

**EXPLANATORY REPORT
DRAFTED BY THE BOARD OF DIRECTORS
OF ENAGÁS, S.A.
IN RELATION TO THE PROPOSAL
TO AMEND THE
RULES AND REGULATIONS ON THE
ORGANISATION AND FUNCTIONING
OF THE BOARD OF DIRECTORS**

December 16, 2019

EXPLANATORY REPORT DRAFTED BY THE BOARD OF DIRECTORS OF ENAGÁS, S.A. IN RELATION TO THE PROPOSAL TO AMEND THE RULES AND REGULATIONS ON THE ORGANISATION AND FUNCTIONING OF THE BOARD OF DIRECTORS

1. INTRODUCTION AND PURPOSE OF THE REPORT

On June 27, 2017, the Spanish National Securities Market Commission published *Technical Guide 3/2017 on Audit Committees of Public Interest Entities* (the "**Technical Guide 3/2017**"), within the regulatory powers attributed to it by Article 21.3 of the consolidated text of the Securities Market Law, which sets out certain principles, recommendations and criteria in relation to the organisation, composition and functions of Audit Committees.

Furthermore, on February 20, 2019, the Spanish National Securities Market Commission published *Technical Guide 1/2019 on Appointments and Remuneration Committees* (the "**Technical Guide 1/2019**"), within the framework of the aforementioned regulatory powers, aimed at establishing certain principles, recommendations and criteria in relation to the organisation, composition and functions of the Appointments and Remuneration Committees.

Moreover, on December 29, 2018, **Law 11/2018 of December 28** was published in the Official State Gazette. *This law amends the Commercial Code, the consolidated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of July 2 and Law 22/2015 of July 20 on the Auditing of Accounts, in the area of non-financial information and diversity ("Law 11/2018")* which, among other matters, amends Articles 529 bis and 540 of the *consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of July 2 (the "Corporate Enterprises Act" or "LSC")* in the area of diversity, as well as Article 529 ter LSC, empowering the Board of Directors to "*supervise the process of preparing and presenting the financial information and the management report, which shall include, where appropriate, the required non-financial information*".

In accordance with the foregoing, it is proposed to **amend the Regulations on the Organisation and Functioning of the Board of Directors of Enagás, S.A.** (the "**Company**") in order to incorporate, on the one hand, the criteria and basic principles of Technical Guide 3/2017 as well as Technical Guide 1/2019 and, in this regard, to expressly incorporate certain Recommendations of the Good Governance Code that the Company declares that it complies with in IAGC 2018 and, also, to incorporate the new diversity issues and the new non-delegable power of the Board of Directors of listed companies introduced into the LSC by Law 11/2018, taking advantage of this reform to incorporate certain technical or coordination details in different articles of the Regulations.

In accordance with the foregoing, and in compliance with the provisions of Article 2.3 of the Regulations on the Organisation and Functioning of the Company's Board of

Directors (the “**Regulations**” or “**Board Regulations**”), the Board of Directors has drafted this report to justify the proposed amendment to the Regulations, in order to explain the **proposed amendments** to Articles 5 (“Functions of the Board of Directors”), 6 (“Meetings of the Board of Directors”), 8 (“Appointment of Directors”), 25 (“The Appointments, Remuneration and Corporate Social Responsibility Committee”) and 26 (“The Audit and Compliance Committee”) of the current Board Regulations.

2. JUSTIFICATION OF THE PROPOSED AMENDMENT

The reform focuses essentially on **adapting the Regulations** to the criteria and basic principles of both Technical Guide 3/2017 and Technical Guide 1/2019 of the CNMV. It also **incorporates the reform of the LSC, following the amendment to the latter law implemented by Law 11/2018**, also introducing certain **technical or coordination improvements** in different articles of the Regulations.

I. Amendments derived from the Technical Guides of the CNMV:

❖ **Amendment to Article 25 (“The Appointments, Remuneration and Corporate Social Responsibility Committee”) of the Regulations:**

Article 25 of the Board Regulations incorporates the basic provisions of Technical Guide 1/2019, regarding the composition and functioning of the Appointments, Remuneration and Corporate Social Responsibility Committee:

- With regard to the **composition of the Committee**, it is established that efforts will be made to promote gender diversity and other diversity criteria of its members, in accordance with Section Three, paragraph 1 of Technical Guide 1/2019.

Likewise, the paragraph “*without prejudice to the presence of the latter when expressly agreed by the members of the Committee*” is deleted, as this is regulated in detail in the specific Regulations of the Committee.

- Regarding **the functions of the Appointments, Remuneration and Corporate Social Responsibility Committee**, the following are proposed:
 - On the one hand, **to reorder matters under the Committee's remit**, as set out in Article 25(2) of the Regulations, essentially in order to follow the same systematic approach as Technical Guide 1/2019. The list of powers is also numbered to facilitate their identification and listing, if necessary.
 - And on the other hand, to **complement certain powers for adaptation to the applicable regulations and to Technical Guide 1/2019**. In this sense, the function of proposing to the

Board of Directors the policy of diversity of directors is incorporated, in accordance with Article 540.4.c)6 of the LSC, in the wording provided by Law 11/2018, of December 28, as well as Technical Guide 1/2019; likewise, “Establishing” is replaced by “Proposing to the Board” an objective of representation of the gender that is less represented on the Board, insofar as this is technically the most correct expression, given that it is the Board that is responsible for approving and establishing it; and the function of the Committee to report the appointment of the Chairman and Vice-Chairman of the Board of Directors is expressly included, in accordance with Article 529 sexies.1 of the LSC.

- A new paragraph 4 is included - it states that “*The Committee is governed by the provisions of applicable law, by the provisions of the Articles of Association, by these Regulations and by its own organisation and functioning Regulations, which shall be approved by the Board of Directors*”, in coordination with the provision included in this regard in Article 26 relating to the Audit and Compliance Committee, thus expressly **incorporating the possibility that the Board may approve specific Regulations for the Appointments, Remuneration and Corporate Social Responsibility Committee.**
- Finally, the Committee's **annual work plan** is expressly set out in a new paragraph 6, in accordance with paragraph 31 of Technical Guide 3/2017, by reference to Technical Guide 1/2019.

❖ **Amendment to Article 26 (“The Audit and Compliance Committee”) of the Regulations:**

Article 26 of the Board Regulations includes the basic provisions of Technical Guide 3/2017, in relation to the composition and functioning of the Audit and Compliance Committee, in coordination with the Recommendations of the Good Governance Code, which are also applicable to this Committee:

- In relation to the **composition of the Audit and Compliance Committee**, Article 26.1 establishes the requirement that the Company shall endeavour to meet the **knowledge and experience requirements** set out in paragraphs 10 (at least one of the Committee members must have experience in information technology) and 14 (the members of the Committee must, as a whole, have the necessary knowledge not only of accounting and auditing aspects, but also of financial, internal control and risk management and of the business) of Technical Guide 3/2017, as well as the criterion of striving to promote diversity in the composition of the Board as a whole (paragraph 9 of the Guide).

Furthermore, paragraph 1 provides that the **Chairman of the Committee must have special knowledge and experience in accounting, auditing or risk management**, in accordance with

Recommendation 39 CBG, which the Company declares that it complies with in its IAGC for the 2018 financial year, thus avoiding any possible doubt in this regard.

- With regard to the **functions of the Audit and Compliance Committee**, it is proposed:
 - On the one hand, **to reorder matters under the remit of the Audit and Compliance Committee**, set out in Article 26.3 of the Regulations, essentially to follow the same system as Technical Guide 3/2017, taking account in this reordering of the system followed in the Regulations of the Audit and Compliance Committee of Enagás, S.A. and subsidiaries. They also list the different competences, in order to facilitate their identification and listing, if necessary.
 - And on the other hand, to **complement certain powers for adaptation to the applicable regulations and provisions of Technical Guide 3/2017**. In this sense, some functions are adapted to the wording of the Recommendations of the Good Governance Code applicable to the Committee - in particular, Recommendations 8 and 42.1.a) - and in relation to the power to discuss with the auditors the significant weaknesses of the internal control system, it is proposed to complement this power with the provisions of Article 529 quaterdecies.4.b) LSC, providing for the possibility that the Committee may present proposals or recommendations to the Board of Directors.
- With respect to the **meetings of the Audit and Compliance Committee**, paragraph 5 introduces the provision that the Committee should hold at least four meetings a year, in accordance with the provisions of paragraph 23 of Technical Guide 3/2017.
- It is proposed to expressly include a new paragraph 6 to Article 26 of the Regulations, expressing a reference to the **Committee's annual work plan** provided for in paragraph 31 of Technical Guide 3/2017, and to complement paragraph 7 to include the provisions of said Guide regarding the **possibility for the Committee to seek advice from external experts**.

II. Changes derived from the novelties introduced into the LSC by Law 11/2018:

- ❖ **Amendment to Article 5 (“Functions of the Board of Directors”) of the Regulations:**

Article 5 introduces the power of the Board to “oversee the process of preparing and presenting the financial information and the management report, which shall include, where appropriate, the required non-financial information” (paragraph D).3), in accordance with Article 529 ter.1.j) LSC, following its amendment by Law 11/2018.

❖ **Amendment to Article 8 (“Appointment of Directors”) of the Regulations:**

Paragraph 3 of Article 8 is amended to expressly include **Board diversity criteria**, including professional training and experience, age or disability, together with the gender diversity already included in that paragraph. It also adds, in this regard, that the selection procedures must facilitate the selection of female directors “**in numbers that make it possible to achieve a balanced presence of women and men**”, all in accordance with the wording of Article 529 bis LSC, given by Law 11/2018 of December 28.

III. Technical modifications:

❖ **Amendment to Article 5 (“Functions of the Board of Directors”) of the Regulations:**

It is expressly included in paragraph A).14 of Article 5 that the Board of Directors has the power to approve the establishment of the basic conditions of the contracts of senior managers “on the proposal of the Appointments, Remuneration and Corporate Social Responsibility Committee”, in coordination with the provisions of Article 25.2 of the Regulations.

❖ **Amendment to Article 6 (“Meetings of the Board of Directors”) of the Regulations:**

Article 6.3 includes a general reference to Article 39 of the Articles of Association which includes, among other matters, the possibility that the Board of Directors may hold meetings by means of distance communication.

3. APPENDIX

The **Appendix** to this report contains a comparison between the current articles of the Rules and Regulations on the Board of Directors and the proposal to amend them.



APPENDIX

CHAPTER ONE
GENERAL PROVISIONS

ARTICLE 1.- PURPOSE AND SCOPE OF THE RULES AND REGULATIONS

- 1.- The purpose of these Rules and Regulations is to regulate the Board of Directors of Enagás, S.A., establishing the principles of its organisation and functioning and the rules that govern the role ascribed to it under the law and the Articles of Association. The Board of Directors shall take all steps required to make the provisions of these Rules and Regulations known to shareholders and to the investing public.
- 2.- The Directors and, insofar as it may concern them, the Company's senior executives, are under a duty to be aware of the provisions of these Rules and Regulations and to comply with and enforce those provisions.

ARTICLE 2.- INTERPRETATION AND AMENDMENT

- 1.- These Rules and Regulations supplement the rules applicable to the Board of Directors under current commercial law and under the Articles of Association. It falls to the Board of Directors to resolve any doubt regarding application of these Rules and Regulations, following the general principles of construction of legal rules and the spirit and purpose of the Articles of Association.
- 2.- These Rules and Regulations shall become effective on the day of their adoption. The Board of Directors is hereby given authority to amend these Rules and Regulations subject to the requirements set out in the following section so as to keep them aligned with the interests of the Company at the given time.

The adoption and any amendment of these Rules and Regulations shall be notified to the CNMV, the Spanish securities market regulator, enclosing a copy of the text. Once this notice has been issued, the Rules and Regulations shall be filed with the *Registro Mercantil*, the Spanish registrar of companies, in accordance with the general law.

- 3.- The Chairman of the Board of Directors, the Audit and Compliance Committee or a number equal to or greater than 25% of the total number of Directors may propose such amendments to the Board whenever expedient or necessary in the view of the proponent(s), in which event such request must have attached a memorial stating the

rationale and scope of the proposed change. The Board of Directors shall then be convened by a notice sent to each Director individually, by any channel. To be valid, a resolution to amend these Rules and Regulations must be carried by the number of votes in favour stipulated in the Articles of Association.

CHAPTER TWO

COMPOSITION, PURPOSES, DUTIES AND RULES OF PROCEDURE OF THE BOARD OF DIRECTORS

ARTICLE 3.- QUANTITATIVE AND QUALITATIVE COMPOSITION

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

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

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

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

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

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

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

b2) Independent Directors: directors of acknowledged professional prestige who are able to contribute their experience and

knowledge to corporate governance and who, since they do not belong to either of the two preceding categories, meet the conditions set forth under article 9 of the present Regulations. The number of independent directors shall represent at least half of all directors.

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

In exercising its powers of co-option and proposal to the General Shareholders' Meeting to fill vacancies, the Board of Directors shall endeavour to ensure that, within the composition of the ~~_____~~ body, independent directors represent a broad majority over executive directors and that the percentage of proprietary directors in relation to non-executive directors is not greater than the proportion between the capital represented by the said directors and the remainder of the company's capital, without prejudice to the adaptation of this criteria in the terms permitted by the good governance recommendations applicable in this respect.

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

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

ARTICLE 4.- PURPOSES OF THE BOARD OF DIRECTORS

The Board of Directors, in the performance of the duties entrusted to it by the law, the Articles of Association and these Rules and Regulations, must address itself to the following aims:

- To achieve effective management of the Company and its investees.

- To assure the Company's future viability and competitiveness and the availability of fit managers and leaders, the running of the Company's business concern being expressly under the oversight of the Board.
- To perform its duties with unity of purpose and independent judgement, according all shareholders in the same position the same treatment and acting in the corporate interest, construed as achieving a profitable business in the long-term, which promotes its continuation and the creation of economic value.
- To frame rules of procedure that lend transparency to the Board's performance of its duties, and for that purpose to put in place all such mechanisms of supervision as may be required to ensure that Directors' decisions are scrutinised in the light of the Company's interests.
- To see to it that the interests of minority shareholders are upheld.
- To ensure that the Company abides by laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts ethically—and in good faith; respects the commonly accepted customs and good practices of the sectors and territories where it does business; reconciling the corporate interest with the legitimate interest of its employees, clients and remaining stakeholders that may be affected, as well as the impact of the activities of the Company on the community as a whole and the environment; and upholds any additional social responsibility principles to which it has voluntarily subscribed.

ARTICLE 5.--_ FUNCTIONS OF THE BOARD OF DIRECTORS

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

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

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

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

1. To act as the organ representing the Company on the terms prescribed by law and stipulated by the Memorandum and the Articles of Association.
2. To fill Board vacancies by co-option.
3. To accept Directors' resignations.
4. To appoint and remove the Chairman, Coordinating Independent Director, Managing Director, Secretary and Deputy Secretary of the Board.
5. To establish the policy on the selection of company Directors.
6. To delegate powers and duties to any Director(s) and revoke such delegation in conformity with the law and the Articles of Association.
7. To appoint and remove the Directors who are to sit on the various Committees provided for in these Rules and Regulations, and the chairmen of such Committees.

~~8. Supervision of the effective functioning of any Committees that it has set up and of the actions of the executive bodies and Managers that it has appointed.~~

8. Supervision of the effective functioning of any Committees that it has set up and of the actions of the executive bodies and Managers it has appointed. Decisions concerning the remuneration of Directors for belonging to the Board of Directors and its Committees, within the framework of the Articles of Association, and, if applicable, under the remunerations policy approved by the General Meeting.

~~9.~~

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

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

12.11. To draft and adopt the Internal Code of Conduct.

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

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

~~15.~~ To approve, upon receiving a proposal from the Company's chief executive, the appointment and, if applicable, removal of managers who report directly to the Board or to any of its members, as well as to approve, upon receiving a proposal from the Appointments, Remuneration and Corporate Social Responsibility Committee the establishment of ~~to the Board of Directors or to one of its members, and the establishment of the basic terms of their~~

~~14.~~ contracts ~~including their remuneration and, if applicable, compensation clauses.~~

~~16.~~15. To frame the corporate governance policy of the Company and its Group.

~~17.~~16. To evaluate the following in a plenary session once a year:

- a) Based on the report provided to it by the Appointments, Remuneration and Corporate Social Responsibility Committee, the quality and efficiency of the Board's operation, as well as diversity in its composition and competences;
- b) The performance of the Chairman of the Board and the chief executive of the Company on the basis of the report to be submitted to it by the Appointments, Remuneration and Corporate Responsibility Committee.
- c) The performance and composition of its committees on the basis of the reports furnished by the same which shall be published on the website of the Company sufficiently in advance of the date of the Ordinary General Shareholders' Meeting.

e)d) The performance and contribution of individual Directors, with particular attention to the Chairmen of Board Committees.

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

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

Every three years, the Board will be assisted to carry out the assessment by an external consultant, whose independence will be verified by the Appointments, Remuneration and Corporate Social Responsibility Committee.

The process and the assessed areas will be further described in the Annual Report on Corporate Governance, as well as the business relationships that the external consultant or any company of its group may have with the Company or any Group company.

~~18.~~17. The issuance of any type of report the Board of Directors is required by law to submit, if the operation to which the report refers cannot be delegated.

~~19.~~18. Convening the General Shareholders' Meeting and drafting the Agenda and the proposed resolutions.

~~20.~~19. Determining policy concerning the Company's own shares or equity holdings.

B) Powers and duties relating to the management of the

Company:

1. To exercise the powers that the General Shareholders' Meeting has granted to the Board of Directors, powers which may be delegated only with the prior express agreement of the ~~the~~ General Shareholders' Meeting.
2. To define, at the proposal of Senior Management, the Company's general policies and strategies, as well as to monitor the fulfilment of those policies and strategies.

In particular, the Board of Directors is responsible for adopting the Company's strategic plan and annual budgets; its investment and financing policy; its corporate social responsibility policy; and its dividends policy, the definition of the structural design of the group of companies; and the policy on communication and contact with shareholders, institutional investors and proxy advisers, and proxy advisers, which will be published on the Company's website.

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

In particular, in relation to risk control and management policy, it must identify at least: (i) the different types of financial and non-financial risk the Company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks; (ii) the determination of the risk level the Company sees as acceptable; (iii) the measures in place to mitigate the impact of the risks identified should they occur; and (iv) the internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off- balance-sheet risks.

3. To incorporate new companies and approve participation in existing companies when an investment higher than three million euros is required.
4. To approve operations, consisting of mergers, mergers by absorption, spin-offs, de-mergers, global assignments of assets and liabilities, changes of corporate form or business combinations in which any of the direct investees of Enagás, S.A. are interested.
5. To launch public bids for shares and other securities, seek authority from the General Meeting for operations consisting of mergers, mergers by absorption, spin -offs, de-mergers, global assignments of assets and liabilities, changes of corporate form or business combinations involving Enagás, S.A., and any other transaction entailing structural alterations to the Company, ~~the~~ such as the transfer to subsidiaries of core activities hitherto carried on by the Company; the acquisition contribution or sale of core operating assets where such transaction effectively involves a change to the

Company's objects, and transactions of an effect equivalent to liquidation of the Company.

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

For these purposes, asset will be 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.

7. To approve investments or transactions of any kind that, on account of the large amounts involved or special characteristics, are strategic in nature or pose particular taxation risks, unless this is the responsibility of the General Meeting;
8. To approve investment proposals the value of which exceeds three million euros.
9. To issue series of promissory notes, bonds and similar securities of Enagás, S.A. or investees in which the Company holds a majority or a controlling interest.
10. To stand as surety to secure obligations owed by entities not controlled by the Group.
11. To assign rights in the trade name and trademarks, patents, technology and any form of intellectual or industrial property owned by Enagás, S.A. or Group companies and carrying economic significance.

~~11.~~

12. To create and oversee the management of employee pension plans and any other commitment to employees entailing long-term financial liabilities for the Company.
13. To enter into agreements of a commercial, industrial or financial nature the amount or special characteristics of which mean that they are strategic for the Enagás Group.
14. To approve the creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories qualifying under statute as tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Company and the Group.

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

1. To authorise for issue, in clear and precise terms facilitating comprehension of their contents, the individual— —and consolidated financial statements and the Directors'— —report,

after obtaining the report issued by the Finance Department and the relevant report issued by the Audit and Compliance Committee, all appropriate clarifications having been made.

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

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

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

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

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

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

D) Powers and duties relating to the securities market:

1. The Board of Directors shall adopt and execute all acts and measures required to ensure transparency of the Company with regard to the financial markets, uphold the proper formation of prices for the Company's and its subsidiaries' shares, and perform all functions attending the Company's status as a listed company pursuant to current laws and regulations.
2. [Overseeing the process of preparing and presenting the financial information and the management report, which shall include, where appropriate, the required non-financial information, as well as approving](#) ~~To authorise~~ the financial information which the Company must report on a regular basis

by reason of its being a listed Company.

ARTICLE 6.- MEETINGS OF THE BOARD OF DIRECTORS

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

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

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

Except in cases of where the ~~the~~ Board has been constituted or has been convened exceptionally on account of urgent circumstances, the Directors must have the ~~requisite~~ information at their disposal sufficiently in advance to be able to deliberate and adopt resolutions on the business to be transacted. ~~To this end, the Agenda of the meetings shall clearly indicate those points on which the Board of Directors must take a decision or resolution. The Chairman of the Boards of Directors in collaboration with the Secretary, must ensure that this obligation to provide information is fulfilled.~~

In those cases in which, exceptionally, for reasons of urgency, the Chairman wishes to submit to the approval of the Board decisions or resolutions not appearing in the Agenda, this shall require the express prior consent of the majority of the Directors present at the meeting, which will be duly recorded in the minutes.

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

At these regular meetings the Board shall receive timely information on the movements of the shareholders and of the opinion that significant shareholders, investors and rating agencies hold regarding the Company and its Group. Similarly, the Board of Directors shall receive timely information on the main operational achievements and difficulties and any foreseeable circumstances which may prove critical for the Company's affairs, and shall consider the course of action proposed by Company management in response.

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

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

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

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

- 3.- Board Meetings shall ordinarily be held at the registered office, but may also be held at [any other place determined by the Chairman and indicated in the notice of meeting, and by any means determined by the Chairman in accordance with the provisions of Article 39 of the Company's Articles of Association.](#)~~any other venue determined by the Chairman of the Board and specified in the notice of meeting.~~

ARTICLE 7.- BOARD PROCEEDINGS

- 1.- The Board of Directors shall be properly constituted when at least half its members plus one member are present in ~~person~~ or by proxy, except when the meeting has not been duly convened, in which case the attendance of all members is required.
- 2.- The Chairman shall moderate the proceedings, ~~encouraging~~ the active involvement of all Directors in the Board's deliberations and safeguarding their freedom to state their position and express their views.
- 3.- The Directors must attend the meetings of the Board in person. Without prejudice to the foregoing, Directors must grant a proxy to another Director. Non-Executive Directors may grant a proxy only to other Non-Executive Directors. Proxies for the representation of absent Directors may be granted by any means, with a telegram, facsimile or email addressed to the Chairman or Secretary of the Board being valid.
- 4.- Resolutions shall be adopted with the vote in favour of an absolute

majority of Directors present in person or by proxy.

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

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

CHAPTER THREE

LEGAL REGIME GOVERNING DIRECTORS

ARTICLE 8.- APPOINTMENT OF DIRECTORS

- 1.- ~~—~~ Directors shall be appointed by the General Meeting or by the Board of Directors in conformity with the provisions of the Ley de Sociedades de Capital (Corporate Enterprise Act, "LSC") and the Company's Articles of Association.
- 2.- ~~—~~ Candidates must be persons who, in addition to satisfying the legal and statutory requirements of the post, have acknowledged prestige and appropriate professional knowledge and experience to perform their tasks.

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

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

Proposals shall always be accompanied by a report from the Board justifying the competencies, experience and merits of the proposed candidate. This report shall be attached to the minutes of~~—~~ the General Meeting or of the Board.

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

- 3.- ~~The Board of Directors must ensure that the procedures for selecting its members enhance diversity in aspects relating to professional training and experience, age, gender or disability and that they are not implicitly biased in a way that could lead to discrimination and, in particular, that they are conducive to selecting female Directors in numbers that make it possible to achieve a balanced presence of women and men. The Board of Directors must ensure that the procedures for selecting its members promote diversity of gender, experience and knowledge, that do not suffer from implicit biases that entail any discrimination and, in particular, that facilitate the selection of directors.~~

ARTICLE 9.-- APPOINTMENT OF INDEPENDENT DIRECTORS

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

- ~~a)~~ Past employees or executive directors of Group companies, unless three or five years have elapsed, respectively, from the end of the employment relationship.

~~a)~~ _____

- ~~b)~~ Those who have received some payment or other form of compensation from the Company or its Group on top of their directors' fees, unless the amount involved is not significant for the Board. Payment shall not include, for the purposes of the provisions of this article, dividends or pension top-ups paid to the director in connection with his or her former professional or employment

- b) relationship, so long as their settlement is unconditional in nature and the Company paying them cannot arbitrarily choose to suspend, modify or revoke the accrual thereof unless the director is in breach of his or her obligations.
- c) Partners, now or in the past three years, in the external auditor or the firm responsible for the audit report, during said period, of Enagás, S.A. or any other within its Group.
- d) Executive directors or senior officers of another company where an executive director or senior officer of Enagás, S.A. is an external director.
- e) Those having material business dealings with Enagás, S.A. or some other in its Group or who have had such dealings in the preceding year, either on their own account or as the significant shareholder, director or senior officer of a company that has or has had such dealings. Business relationships shall be defined as relationships whereby the Company serves as a provider of goods or services, including those of a financial nature, and as an advisor or consultant.
- f) Significant shareholders, executive directors or senior officers of an entity that receives donations from Enagás, S.A. or its Group, or has done so in the past three years. Patrons or trustees of any foundation that receives donations shall not be included under this section.
- g) Spouses, or partners maintaining an analogous affective relationship, or close relatives of one of the company's executive directors or senior officers.
- h) Any person not proposed for appointment or renewal by the Appointments, Remuneration and Corporate Responsibility Committee.
- i) Any person who has been a director for more than 12 consecutive years.
- j) Those standing in some of the situations listed in a), e), f) or g) above in relation to a significant shareholder or a shareholder with board representation. In the case of the family relations set out in letter g), the limitation shall apply not only in connection with the shareholder but also with his or her proprietary directors in the investee company.

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

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

ARTICLE 10.- TERM OF OFFICE AND CO-OPTION

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

ARTICLE 11.- RE-APPOINTMENT OF DIRECTORS

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

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

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

ARTICLE 12.- DEPARTURE OR REMOVAL OF DIRECTORS

- 1.- Directors shall leave their post after the first General Shareholders' Meeting following the end of their term of appointment and in all other cases in accordance with the law, the Articles of Association and these Rules and Regulations.
- 2.- Directors must place their offices at the Board of Directors' disposal, and tender their resignation, if the Board deems fit, in the following cases:

- a) When they are affected by instances of incompatibility or prohibitions laid down in Law, the Articles of Association, ~~—~~ and in these Regulations.
- b) When they are in serious breach of their duties as Directors.
- c) When they may put the interests of the Company at risk or damage its credibility and reputation. The moment a Director is indicted or tried for any of the crimes stated in article 213 of the LSC, the board shall examine the matter and, in view of the particular circumstances and potential harm to the Company's name and reputation, decide whether or not the Director shall be called on to resign.

The board shall provide a reasoned account of all of the foregoing in the Annual Corporate Governance Report.

- d) When the reason for which they were appointed as Directors no longer holds.
- e) When Independent Directors cease to meet the conditions required under article 9.
- f) When the shareholder represented by a Proprietary Director sells its entire interest. They shall also do so, in ~~—~~ the appropriate number, when that shareholder reduces its stake to a level requiring a reduction in the number of its Proprietary Directors.

If the Board of Directors does not deem it advisable to have a Director tender his/her resignation in the cases specified in points d), e) and f), the Director must be included in the category that, in accordance with these Rules and Regulations, is most appropriate based on his/her new circumstances.

When a Director gives up his place before his tenure expires, through resignation or otherwise, he shall state his reasons in a letter to be sent to all members of the board of directors. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

- 3.- ~~—~~ The Board of Directors shall not propose the removal of Independent Directors before the expiry of their tenure as mandated by the Articles of Association, except where just cause is found ~~—~~ by the Board, based on a proposal from the Nomination Remuneration and Corporate Social Responsibility Committee. In particular, it shall be understood that there is just cause when the director takes on a new office or assumes new obligations that prevent him from devoting the time necessary to perform the duties of the office of Director, breaches the duties inherent to his position or is affected by one of the circumstances that cause him to lose his independent status in accordance with the provisions of applicable law.

- 4.- After a Director resigns from his/her post, he/she may not work for a competitor for a period of two years, unless exempted from this duty or the duration of the duty is shortened by the Board of Directors.

ARTICLE 13.- DUTIES OF THE DIRECTOR

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

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

- a) Perform any specific task assigned by the Board of Directors and which is reasonably included in his/her commitment to dedication.
- b) Report to the Board on any acts he/she performs by delegation from or engagement by the Board.

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

a) General duty of diligence:

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

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

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

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

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

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

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

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

Directors must express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. Similarly, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

When the Board makes material or reiterated decisions about which a Director has expressed serious reservations, then he must draw the pertinent conclusions and, if he resigns, must set out his reasons in a letter.

Directors shall apprise the Appointments, Remuneration and Corporate ~~Responsibility~~ ~~Committee~~ of ~~any~~ other professional obligations in case they might detract from the necessary dedication.

b) Duty of loyalty:

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

In particular, the duty of loyalty requires that Directors:

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

reasons or those of another party, may conflict with the Company's interest or with their duties with the Company.

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

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

a)

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

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

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

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

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

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

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

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

c) Other duties:

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

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

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

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

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

d) Persons related to the Directors:

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

e) Natural person representative:

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

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

- 1.- Application of the rules relating to the duty of loyalty and liability for the violation thereof are mandatory.
- 2.- Notwithstanding the provisions set forth in the preceding paragraph, the Company may establish exemptions regarding the prohibitions contained in article 13 b) above in exceptional cases, authorising a Director or a related person to carry out a given transaction with the Company, to use certain corporate assets, to take advantage of a specific business opportunity, or to obtain a benefit or remuneration from a third party.
- 3.- The authorisation must, without exception, be agreed by the General Meeting when its purpose is establish an exemption from the prohibition against obtaining a benefit or remuneration from third parties or when it affects a transaction for an amount greater than ten percent of the corporate assets.
- 4.- In other cases, authorisation may also be granted by the Board of

Directors, provided a guarantee is given regarding the independence of the members granting it vis-à-vis the Director for whom the exemption is established. Additionally, assurance must be given regarding the harmlessness of the authorised transaction for the company's assets or, if applicable, that it will be carried out under market conditions and ~~and~~ that the process is transparent.

- 5.- An exemption may be given regarding the obligation to not compete with the Company only when it is not expected to damage the Company or when any expected damage can be expected to be compensated by the benefits expected to be obtained from the exemption. Exemptions are granted through an express and separate agreement of the General Meeting.
- 6.- In all cases, at the request of any member, the General Meeting will decide on the removal of a director who carries out competitive activities when the risk of harm to the Company has become relevant.

ARTICLE 14 A.- RELATED-PARTY TRANSACTIONS

- 1.- It will be the responsibility of the Board of Directors to identify and approve, pursuant to a report from the Audit and Compliance Committee, transactions carried out by the Company or the companies in its Group with Directors under the terms set forth in Articles 229 and 230 of the Spanish Limited—Liability Companies Law, or with shareholders who, individually or in conjunction with others, hold a significant stake, including shareholders represented on the Company's Board of Directors or the boards of other companies belonging to the Group or with persons associated with them. The affected Directors or those who represent or are related to the affected shareholders must refrain from participating in deliberating and voting on the resolution in question.

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

- 2.- The approval provided in the previous paragraph shall not be required, however, for transactions that simultaneously comply with the three following conditions:
 - (a) that are governed by standard form contracts applied on an across-the-board basis to a large number of customers;
 - (b) they go through at market prices, generally set by the person supplying the goods or services; and
 - (c) their amount does not exceed 1% of the Company's annual revenues.
- 3.- If the conditions provided in the paragraph above are met, the affected parties shall not be under a duty to report said transactions.

- 4.- In the event of duly documented, urgent reasons, related party transactions may be authorised, as applicable, by delegated bodies and persons, who must be ratified at the first meeting of the Board of Directors held after the decision is adopted.
- 5.- The report which, if any, issued by the Audit and Compliance on related party transactions, will be published on the website of the Company.

ARTICLE 15.- RIGHT TO ADVICE AND INFORMATION

- 1.- Directors have access to all Company services and may obtain the information and advice they need concerning any aspect of the Company, provided that their duties as Directors so require.—The right to information extends also to both Spanish and foreign subsidiaries and shall be channelled through the Chairman or Secretary of the Board of Directors, who shall deal with requests from Directors, providing them with the information directly, offering them the appropriate contact persons or taking such steps as may be necessary for the requested scrutiny.

The Board of Directors may take the steps necessary to guarantee the confidentiality of any information that may be considered commercially sensitive.

- 2.- Directors shall further be entitled to propose to—the—Board—of Directors the engagement, at the Company's expense, of legal, accounting, technical, financial, commercial or any other type of experts deemed necessary for the interests of the Company, for the purpose of assisting the Board in performing its duties when there are specific problems of a certain importance and complexity—linked to such performance.

The proposal must be communicated to the Chairman of the Board via the Secretary of the Board. The Board of Directors may withhold its approval when it considers that such services are unnecessary for the duties with which they are entrusted, or disagrees with the cost (disproportionate in relation to the problem and assets and revenues of the Company) or believes that such technical assistance can be adequately provided by experts and technicians from within the Company.

- 3.- The Company shall organise induction programmes for new Directors to acquaint them rapidly with the workings of the Company and its corporate governance rules. It shall also offer Directors refresher courses when circumstances so dictate.

ARTICLE 16.- DIRECTOR REMUNERATION

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

The remuneration of the Directors will be that needed to attract and retain Directors of the desired profile and compensate them for the dedication, abilities and responsibilities that the post entails, but not so high as to jeopardize the independent judgement of non-executive directors.

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

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

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

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

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

The grounds for the proposed remuneration policy of the Board of Directors shall be stated and the proposal must be accompanied by a specific report from the Appointments, Retribution and Social Corporate Responsibility Committee. Both documents will be made available to the shareholders on the Company's website after notice

of the General Meeting has been given, and shareholders may also request that these documents be delivered or sent free of charge. The announcement of the notice of the General Meeting will mention this right.

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

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

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

Any remuneration paid to Directors for holding or being removed from their positions and for performing executive functions must be set forth in

the corresponding contract, in accordance with the terms set forth in article 19.bis, and will be consistent with the Director remuneration policy in effect at any given time, except for any remuneration expressly approved by the General Shareholders' Meeting.

CHAPTER FOUR

LEGAL REGIME GOVERNING COMPANY OFFICEHOLDERS

AND THE POSITION OF GENERAL COUNSEL

ARTICLE 17.- THE CHAIRMAN OF THE BOARD OF DIRECTORS

- 1.- The Chairman of the Board, in addition to the powers and duties attributed to him/her by law, the Articles of Association and these Rules and Regulations, shall prepare and submit to the Board a programme of meetings and issues to be dealt with, shall organize and coordinate regular assessments of the Board and, where applicable, the chief executive of the Company. He will also be responsible for the direction of the Board and the effectiveness of its operation, making sure that sufficient time is spent on the discussion of strategic issues, and agreeing and reviewing refresher programmes for each director, when circumstances make this advisable.
- 2.- If he/she is an executive director, Chairman director, the Chairman of, shall exercise the management in practice of the Company's affairs, always in accordance with the decisions and criteria laid down by the General Meeting and the Board of Directors in their respective spheres of authority.
- 3.- The Chairman of the Board shall chair all the Company's organs of governance and management.
- 4.- The Chairman of the Board may wholly or partly delegate his/her powers and duties to other Directors or to senior executives of the Company, unless such delegation is expressly prohibited by law.
- 5.- If the Chairman is absent, ill or unable to act as Chairman for whatever reason, the provisions of the following article shall apply.

ARTICLE 18.- THE LEAD INDEPENDENT DIRECTOR.

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

- a) To request the Chairman of the Board of Directors to convene that body when said Lead Independent Director deems appropriate.
- b) To request that items be included on the Agenda of the meetings of the Board of Directors.
- c) To coordinate and convene the external Directors echoing their concerns.
- d) To oversee the Board's evaluation of its Chairman and, where appropriate, the Chief Executive Officer.
- e) To coordinate the succession plan of the Chairman
- f) To perform as a Deputy Chairman the functions of the Chairman as regards the Board of Directors, if the Chairman is absent, ~~ill~~ or unable to act as Chairman for whatever reason. In the absence of a Lead Independent Director, for the purposes of this section the most senior Director in age shall act as Chairman.
- g) To maintain contact with investors and shareholders to ascertain their views in order to form an opinion about their concerns, particularly in relation to the corporate governance of the Company.

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

ARTICLE 19.- THE MANAGING DIRECTOR

The Board may appoint a Managing Director and temporarily or permanently delegate to him/her any or all of the Board's powers and duties, except those which, under the law or by a resolution ~~of~~ of the General Meeting, are vested in the General Meeting exclusively or may not be delegated by the Board.

ARTICLE 19 bisA.-- CONTRACT OF THE EXECUTIVE DIRECTORS

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

The contract will detail all items for which the Director may obtain remuneration for performing executive functions, including, where applicable, any possible compensation for early removal from said post

and the amounts to be paid by the Company as insurance premiums or contribution to savings systems. The Director may not receive any payment for performing executive functions the amounts or descriptions of which are not given in the contract.

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

ARTICLE 20.- SECRETARY OF THE BOARD OF DIRECTORS

- 1.- The Secretary of the Board of Directors shall be appointed by the Board and need not be a Director. The Secretary shall exercise the functions conferred upon such position under commercial law and in these Rules and Regulations. To ensure the independence, impartiality and professionalism of the Secretary, his/her appointment and removal shall be the subject of a prior report from the Appointments, Remuneration and Corporate Responsibility Committee and must be approved by the Board in plenary session.
- 2.- The Secretary will assist the Chairman and must take the necessary measures to ensure the smooth operation of the Board of Directors, in particular by providing the Directors with needed advice and information, helping the Chairman to see to it that the Directors receive the relevant information for exercising their function in due time and proper form, keeping the corporate documentation, keeping a record of meeting proceedings in the minute books and attesting to the resolutions of the Board of Directors. The Secretary shall also be responsible for giving notice of the resolutions adopted by the Board.
- 3.- The Secretary shall also be responsible for the formal and substantive legality of the Board of Directors' actions and ensure that its governing procedures and rules are respected and regularly revised. In particular he/she shall ensure that the actions of the Board:
 - a) Adhere to the spirit and letter of primary enactments and their implementing regulations, including those issued by regulatory agencies;
 - b) Comply with the Company's Articles of Association and Rules and Regulations of the Board and others of the Company;
 - c) Are informed by the good governance recommendations that are applicable to the company.

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

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

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

secretary.

ARTICLE 22.- GENERAL COUNSEL

It falls to the General Counsel to see to it that legal requirements are satisfied in the convening, constitution and decision-making of the Board of Directors. In particular, the General Counsel is entrusted with a duty to advise on the legality of the deliberations conducted in his/her presence. The General Counsel's statutory stewardship of the principle of legality in Board resolutions, decisions and deliberations shall be discharged by the Secretary to the Board if he/she is a qualified lawyer [abogado].

CHAPTER FIVE

DELEGATION OF POWERS AND SPECIAL COMMITTEES

ARTICLE 23.- BOARD COMMITTEES

The Board shall operate at least the following Committees: the Appointments, Remuneration and Corporate Responsibility Committee and the Audit and Compliance Committee.

In addition, the Board may resolve to create an Executive Committee in accordance with the following article.

ARTICLE 24.- EXECUTIVE COMMITTEE

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

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

- 2.- The Chairman of the Board shall be the Chairman of the Executive Committee, and the Secretary to the Board shall be the Committee Secretary, who may be assisted by a Deputy Secretary.
- 3.- The Executive Committee shall be validly constituted when one— half of the membership plus one member are in attendance or represented at the Meeting.
- 4.- The members of the Executive Committee will be removed from office when they relinquish their capacity as Director or when so agreed by the Board. Vacancies will be promptly filled by the Board of Directors.

- 5.- The Executive Committee will act with the powers delegated by the Board of Directors. The scope of the permanent delegation —of powers by the Board of Directors in favour of the Executive Committee will be decided by agreement of the latter and may refer to all powers of the Board, except those that by law or according to the bylaws these Regulations cannot be delegated.
- 6.- The Executive Committee will hold its regular meetings on a monthly basis. The Secretary will keep the Minutes of the resolutions adopted at meetings, an account of which will be given at the next plenary session of the Board of Directors.
- 7.- If in the view of the Chairman or of three Executive Committee members the importance of some matter so requires, the relevant resolution of the Executive Committee shall be submitted to ratification by a plenary meeting of the Board.

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

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

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

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

ARTICLE 25.- APPOINTMENTS, REMUNERATION AND SOCIAL CORPORATE RESPONSIBILITY

- 1.- The Appointments, Remuneration and Social Corporate Responsibility Committee shall comprise at least three and no more than six Directors, to be appointed by the Board, ensuring that they have adequate knowledge, abilities and experience for the functions entrusted to them.

The Appointments, Remuneration and Corporate Social Responsibility must be composed of a majority of Independent Directors. Executive Directors may not be part of it and efforts will always be made to promote gender diversity and other diversity criteria among its members. A majority of the members of the Appointments, Remuneration and Social Corporate Responsibility Committee must

~~be Independent Directors. Executive Directors may not sit on the Committee, although they may be present if so expressly decided by the Committee.~~

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

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

Powers relating to the composition of the Board:

- ~~a)~~ To evaluate the competencies, knowledge and experience required on the Board of Directors. To this end, it shall determine the functions and capacities required of the candidates to fill each vacancy, and evaluate the precise amount of time and degree of dedication necessary for them to effectively perform their duties, while overseeing that the Non-Executive Directors have sufficient time available to properly perform their functions, in accordance with the Director selection policy.

~~a)~~

- ~~b)~~ To review the structure of the Board of Directors, the criteria for the renewal of Directors required under the Articles of Association, the addition of new members, guaranteeing that their access to the Board of Directors does not affect the Company's position as transmission grid operator, in accordance with the provisions of applicable hydrocarbon regulations. Likewise, any other matter related to its composition that it deems to be apt will be reviewed, in which case the necessary proposals will be made to the Board of Directors. and any other aspects relating to its composition that it deems appropriate, providing the Board of Directors with the proposals that the Committee considers necessary.

~~b)~~

- ~~c)~~ To propose to the Board an objective of representation for the under-represented sex on the Board of Directors and to draw up guidelines on how to achieve this objective, also proposing to the Board of Directors the policy of diversity of Directors on the basis, among others, of the criteria of age, disability, training, professional experience and gender.

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

Powers relating to the selection of Directors and senior managers:

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

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

- ~~To report on the appointment and dismissal of the Secretary of the Board of Directors.~~
- ~~To report on proposed appointments and removals of senior management and the basic terms of their contracts.~~
- ~~To examine and organise the succession of the Company's President of the Board of Directors and CEO and, if appropriate, to make proposals to the Board to ensure the succession is smooth and well-planned.~~
- ~~To draw up and review the criteria that must be utilised for the composition of the Board and for selection of those nominated as Directors, ensuring that their access to the Board does not~~

~~affect the Company's status as technical transmission operator, pursuant to the provisions of regulations applicable concerning hydrocarbons.~~

~~e) To verify on an annual basis compliance with the selection policy of Directors of the Company approved by the Board of Directors. The Committee shall verify on an annual basis compliance with the selection policy of Directors of the Company approved by the Board of Directors.~~

~~f)~~

~~d) To report on proposals for the appointment and dismissal of senior managers.~~

~~g)~~

~~h) To formulate proposals to the Board of Directors regarding the Company's organisational structure, including the creation of senior management posts in order to achieve improved and more efficient Company administration, and guidelines regarding the appointment, selection, career, promotion and dismissal of senior managers, in order to ensure that the Company has, at all times, the highly qualified personnel suitable for the management of its activities.~~

~~■ To propose to the Board of Directors a policy of remuneration of Directors and general managers or those who perform senior management functions and report directly to the Board of Directors, to the Chairman, to executive committees or Executive Directors, along with individual remuneration and other terms of Executive Directors' contracts, ensuring that said policy is abided by. To this end, the Committee will periodically review the remuneration policy for Directors and senior management and ensure that their individual remuneration is proportional to that paid to the other directors and senior executives of the Company.~~

~~■ To propose a general remuneration policy for Enagás management, providing a rationale to the Board of Directors, and guidelines relating to the appointment, selection, promotion and dismissal of senior managers, in order to ensure that the Company has appropriate highly qualified staff for administering its business at all times, proposing to the Board the basic conditions of their contracts.~~

Powers relating to the offices of the Board:

~~i) To report on the appointment of the Chairman and Vice-Chairman of the Board of Directors.~~

~~j) To report on the appointment and dismissal of the Secretary and Vice-Secretary of the Board of Directors.~~

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

Powers relating to the remuneration of Directors and senior managers:

l) To propose to the Board of Directors the remuneration policy for Directors and senior managers, and check that it is observed. To this end, the Committee will periodically review the remuneration policy for Directors and senior managers and ensure that their individual remuneration is proportional to that paid to the other Directors and senior managers of the Company.

m) To propose to the Board of Directors the individual remuneration and other contractual conditions of the Executive Directors.

e) To propose to the Board the standard conditions for senior managers' contracts.

n)

o) To verify information on remuneration of directors and senior executives contained in the various corporate documents, including the Annual's Report on Director's Remuneration.

~~■ To ensure that any conflicts of interest do not impair the independence of external advisers to the Committee on remuneration.~~

Powers relating to the corporate governance of the Company and corporate social responsibility:

p) To report to the Board on general policy concerning Corporate Social Responsibility and Corporate Governance, ensuring the adoption and effective application of best practices – both those which are compulsory and those that are in line with generally- accepted recommendations. To this end, the Committee shall be responsible for the following functions:

a)(i) Submitting to the Board the initiatives and proposals it deems appropriate and providing information on proposals submitted to the Board and information the Company releases to shareholders annually regarding these issues

b) (ii) Monitoring compliance with the rules of corporate governance of the Company, periodically assessing the adequacy of the Company's system of corporate governance, in order to fulfil its mission of promoting the corporate interest, and considering, as appropriate, the legitimate interests of other stakeholders.

e) (iii) Monitoring the communication strategy and relations with shareholders and investors, including small and medium shareholders.

(iv) Monitoring the corporate social responsibility strategy and

practices and assessing their degree of compliance.

(v) Monitoring and assessing the processes of liaising with different stakeholders.

⌘ (vi) Reviewing the corporate responsibility policy of the Company, ensuring that it is aimed at creating value.

In particular, the Committee shall ensure that the policy of corporate responsibility identifies at least:

- The objectives of the corporate social responsibility policy and the development of support tools.
- Corporate strategy related to sustainability, the environment and social issues.
- Specific practices in issues related to: shareholders, employees, customers, suppliers, social issues, environmental issues, diversity, tax responsibility, respect for human rights and prevention of illegal behaviour.
- Methods or systems for monitoring the results of the implementation of the specific practices identified in the previous paragraph, the associated risks and their management.
- Mechanisms for oversight of non- financial risk, ethics and business conduct.
- The channels of communication, participation and dialogue with stakeholders.
- Responsible communication practices to prevent the manipulation of information and protect integrity and honour.

The report which, if any, may be issued by the Committee on the Company's general policy of Corporate Social Responsibility, shall be developed using any of the internationally accepted methodologies, and shall be published on the website of the Company sufficiently in advance of the Ordinary General Shareholders' Meeting.

g) To report to the Board of Directors on measures to be taken in the event of breach of these Rules and Regulations or the Internal Code of Conduct on matters relating to the securities markets on the part of Directors or other persons subject to those rules. In performing this duty, the Appointments, Remuneration and Corporate Responsibility Committee shall work in conjunction with the Audit and Compliance Committee wherever appropriate.

- r) -To ensure that any conflicts of interest do not impair the independence of external advisors to the Committee in the exercise of their duties.

- 3.- The Committee shall consult the Chairman of the Board and Chief Executive Officer of the Company, especially on matters relating—_to the appointment of the executive directors and the remuneration of senior executives and Executive Directors. Any board member may suggest directorship candidates to the Appointments Committee for their consideration.

- 4.- The Committee is governed by the applicable legal regulations, by the Articles of Association, by these Regulations and by its own Regulations of Organisation and Functioning, which will be approved by the Board of Directors.

- 4.-

- 5.- The Committee shall meet at least four times a year, convened by its Chairman. Each Committee meeting shall be reported at the first subsequent meeting of the full Board, and a copy of the minutes of the Committee proceedings shall be sent to every Director.

- 6.- The Committee shall design an annual work plan covering the main activities of the Committee during the year.

- 7.- The Committee may seek advice both internally and externally and request the attendance of Senior Management personnel of the Company and its Group, as deemed necessary in the performance of its duties.~~The Committee shall meet at least four times a year. Meetings shall be called by its Chairman. The Committee may seek advice both internally and externally and request the attendance of senior management personnel of the Company and its Group, as deemed necessary in the execution of its duties. Each Committee meeting shall be reported at the first subsequent meeting of the full Board, and a copy of the minutes of Committee proceedings shall be sent to every Director.~~

ARTICLE 26.- THE AUDIT AND COMPLIANCE COMMITTEE

- 1.- The Audit and Compliance Committee shall be made up of at least three and no more than five Directors. The members of the Committee, and in particular its Chairman, shall be appointed by the Board of Directors taking into account their knowledge and experience in accounting, auditing or risk management. Efforts will also be made to ensure that the members of the Committee have knowledge and experience in those other areas that may be appropriate for the fulfilment of their duties by the Committee as a whole, such as finance, internal control and information

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

~~They must generally have relevant technical expertise in the gas sector, without prejudice to seeking to promote gender diversity and other diversity criteria of the members of the Audit and Compliance Committee. Overall, the members of the Audit and Compliance Committee shall have the pertinent technical knowledge of the gas industry.~~

No executive Director may sit on the Audit and Compliance Committee. The majority of members of the Committee must be independent.

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

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

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

~~▪ To inform the General Shareholders' Meeting on issues raised in the areas that lie within the Committee's competence and, in particular, regarding the audit result, explaining how it has contributed to the integrity of the financial reporting and the Committee's function during the process.~~

~~▪ To oversee the proper operation of the Company's internal control and its internal audit function and risk management systems, including those related to tax risk management, and to discuss with the auditors any significant weaknesses in the internal control system detected in the course of audit, all of this without undermining 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.~~

~~*Powers relating toWith regards to the financial statements and other accounting information:*~~

~~a) To monitor the preparation process and integrity of the mandatory~~

~~_____financial information relating to the Company and, where appropriate, its Group, and submit recommendations or proposals to the Board of Directors, aimed at safeguarding its integrity, reviewing compliance with regulatory requirements, the proper demarcation of the scope of consolidation and the correct application of accounting standards. In particular, the Company shall have a risk control and management unit, supervised by the Audit and Compliance Committee, which shall, among other functions, ensure the proper functioning of the risk control and management systems and, in particular, identify, manage and adequately quantify all material risks affecting the Company; actively participate in the development of the risk strategy and major decisions on its management; and ensure that the risk control and management systems adequately mitigate risk under the policy defined by the Board of Directors.~~

- ~~b) To ensure that the Board of Directors presents the Annual Accounts to the General Meeting without any qualifications or reservations in the audit report.~~
- ~~c) To inform, in advance, the Board of Directors about the financial information that the Company must periodically disclose in the public realm.~~

~~*Competencies Powers relating to legality:*~~

- ~~d) To report to the Board of Directors prior to it approving the creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens.~~
- ~~e) To report, in advance, to the Board of Directors on related-party transactions.~~

~~*Competencies Powers relating with regard to the Internal Audit unit:*~~

- ~~*f) To monitor the effectiveness of the Company's internal audit and ensure the independence of the unit that assumes the internal audit role, which will depend functionally on the Chairman of the Committee and shall ensure the proper functioning of the information and internal control systems; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the budget for this service; approve and guide the work plans, ensuring that its activity mainly focuses on the risks relevant to the Company; receive periodic information on its activities; and verify that Senior Managers take into account the conclusions and recommendations of its reports.~~

The head of the unit that assumes the internal audit function shall present an annual work programme to the Committee, and report on any incidents arising during its implementation, and shall submit an activities report at the end of each year.

- ~~* To oversee the process of preparing and the integrity of the mandatory financial information and submit recommendations~~

~~or proposals to the Board of Directors, aimed at safeguarding its integrity reviewing compliance with regulatory requirements, the proper demarcation of the scope of consolidation and the correct application of accounting standards.~~

- ~~▪ To establish and supervise a mechanism whereby staff can report, confidentially and, if possible and considered appropriate, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the Company.~~
- ~~▪ With respect of the external auditor of the Company.~~

Competencies Powers relating to the relationship with the external auditor:

g) To forward to the Board of Directors proposals for selecting, appointing, re-electing and replacing the auditors being responsible for the selection process, in accordance with the applicable regulations, along with the terms of their contract, in regularly gathering information from it on the auditing plan and its execution, in addition to remaining independent in the exercise of their functions.

▪

h) To liaise with the external auditor to obtain information on any issues that could constitute a threat to its independence for review by the Committee or any other subjects related to the auditing process, and on any other disclosure obligations established in legislation on the annual audit process and, where applicable, the authorization of the services other than those forbidden, under the terms envisaged in the applicable regulations, and in auditing standards.

In all events, on an annual basis, the Audit Committee shall receive from the auditors written confirmation of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to 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 ensuring that the Company and the external auditor respect the regulations in force regarding the provision of services other than those of auditing, the limits on business mergers of auditors and, in general, all other regulations on the independence of auditors.

▪

i) To ensure that the remuneration of the external auditor for its work does not compromise its quality or independence.

▪

j) To oversee that the Company notifies any change of auditor to the Spanish National Securities Market Commission as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same. In the event of resignation of any external auditor, the Committee should investigate the issues giving rise to the resignation.

▪

k) To ensure that the external auditor holds an annual meeting with the Board of Directors to inform it of the work done and the evolution of

the accounting and risk situation of the Company.

~~▪ To oversee that the Board of Directors endeavours to present the financial statements in such a way that there are no grounds for limitations or qualifications by the Company's Accounts Auditor.~~

l) To discuss significant weaknesses in the internal control system detected in the course of the audit with the auditors, without compromising their independence. For such purposes and, where applicable, they may submit recommendations or proposals to the Board of Directors and the corresponding deadline for dealing with them.

~~▪m) To issue an annual report, prior to the issue of the audit report, giving an opinion on whether the independence of the auditors is compromised. This report shall in all cases include a valuation of the additional services provided, as referred to in the previous section, considered separately and in their entirety, consisting of services other than statutory audits and how they relate to the requirement of independence or to the regulatory legislation on auditing and shall be published on the website of the Company sufficiently in advance of the date of the Ordinary General Shareholders' Meeting.~~

Competencies Powers relating to the Company's risk control and management function:

n) To supervise the effectiveness of the Company's internal control and risk management systems. For such purposes and, where applicable, they may submit recommendations or proposals to the Board of Directors and the corresponding deadline for dealing with them.

o) In particular, the Company shall have a risk control and management unit, supervised by the Audit and Compliance Committee, which shall ensure the proper functioning of the risk control and management systems and, in particular, identify, manage and adequately quantify all material risks affecting the Company; actively participate in the development of the risk strategy and major decisions on its management; and ensure that the risk control and management systems adequately mitigate risk under the policy defined by the Board of Directors.

Powers relating to ~~In relation to~~ Corporate Governance:

p) To establish and supervise a mechanism whereby staff can report, confidentially and, if possible and considered appropriate, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the Company.

~~▪ To keep the Board of Directors apprised, in advance, on all items provided for in the law, the Articles of Association and the Rules and Regulations on the Board of Directors, in particular, on:~~

- ~~1. The financial information that the Company must periodically publish;~~
- ~~2. The creation or acquisition of investments in special purpose vehicles or entities domiciled in jurisdictions considered tax havens;~~

~~3. Related party transactions, and~~

g) operations of structural and corporate changes which the Company plans to carry out, their economic conditions and their accounting impact and, in particular, where appropriate, impact on the proposed exchange ratio.

4-r) To keep the Board of Directors apprised, in advance, on all items provided for in the Law, the Bylaws and the Regulations of the Board of Directors, in particular, in relation to:

s) ~~□□RR~~ regarding the monitoring of Internal Codes of Conduct:

- ~~-(i)~~ Monitor compliance with the Internal Codes of Conduct.
- ~~-(ii)~~ Assess all matters relating to the non-financial risks of the Company, including operational, technological, legal, social, environmental, political and reputational.
- ~~-(iii)~~ Coordinate ~~—~~ the ~~—~~ process ~~—~~ of reporting of non-financial and diversity information, in accordance with applicable regulations and international reference standards.

Competencies Powers relating to shareholders:

t) 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.

~~4.~~ 4.—The Audit and Compliance Committee is governed by the applicable legal regulations, by the Articles of Association, by these regulations and by its own Regulations of organisation and operation, which will be approved by the Board of Directors.—

~~5.-~~ 5.- The Committee shall meet at least four times a year. Each Committee meeting shall be reported at the first subsequent meeting of the full Board, and a copy of the minutes of the Committee proceedings shall be sent to every Director.—

~~6.-~~ 6.- The Audit and Compliance Committee shall design an annual work plan covering the main activities of the Committee during the year.

~~7.-~~ 7.- Any company employee or Manager of the Company deemed relevant may be called to attend the Committee meetings, even ordering their appearance without the presence of another Manager. It may also seek the advice of external experts where it is deemed necessary to properly discharge its duties. ~~Each Committee meeting~~

shall be reported at the first subsequent meeting of the full Board, and a copy of the minutes of Committee proceedings shall be sent to every Director.

CHAPTER SIX
RELATIONS OF THE BOARD

ARTICLE 27. --_SHAREHOLDER RELATIONS

1.- _In its shareholder relations, the Board of Administrators will apply the principle of equality of treatment, will create appropriate systems to become familiar with the proposals of the latter in relation to corporate management, will organise informational meetings on the performance of the Company and its Group, and will establish the necessary channels for a regular exchange of information with shareholder committees or groups.

2.- _As regards institutional shareholders, the Board shall put in place systems allowing for regular information exchange on topics such as investment strategy, performance assessment, composition of the Board and management effectiveness. Such information may in no event create states of privilege or afford special advantages with respect to the rest of shareholders.

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

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

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

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

b) The Board shall publish an Annual Corporate Governance Report containing, at a minimum, the contents set forth in Article 540 of the amended Corporate Enterprise Act, in the laws and regulations implementing this law, and in any other applicable laws and regulations.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 28.- RELATIONS WITH MARKETS

- 1.- _The Board of Directors shall ensure timely compliance with prevailing directions on the reporting of significant events in accordance with the provisions in effect at the given time under the Internal Code of Conduct of the Company.
- 2.- _The Enagás Board of Directors shall take the necessary measures to ensure that quarterly, half-yearly, annual and any other financial information that applicable regulations and prudence require be furnished to the markets are prepared in accordance with the same principles, criteria and professional practices with which the Annual Financial Statements are prepared, and are as reliable as the latter.

CHAPTER SEVEN

MINUTES OF MEETINGS OF THE BOARD OF DIRECTORS

ARTICLE 29.- MINUTES OF MEETINGS OF THE BOARD

Meetings and resolutions of the Board of Directors will be recorded in a book of minutes, to be signed by the Chairman and the Secretary. The Secretary to the Board is the custodian of the book of minutes.

The Secretary shall issue any certification required in connection with the minutes and resolutions of the Board. Any certification thus issued must carry the Chairman's countersignature.

No resolution may be certified that is not on record in minutes that have been adopted and signed.

The power to record Company resolutions in a notarial instrument shall rest with the Secretary and any Director whose Directorship is in effect and on file with the registrar of companies.