions.
- k) Determining policy concerning the Company's own shares or equity holdings.
- l) The powers the General meeting would have delegated to the Board of Directors unless the latter has been expressly authorised by the General Meeting to sub-delegate them.
- m) Approving the Company's strategic or business plan, the management targets and annual budgets, investment or financing policy, ~~corporate social responsibility policy~~the sustainability policy in environmental and social matters or the dividend policy.
- n) Defining the Company's risk control and management policy, including tax risks, or the policy for monitoring its internal information and control systems.
- o) Defining the Company's or the Group's corporate governance policy, its organisation and operation and functioning, or in particular, approving and amending its own rules and regulations.
- p) The supervision of the process of preparation and presentation of the financial information and of the management report, which shall include the mandatory non-financial information, as well as the approval of the financial information that the Company must periodically publish due to its status as a listed company.
- q) Preparing, if applicable, the non-financial information statement for submission to the General Meeting.
- e+r) Defining the structure of the Group.



†)s) Approving 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 their approval falls to the General Meeting.

†)t) Approving the creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a similar nature whose complexity might impair the transparency of the Company or the Group.

†)u) The approval, subject to a report of the Audit and Compliance Committee, of related-party transactions under the terms established by law, unless their approval is under the remit of the General Shareholders' Meeting and with the exception of related-party transactions with companies belonging to the Group carried out as part of the ordinary management and on an arm's length basis, as well as related-party transactions entered into under standardised contracts applied en masse to a large number of customers, at prices or rates generally established by the party acting as the supplier of the goods or services in question and the amount of which does not exceed 0.5% of the net turnover of the Company., ~~transactions the Company or the companies in its Group execute with Directors under the terms set forth in Articles 229 and 230 of Consolidated Amended Text of the Corporate Enterprise Act, or with shareholders who, individually or jointly with others, hold a significant stake, including shareholders represented on the Company's Board of Directors or the boards of other companies belong to the same group or with persons associated with them. Defining the Company's tax strategy.~~

†)v) The determination of the Company's tax strategy.

Under, duly justified, urgent circumstances, the decisions pertaining to issues m) to v) above may be adopted by the delegated bodies and persons, who must be ratified at the first meeting of the Board of Directors held after the decision was adopted."

"ARTICLE 44.- AUDIT AND COMPLIANCE COMMITTEE.

There shall be an Audit and Compliance Committee within the Board of Directors and it shall comprise at least three and no more than seven Directors, to be appointed by the Board having particular regard, as a whole, to their expertise and experience in accounting, auditing and financial and non-financial risk management. No Executive Director may sit on this Committee.

Overall, the members of the Audit and Compliance Committee shall have the pertinent technical knowledge of the gas industry.

The majority of the Committee must be independent and will be appointed in light of their knowledge and track record in matters of accountancy, auditing, or both. The Committee Chair shall be selected from among the Independent Directors by the Board of Directors and shall not have the casting vote. The Chairperson must be replaced every four years, and may be re-elected after the lapse of one year from their departure from office.



The Audit and Compliance 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 Board Regulations:

- a) To inform the General Shareholders' Meeting on issues raised in the areas that lie within the Committee's competence and, in particular, about the audit result, explaining how it has contributed to the integrity of the financial reporting and the Committee's function during the process.
- b) To oversee the effectiveness of the Company's and its Group's system of internal control, internal auditing and risk management, as well as discussing with the auditors any significant weaknesses in the internal control system identified during the course of the audit without impinging on its independence. For such purposes and, where applicable, they can submit recommendations or proposals to the Board of Directors and the corresponding deadline for dealing with them.
- c) To oversee the process of preparation and presentation of statutory financial reporting and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
- d) To submit to the Board of Directors proposals for the selection, appointment, re-election and replacement of the auditor, being responsible for the selection process, in accordance with the provisions of the applicable regulations, as well as the conditions of their recruitment and regularly collecting information on them the audit plan and its execution, in addition to preserving its independence in the exercise of its functions.
- e) 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 audit process and, where applicable, the authorisation of the services other than those forbidden, under the terms envisaged in the applicable regulations, and any other disclosures envisaged in the audit regulations and audit standards. In all cases, 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 detailed and individual 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.
- f) To issue an annual report, prior to the issue of the audit report, giving an opinion on whether the independence of the auditors or audit companies is compromised. This report shall in all cases include an assessment of the additional services provided, as referred to in the previous section, considered separately and in their totality, that consists of services other than statutory audits and how they relate to the requirement of independence or to the audit regulations.
- g) To report on related-party transactions that must be approved by the General Shareholders' Meeting or the Board of Directors and supervise the internal procedure established by the Company for transactions whose approval has been delegated.



g)h) To keep the Board of Directors informed, in advance, on all items provided for in the law, the Articles of Association and the Regulations of the Board of Directors, in particular, in relation to:

- 1 The financial information and the management report, which shall include the required non-financial information, that the Company must periodically publish.
- 2 The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens.
- ~~3 — Related party transactions.~~

The meetings of this Committee shall be called by its Chairperson and shall be held at least four times a year. The Company's External Auditor may attend Committee meetings and the Finance Director, head of the Company's Internal Audit Unit, or any other senior manager of the Company or Group that the Committee deems appropriate, may also be asked to give account at meetings. The Committee may obtain support and assistance from the aforesaid Senior Managers in the performance of its duties."

"ARTICLE 49. - PREPARATION OF THE ANNUAL ACCOUNTS.

The Board of Directors must prepare, within three months of the close of the Company's financial year, its annual accounts, management report, which shall include, when applicable, the non-financial information statement, proposed allocation of profits or losses and, where appropriate, the consolidated annual accounts and management report.

The annual accounts shall comprise the balance sheet, the income statement, a statement of changes in equity for the year, a cash flow statement and the notes to the annual accounts. These documents, which form a single unit, shall be clearly drawn up and shall give a true and fair view of the Company's assets, financial position and results of operations.

The annual accounts and management report and when applicable the non-financial information statement, must be signed by all Directors and if the signature of any Director is missing, this must be shown in all the documents with the reason clearly indicated."

"ARTICLE 55. - FILING AND PUBLICATION OF THE ANNUAL ACCOUNTS.

Within one month of the approval of the annual accounts, the certified resolutions of the General Shareholders' Meeting, duly signed, approving the annual accounts, the allocation of profits and losses, and, where applicable, the consolidated accounts shall be filed at the companies registry pertaining to the Company's registered office, together with a copy of each of the annual accounts, the management report, which shall include, when applicable, the non-financial information statement, and the audit report."


