



REPORT FROM THE APPOINTMENTS, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE FOR THE PURPOSES OF ARTICLE 529 NOVODECIES OF THE SPANISH CORPORATE ENTERPRISES ACT, CONCERNING THE AMENDMENT OF THE "DIRECTOR'S REMUNERATION POLICY FOR 2019, 2020 AND 2021", WHICH IS SUBMITTED FOR APPROVAL BY THE GENERAL SHAREHOLDERS' MEETING AS ITEM 10 ON THE AGENDA

Article 529 novodecies of the Corporate Enterprises Act stipulates that any amendment or replacement of the remuneration policy during its validity shall require the prior approval of the general shareholders' meeting in accordance with the procedure established for its approval, i.e. with the corresponding reasoning and accompanied by a specific report from the appointments and remuneration committee.

The Board of Directors included the following proposal as item 10 of the Agenda of the 2020 Meeting:

"For the purposes of Article 529 novodecies of the Corporate Enterprises Act, to amend the directors' remuneration policy for 2019, 2020 and 2021, for the sole purpose of amending the maximum annual limit on the remuneration of directors in their capacity as such to adapt it to the new number of directors and the new number of committee members", set forth in the document made available to the shareholders for this purpose on occasion of the meeting convened.

The Appointments, Remunerations and Corporate Social Responsibility Committee at its meeting on May 22, 2020 approved this report, that the Board provides to the shareholders, along with the proposal for the amendment of the "Remuneration Policy for the 2019, 2020 and 2021 financial years".

COMMITTEE'S REPORT

The Board of Directors (hereinafter, the "**Board**") of Enagás, S.A. (hereinafter, "**Enagás**" or the "**Company**") plans, at the same time as approving this report, to submit for approval by the General Shareholders' Meeting (hereinafter, the "**Meeting**"), for the purposes envisaged in article 529 novodecies of the Corporate Enterprises Act, approved by Legislative Royal Decree 1/2010 of July 2 (hereinafter, the "**Corporate Enterprises Act**"), the proposal for the amendment of the "Directors' Remuneration Policy for the 2019, 2020 and 2021 financial years" (hereinafter, the "**Policy**").

Article 529 novodecies of the Corporate Enterprises Act stipulates that the policy for Directors' remuneration shall be as per the 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 proposal for the remuneration policy of the Board of Directors shall state the reasons on which it is based and shall be accompanied by a specific report from the Appointments and Remuneration Committee. The Directors' remuneration policy, approved as set forth above, will remain valid for three fiscal years after being approved by the General Meeting. Any modification or replacement thereof during said period shall require the prior approval of the General Shareholders' Meeting in accordance with the procedure

established for its approval. Any remuneration paid to directors for holding or being removed from their positions and for performing executive functions must be consistent with the director remuneration policy in effect at any given time, except for any remuneration expressly approved by the General Shareholders' Meeting.

The General Shareholders' Meeting held on March 29, 2019 approved the Director' Remuneration Policy for the 2019-2021 period, as item 7 of its Agenda, with a percentage of votes in favour of 85.784%.

Enagás' current remuneration policy, with regard to the maximum annual limit on directors' remuneration for their status as such, was based on the premise of a maximum number of fourteen directors, and eleven meetings each year for the Board and four each year for each of the Committees. Based on the foregoing, and on the annual remuneration foreseen for each director according to the positions held and their attendance at the meetings of the Board and its Committees, the maximum amount of annual remuneration to be paid to all directors in their capacity as such was calculated, after a slight upward rounding. The resulting amount was 2,241,000 euros for 2019, 2020 and 2021.

The amendment to the remuneration policy presented by the Board to the Meeting is reduced, exclusively, to taking into consideration the resolutions previously submitted to the approval of the General Meeting regarding the increase in the number of directors and the new number of members on the Appointments, Remuneration and Corporate Social Responsibility and Audit and Compliance Committees.

The policy does not change anything with regard to the annual remuneration forecast for each director based on the positions they hold and their attendance at meetings of the Board and its Committees. However, as the maximum amount was calculated taking into account a maximum number of fourteen directors and two Board Committees, the Appointments, Remuneration and Corporate Social Responsibility Committee with a maximum of six members and the Audit and Compliance Committee with a maximum of five members, when it is to be increased to sixteen, seven and seven, respectively, it becomes necessary to modify the overall maximum amount in order to accommodate this increase in the number of directors and committee members. After rounding up the figure slightly, the amount resulted to 2,600,000 euros for the years 2020 and 2021.

Without prejudice to this new maximum amount, as usual, the new directors appointed at the Ordinary General Shareholders' Meeting in 2020 and the directors who, if appropriate, join the Board's Committees in view of their new maximum number of members, shall only receive the proportional remuneration that corresponds to them based on the date when they were appointed.

For a clearer identification of the limitations of the proposed change, the amended section of the Policy is reproduced below, marking the aspects that have been amended:

"II. ENAGÁS DIRECTORS' REMUNERATION POLICY FOR 2019, 2020 AND 2021.

(...)

B) REMUNERATION OF DIRECTORS FOR THEIR POSITION AS SUCH FROM 2019 TO 2021.

(...)

Individual remuneration for Directors and maximum annual limit for directors' remuneration for this item.

As provided for under article 529 septdecies of the Corporate Enterprises Act and article 36 of the Articles of Association, the Board of Directors will pass a resolution determining how remuneration is divided for each remuneration item and for each one of the Directors, taking into account the duties and responsibilities attributed. Without prejudice to the resolutions adopted in this sense by the Board, at the proposal of the Appointments, Remuneration and Corporate Social Responsibility Committee, the Board understands that the allocation by item and the remuneration amount for each director will be that stated below. Nevertheless, the Board, in line with the stated provisions, can change, during the Policy's period, the amounts allocated to each item, without exceeding the maximum remuneration figure for the Board as a whole approved by the General Meeting in any case.

Individual Directors' Remuneration for 2019 according to their positions and their attendance to Board meetings and their respective Committees shall be: (i) A fixed annual amount of 100,000 euros for Board membership; (ii) An annual variable amount of up to 30,000 euros, depending on attendance to Board meetings; (iii) A fixed annual amount for membership in Board Committees of 25,000 euros; (iv) A variable annual amount of up to 5,000 euros, depending on attendance to Committee meetings; (v) A fixed annual amount of 15,000 euros for serving as Chair of each Committee; (vi) A fixed annual amount of 15,000 euros for serving as Independent Leading Director. The maximum remuneration for the entire Board in 2019, 2020 and 2021 has been calculated on the basis of these individual remunerations. This must be approved by the GSM as part of this Policy as set forth in Article 529 septdecies of the Corporate Enterprises Act. (i) the maximum number of Directors determined by Article 35 of the Articles of Association, which was fourteen in 2019 and increased to sixteen in 2020 following approval by the General Meeting; (ii) that there will be eleven ordinary meetings of the Board each year and four for each of the Committees; and (iii) the maximum number of Committees members, which was six for the Appointments, Remuneration and Corporate Social Responsibility Committee and five for the Audit and Compliance Committee in 2019 and increased to seven for both in 2020 following approval by the General Meeting. The resulting figures have been slightly rounded up.

Thus, the maximum amount of annual remuneration to be paid to all the Directors in that capacity, which is the amount proposed by the Board to the GSM for approval under Article 529 septdecies.1 of the Corporate Enterprises Act and Article 36 of the Articles of Association, is 2,241,000 euros for 2019, and 2,600,000 euros for 2020 and 2021.

(...)

(D) ANNUAL CEILING ON BOARD REMUNERATION.

The maximum total amount that the Company may pay its directors in each of the three years covered by this Policy shall be the sum of the following items:

- A) Maximum amount of the remuneration to be paid to all the Directors in their capacity as such, which amounts to the maximum annual amount of 2,241,000 euros for 2019, and 2,600,000 euros for 2020 and 2021.
- B) The amount to be paid to Executive Directors in application of the various remuneration items listed and explained in section 2.C of this Policy.
- C) The amount of the compensation referred to in headings 2.C.1 and 2.C.2 of this Policy in the event of termination with a right to compensation of any of the executive directors, as well as the amounts that could be paid to the Chief Executive Officer corresponding to compensation for post-contractual non-competition agreements during the term of this Policy.

And for the appropriate legal effects, it is hereby stated that the Appointments, Remuneration and Corporate Social Responsibility Committee formulates this report for the proposal of the amendment of the "Directors' remuneration policy for 2019, 2020 and 2021" at its meeting held on May 22, 2020.

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