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**ISSUER'S PARTICULARS**

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Financial year-end: [ 31/12/2018 ]

Corporate tax code: [ A-28294726 ]

Corporate name:

[ **ENAGÁS, S.A.** ]

Registered office:

[ PASEO DE LOS OLMOS, 19 MADRID ]

## **A. COMPANY REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR**

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**A.1.** Explain the current directors remuneration policy applicable to the current financial year. As far as is relevant, certain information referring to the remuneration policy approved by the general shareholders' meeting can be included, provided that it is clear and specific.

Descriptions must be provided of the specific resolutions for the current financial year, both for the directors remuneration for the role itself and for the Board's performance of executive functions in accordance with the provisions of the contracts signed with the executive directors and with the general remuneration policy approved by the general meeting.

In all cases the following must be provided:

- A description of the corporate procedures and bodies involved in setting and approving the remuneration policy and its conditions.
- Indicate and if necessary explain whether or not comparable companies were taken into account in setting the company's remuneration policy.
- Information on whether or not any external adviser was involved and their personal details.

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

The Committee consists of six Directors, with four being Independent Directors, one a Proprietary Director and one an External Director: Ana Palacio Vallelersundi (Chairwoman, Independent); Ignacio Grangel Vicente (Independent); Antonio Hernández Mancha (Independent); Santiago Ferrer Costa (Proprietary); and Luis Javier Navarro Vigil (another external Director) and Gonzalo Solana González (Independent).

The Board of Directors, following a report from the Appointments and Remuneration Committee, proposed the approval of the Remuneration Policy 2019-2021 to the 2019 General Shareholders Meeting. The Policy for the period 2019-2021 is intended to maintain things as they stand and therefore maintains the fundamental premises on which the previous Policy approved for the 2016-2018 period was based.

The first premise of this Policy is the commitment made by the Board to shareholders at the Ordinary General Shareholders' Meeting held in 2015 to introduce a Long-Term Incentive (ILP) in the remuneration structure of Executive Directors, which will also be applicable to the Company's management team, and which complies with recommendations 56 to 64 of the CNMV's Good Governance Code and with the most generally accepted criteria regarding these types of remuneration.

The second premise considered in this Policy is the obligation of the CNR and the Board to maintain a remuneration policy that is suitable, in structure and amount, for achieving the objectives of the Company's Strategic Plan, promoting the creation of value for shareholders, compensating capacity and effort proportionally and retaining the talent that the Company needs. These must be in accordance with general market conditions with respect to the Company's peers and its performance at all times.

To this end, a new analysis has been carried out on the adequacy of the Directors' remuneration compared with the average for the Company's peers. The suitable benchmark companies selected were other Ibex35 Spanish energy companies (Acciona, Endesa, Iberdrola, Naturgy, REE, Repsol and Siemens Gamesa). For these purposes, the latest known public data, for financial year 2018, were used. The analysis was conducted with regard to the remuneration of the Directors in their capacity as such, the remuneration of the Executive Directors and the remuneration of the members of the Management Committee and other Company managers. The Appointments and Remuneration Committee had the support of the Company Management and independent external advice from the firm Willis Towers Watson, which analysed the current remuneration positioning of the company's directors and managers and submitted several options on how to update this positioning. The Committee also hired Garrigues, which provided advice about the legal factors of this policy.

In particular, the Committee has also taken into account the previous Remuneration Policy and Long-Term Incentive, which were widely accepted by shareholders at the General Shareholders' Meeting on 18 March 2016, and now proposes to this Board a continuation of the Policy of Remunerations and Long-term Incentive with respect to those of 2016.

Technical improvements have been introduced that, to a large extent, seek to capture the concerns of international institutional investors and their proxy advisors with whom the Company maintains a policy of continuous engagement, given the broad percentage that this represents on the company's shareholding body.

From a quantitative point of view, the proposed Policy is very prudent.

The 2016-2018 Policy included a Long-Term Incentive Plan as part of the Executive Directors' Compensation Policy (also applicable to members of the Management Committee and the rest of the Company's management team). That Policy stated that the Long-Term Incentive Plan should be maintained as part of the Company's remuneration structure and in successive compensation policies submitted to the Board for approval.

The continuity of this Policy makes it necessary to implement a new ILP (long-term incentive) for 2019-2021.

The structure and content of ILP 2019-2021 also provide continuity with the previous ILP, although a series of improvements aligned with the recommendations of corporate governance and proxy advisors have been included:

- Increase in the use of shares as a form of payment.
- Establishment of a deferral period of one year in the delivery of 50% of the incentive.
- Obligatory retention of the shares by all beneficiaries until the end of the fifth year, with which the total duration of the plan is 5 years.
- Increase in the relative importance of the Total Shareholder Return metric, so that in the future the potential effects of large investment projects, such as the recent GSP, will be more clearly captured.

Although the main general conditions of ILP 2019-2021 are included in section A.2, and in the document "Draft Agreement of the General Meeting on Approval of the Long-Term Incentive Plan 2019-2021", as set forth in item 8 of the Agenda of the General Shareholders' Meeting, as well as in the Regulations of the Plan (hereinafter, the "Regulations") that it sets out.

- Relative importance of the variable remuneration components compared to the fixed items (remuneration mix) and the criteria and objectives considered when setting them and to guarantee an adequate balance between the fixed and variable remuneration components. Explain the actions taken by the company with respect to the remuneration scheme to reduce exposure to excessive risks and adjust it to the company's long-term objectives, values or interests, including, as appropriate, measures provided to ensure that the remuneration policy addresses the company's long-term results, measures adopted in relation categories of personnel whose professional activities have a material impact on the risk profile of the entity and measures provided to avoid conflicts of interest, if any.

Please also indicate whether or not the company has established any period for accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, any deferral in the payment of amounts or delivery of already accrued and consolidated financial instruments or whether there is any agreed clause on reducing the deferred remuneration or requiring the director to return the remuneration received, when the remunerations have been based on data subsequently clearly shown to be inaccurate.

The Board of Directors, following a report from the Appointments and Remuneration Committee, proposed the approval of the Remuneration Policy 2019-2021 to the 2019 General Shareholders Meeting. The Policy for the period 2019-2021 is intended to maintain things as they stand and therefore maintains the fundamental premises on which the previous Policy approved for the 2016-2018 period was based.

With respect to the Executive Directors, a remuneration proposal has been presented for 2019-2021 on the following bases:

- Maintain the level of contribution to existing social security plans.
- Maintain annual variable compensation and the three-year Long-Term Incentive
- Maintain, during the three years of the period, the remuneration for the Executive Directors for their Board membership set for 2018.
- Enable the possibility of applying increases in fixed remuneration in the terms set out below.

With regard to variable remuneration, the annual variable must be differentiated from the

three-year variable. Variable annual remuneration.

The Executive Directors have the right to receive a variable bonus for fulfilling the objectives set forth by the Board of Directors at the proposal of the CNR for the corresponding year. The amount of this variable bonus shall not exceed 60% of the total fixed annual remuneration.

At the beginning of each year contemplated in the Policy, the Board will approve the objectives applicable to the Executive Chairman for these purposes. At year-end, the CNR will evaluate the extent to which the targets have been fulfilled and decide the variable annual remuneration for the Chairman.

At the proposal of the ARC, the Board has already established the objectives that apply in 2019 to the Executive Directors for these purposes, consisting of the following in general terms:

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

Long-term variable remuneration (ILP 2019-2021).

The Executive Directors will be beneficiaries of 2019-2021 Long Term Incentive in the terms indicated in section A) above and which are reproduced herein as they affect them.

It must be remembered that the ILP will not have a direct effect on the Executive Chairman's remuneration in 2019, 2020 and 2021, without prejudice to how the accounting is handled by the company for the proportional part of the theoretical maximum of the same in each year.

In 2022, 50% of the Long Term Incentive will be settled, and the other 50% will be deferred to 2023, thus the Executive Chairman will be paid the Incentive according to his Level of Attainment of targets over the multi-year period. He will receive all this Incentive in the form of shares, and he will be obliged to maintain the shares received in 2022 for two (2) years, and those received in 2023 for one (1) year. In 2024, the Executive Chairman may freely dispose of the shares received.

If the minimum degree of achievement of objectives is not met, the incentive shall amount to zero.

The maximum total incentive cannot be higher than 125% of the initial target. The annual incentive in the 100% attainment level scenario would up to 50% of Executive Directors' fixed annual remuneration by 2019. A maximum of 79,090 shares are assigned to the Chairman and 39,545 to the Chief Executive Officer.

Clawback clauses - If certain circumstances occur which show, at a latter date, that targets have not in fact been met, then the Board may, if suggested by the CNR, claim back part or all of the Incentive paid. These clauses will apply to all Beneficiaries and their application period shall be two years starting from the payments dates.

Specifically, and among other circumstances, the return of the Incentive delivered may be required in the following cases:

- ? Reformulation of the financial statements of the Company not due to change in applicable accounting standards.
- ? Sanction of the Beneficiary for serious breach of the code of conduct and other internal regulations that may be applicable.
- ? When the Incentive has been totally or partially settled or paid based on the result of information manifestly clearly proven to be false or inaccurate.
- ? Other circumstances not foreseen or assumed by the Company that have a material negative effect on the income statements of any of the years of the "clawback" period.

Malus clauses- Malus clauses are included to allow for partial or total cancellation of deferred amounts pending payment. The deferral period will be one (1) year for 50% of the unpaid Incentive, with the causes of application being the same as those referred to in the previous section for the return clauses.

- Amount and nature of the fixed components that are expected to accrue in the year to the directors in their capacity as such.

Insofar as concerns the "Remuneration Policy for Board of Director members for the years 2019, 2020 and 2021" that will be submitted for approval in the 2019 GSM, the fixed remuneration amounts for the members of the Board of Directors shall remain unchanged with respect to 2018: The amounts and items are the following:

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

The allocation by item and the remuneration amount for each director in 2019 will be as follows: (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 each of the 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 President of each Committee; (vi) A fixed annual amount of 15,000 euros for serving as Lead Independent Director. As a result of applying the aforementioned criteria to determine, in line with the individual remuneration,

the maximum remuneration figure for the Board in 2019, the maximum annual remuneration amount to be paid to all the directors in their position as such, and which the Board proposes for the General Meeting's approval for the purposes of article 529 septdecies.1 of the Corporate Enterprises Act and article 36 of the Articles of Association is 2,241,000 euros.

- The amount and type of the fixed components will accrue in the financial year for the performance of senior management functions by the executive directors.

In accordance with the "Directors' Remuneration Policy for 2019, 2020 and 2021" submitted for approval to the General Shareholders Meeting 2019, the annual fixed remuneration of the executive directors will not undergo any increase on the amount received in 2018. For this reason, for 2019 the annual fixed remuneration of the Chairman will be 1,000,000 euros and the annual fixed remuneration of the Chief Executive Officer will be 500,000 euros .

- The amount and type of any remuneration component in kind accrued during the year, including, but not limited to, the insurance premiums paid to the director.

In accordance with the "Directors' Remuneration Policy for the years 2019, 2020 and 2021" submitted to the General Shareholders Meeting 2019 for approval and in accordance with the terms of the contracts approved by the Board, the executive directors receive a fixed annual remuneration in kind for common items for this type of services and similar to those received by the entire Company management team (vehicle, medical insurance, etc.). The Executive Directors are also an insured participants in the "Company Directors' Insured Pension Plan", established by the company for its management team by means of a mixed group insurance policy for pension commitments, including benefits in the event of survival, death and disability, which the company has signed with an insurance firm.

The Executive Chairman received the following amounts for these items in 2018: payments in kind amounting to 173 thousands of euros; a life insurance premium totalling 47 thousands of euros; contributions to the Directors' Pension Plan amounting totalling 240 thousands of euros.

The Chief Executive Officer received the following amounts for these items in 2018: payments in kind amounting to 22 thousands of euros; a life insurance premium totalling 1 thousand euros; contributions to the Directors' Pension Plan amounting totalling 149 thousands of euros.

The Directors' Remuneration Policy for 2019, 2020 and 2021 does not provide for variations in the items that make up the annual fixed remuneration in kind for 2019 and any differences in their amount will be the result of applying the price increases at all times and, where applicable, the valuation rules that apply to them.

- Amount and type of the variable components, distinguished those established in the long-term and short-term. Financial and non-financial parameters, the latter including social, environmental and climate change parameters, selected to set the variable remuneration in the current financial year, explanation of the extent to which the parameters relate to the performance of both the director and the entity and to its risk profile, and the methodology, necessary term

and

techniques provided for ascertaining the degree of compliance with the parameters used in the design of the variable remuneration at the end of the financial year.

Indicate the range, in monetary terms, of the different variable components based on the degree of compliance with the established objectives and parameters and whether or not there is a maximum monetary amount in absolute terms.

Executive Directors are the only Directors that receive variable remuneration.

Variable annual remuneration.-

In accordance with the "Directors' Remuneration Policy for 2019, 2020 and 2021", the Executive Chairman and the Chief Executive Officer have a recognised right to receive a variable annual bonus for satisfying the objectives set forth by the Board of Directors at the proposal of the CNR for the corresponding year. The amount of this variable bonus shall not exceed 60% of the total fixed annual remuneration.

At the beginning of each year contemplated in the "Policy for Directors' remuneration for 2019, 2020 and 2021", the Board will approve the objectives applicable to the Executive Chairman and Chief Executive Officer for these purposes.

At year-end, the ARC will appraise the extent to which the targets have been fulfilled and decide the variable annual remuneration for the executive directors.

At the proposal of the CNR, the Board has already established the objectives that apply in 2019 to the Executive Chairman and Chief Executive Officer for these purposes, consisting of the following in general terms:

- 1.- Improvement of the economic results of the Company in the form of an increase in net profit.
- 2.- Consolidation of the Company's regulated revenue
- 3.- Consolidation of the Company's strategic plan, particularly in aspects affecting its international development as well as through the development of new services, to contribute to diversification and Entrepreneurship
- 4.- Development of Good Governance initiatives.

Long-term incentive (ILP 2019-2021).

In accordance with the "Directors' Remuneration Policy for 2019, 2020 and 2021" the Board, after receiving a report from the CNR, proposed the approval of an ILP (Long-term Incentive) to the AGM, to apply also to the members of the Steering Committee and rest of the management team of the Company.

The Executive Chairman and the Chief Executive Officer will be beneficiaries of the ILP 2019-2021 and will be entitled to a number of equivalent shares up to 50% of their fixed annual remuneration for each of the three years included in the Plan, under the terms set out in the draft of the "Directors' remuneration policy for 2019, 2020 and 2021" put forward to the GSM 2019.

The ILP will not have a direct effect on the remuneration in 2019, 2020 and 2021, without prejudice to how the accounting is handled by the company for the proportional part of the theoretical maximum of the same in each year.

The specific number of Enagás shares and the gross cash amount to be handed over to each Beneficiary on the Payment Dates, if the conditions established for this are met, will be established in accordance with the Level of Attainment of the following indicators during the Period for Measuring Targets: (i) Total Shareholder Return (hereinafter, "TSR") of Enagás measured in absolute terms measured as the target share price obtained in 2021. The target price has been established by reinvesting the expected share dividends based on profitability and market parameters. (ii) Enagás TSR measured in relative terms by comparison with the same indicator for 15 other reference companies (16 companies including enagas. (iii) accumulated results corresponding to the Company's Funds for Operations (hereinafter, "FFO"), (iv) accumulated cash flows received from the investees considered under the capital method (hereinafter, "Dividend"), and (v) compliance with the "Sustainability Plan" (hereinafter, "Sustainability Plan").

The Board of Directors will determine the weighting of the previous metrics for determination of the Final Incentive to be paid, on a case-by-case basis and depending on the levels of Beneficiaries.

The ILP will be distributed in 2022 and the Executive Chairman and the Chief Executive Officer will receive up to 50% of the incentive that corresponds to the degree of achievement of the objectives over the multi-year period and the remaining 50% in 2023. This incentive will be received entirely in shares which must be held for a period of two years if received in 2022 and one year if received in 2023. If the minimum degree of achievement of objectives is not met, the incentive shall amount to zero.

- Main properties of long-term savings schemes. Among other information, the contingencies covered by the system will be indicated, whether it is by contribution or a defined benefit, the annual contribution that must be made to defined contribution schemes, the benefit to which beneficiaries are entitled in defined benefit schemes, the conditions of consolidation of the economic rights for directors and their compatibility with any type of payment or compensation for early termination or dismissal or arising from severance of the contractual relationship, in the terms provided, between the company and the director.

It should be indicated whether the accrual or consolidation of any of the long-term savings plans is linked to meeting certain objectives or parameters related to the director's short and long-term performance.

1.- The Directors' Pension Plan is a Mixed Plan with a defined contribution for the contingencies of retirement and permanent disability and with a defined benefit for death in active service of the Member, the contributions being a percentage of the Participant's Fixed Remuneration. The accrual or consolidation of rights is not linked to any type of achievement of objectives or performance evaluation.

The Directors' Insured Pension Plan establishes that the Executive Chairman and Chief Executive Officer will not have economic rights if their termination results from a decision of the policyholder due to wilful or gross misconduct in the exercise of the functions of these roles, that damages the interests of the policyholder. The insured party will nevertheless have economic rights if the termination takes place by decision of the policyholder for any reason unrelated to a serious or culpable breach of the duties of the Executive Chairman/Chief Executive Officer.

2.- The Employment Pension Plan of the Enagás Group is a defined contribution plan that is endowed externally and covers the contingencies of retirement, disability and death.

The Executive President and the Chief Executive Officer are currently suspended participants of the Enagás Employment Pension Plan and their consolidated economic rights are not conditioned by any assumption; they are suspended until the redemption of the Plan for the reasons specified in its regulations.

The Company and the Executive Chairman have mutually agreed that the rights and obligations of the parties to the Pension Plan and the Directors' Pension Plan will be extended beyond the age of 65.

- Any type of payment or compensation for early termination or dismissal resulting from severance of the contractual relationship in the terms provided between the company and the director, whether at the behest of the company or the director, as well as any agreements entered into, such as exclusivity, post-contractual non-competition and seniority or loyalty arrangements, which give the director the right to any type of receipt.

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

- Indicate the conditions to apply to the contracts of executive directors exercising senior management functions. Among them, disclose the duration, limits on the amount of termination payments, seniority requirements, notice periods, payments related to the duration of a notice period ("gardening leave") and any other clauses covering hiring bonuses, as well as indemnities or "golden parachutes" in the event of early termination of the contractual arrangement between the company and the executive director. Include, inter alia, non-competition, exclusivity, seniority or loyalty and post-contractual non-competition agreements or arrangements, unless they have been explained in the previous section.

Explain the conditions of contract of employment of the Executive Director.-

The relationship between Enagás and the Executive Chairman is governed by a "Contract for services associated with the position of Executive Chairman" approved by the Board of Directors with all the requirements set forth in Article 249.3 of the Corporate Enterprises Act. The purpose of the contract is to regulate the rights and duties of the parties derived from the position of Executive Chairman that corresponds to Mr Antonio Llardén Carratalá since his appointment by the Board on 24 January 2007. The contract applies to the time the Executive Chairman performs his duties as such. The contract regulates the services provided by the Executive Chairman when carrying out his functions and those of the company. The sections above describe the corresponding remuneration in detail. The contract also regulates the circumstances for termination. In the event of voluntary termination by the Company for any reason, not associated with any serious blame or breach by the Executive Chairman, or breach of contract by the Company, the former will have the right to compensation of two years' fixed annual remuneration, understood as the fixed annual remuneration received by the Chairman at the time of termination, the remuneration in kind and final variable annual remuneration received. The annual remuneration was fixed at three years but the Chairman reduced this to one year in 2016 to better conform with the best practices of good governance. The contract contains an exclusive dedication agreement for the Executive Chairman, which stipulates that the latter cannot provide services of any kind to third parties or form part of any other company or legal firm without the explicit authorisation of the Board. No economic compensation for the Executive Chairman is envisioned for this concept. Neither does the contract include an economic compensation for non-competition after contract termination. The permanence and loyalty of the Executive Chairman are motivated by the participation in the "Company Directors' Insured Pension Plan" already described in this report.

Primary conditions of the Chief Executive Officer's contract.-

The relationship between Enagás and the Chief Executive Officer is governed by a "Contract for services associated with the position of Chief Executive Officer" approved by the Board of Directors with all the requirements set forth in Article 249.3 of the Corporate Enterprises Act. The purpose of the contract is to regulate the rights and duties of the parties derived from the position of Chief Executive Officer that corresponds to Mr Marcelino Oreja Arburúa since his appointment by the Board on September 17, 2012. The contract applies to the time the Chief Executive Officer performs his duties as such. The contract regulates the duties of the Chief Executive Officer and those of the company. The sections above describe the corresponding remuneration in detail. The contract also regulates the circumstances for termination. In the event of voluntary termination by the company for any reason, not associated with any serious blame or

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

- The nature and estimated amount of any other supplementary remuneration accrued by the directors in the current year as payment for services rendered other than those integral to their role.

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

- Other remuneration items such as those resulting, where applicable, from the company granting the director advances, loans and guarantees and other remunerations.

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

- The nature and estimated amount of any other expected supplementary remuneration not included in the previous sections, whether paid by the entity or another group entity, accrued by the directors in the current year.

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

**A.2. Explain any relevant change in the remuneration policy applicable in the current year derived from:**

- A new policy or change to the policy already approved by the Board.
- Significant changes in the specific board resolutions for the year in progress in respect of the current remuneration policy compared to those of the previous year.
- Proposals applicable to the current year that the board of directors would have agreed to submit to the general shareholders' meeting to which this annual report will be submitted.

The Board of Directors, following a report from the CNR, proposed the approval of the Remuneration Policy 2019-2021 to the General Shareholders Meeting in point 7 of the agenda. The Policy for the period 2019-2021 is intended to maintain things as they stand and therefore maintains the fundamental premises on which the previous Policy approved for the 2016-2018 period was based.

The first premise of this Policy is the commitment made by the Board to shareholders at the Ordinary General Shareholders' Meeting held in 2015 to introduce a Long-Term Incentive (ILP) in the remuneration structure of Executive Directors, which will also be applicable to the Company's management team, and which complies with recommendations 56 to 64 of the CNMV's Good Governance Code and with the most generally accepted criteria regarding these types of remuneration.

The second premise considered in this Policy is the obligation incumbent on the CNR and the Board to maintain an appropriate remuneration policy - in structure and amount - for meeting the targets of the Company's Strategic Plan, promoting value creation for shareholders, offering commensurate compensation for capacity and effort and retaining the talent that the Company requires.

These must be in accordance with general market conditions with respect to the Company's peers and its performance at all times.

In particular, the Committee has also taken into account the previous Remuneration Policy and Long-Term Incentive, which were widely accepted by shareholders at the General Shareholders' Meeting on 18 March 2016, and now proposes to this Board a continuation of the Policy of Remunerations and Long-term Incentive with respect to those of 2016. Technical improvements have been introduced that, to a large extent, seek to capture the concerns of international institutional investors and their proxy advisors with whom the Company maintains a policy of continuous engagement, given the broad percentage that this represents on the company's shareholding body.



As item 8 of the 2019 GSM agenda, the Board of Directors has proposed the implementation of an ILP in the following terms. The objective of the Plan is to (i) encourage the sustainable achievement of the objectives of the Company's Strategic Plan, (ii) give the opportunity to share the creation of value with participants, (iii) foster a sense of belonging to the Company and shared destiny, (iv) be competitive, and (v) align with the requirements of institutional investors, proxy advisors, and best Corporate Governance practices and, especially, those resulting from the recommendations of the CNMV's new Good Governance Code.

The level of attainment of the Incentive will depend on the level of attainment of the Objectives to which the Plan is linked. The specific number of Enagás shares and the gross cash amount to be handed over to each Beneficiary on the Payment Dates, if the conditions established for this are met, will be established in accordance with the Level of Attainment of the following indicators during the Period for Measuring Objectives: (i) Total Shareholder Return (hereinafter, "TSR") of Enagás measured in absolute terms measured as the target share price obtained in 2021. The target price has been established by reinvesting the expected share dividends based on profitability and market parameters. (ii) Enagás TSR measured in relative terms by comparison with the same indicator for 15 other reference companies (16 companies including Enagás. (iii) accumulated results corresponding to the Company's Funds for Operations (hereinafter, "FFO"), (iv) accumulated cash flows received from the investees considered under the capital method (hereinafter, "Dividend"), and (v) compliance with the "Sustainability Plan" (hereinafter, "Sustainability Plan").

The Plan will consider the corresponding reduction ("malus" clause) and clawback clauses that will be included in the Plan Regulations. The Board of Directors will determine, if applicable, whether the circumstances that should trigger the application of these clauses have concurred, and the part of the Final Incentive that, if applicable, should be cancelled or clawed back.

**A.3.** Identify the direct link to the document that outlines the current remuneration policy of the company, which must be available on the company's website.

[https://www.enagas.es/stfls/ENAGAS/Relaci%C3%B3n%20con%20inversores/Documentos/06%20Pol%C3%ADtica%20de%20remuneraci%C3%B3n%20de%20los%20Consejeros\\_.pdf](https://www.enagas.es/stfls/ENAGAS/Relaci%C3%B3n%20con%20inversores/Documentos/06%20Pol%C3%ADtica%20de%20remuneraci%C3%B3n%20de%20los%20Consejeros_.pdf)

**A.4.** Explain, in the light of the information provided in section B.4, how the shareholders' vote in the general meeting to which the annual remuneration report of the previous year was submitted for a vote, in an advisory capacity was taken into account.

The Directors' Remuneration Report submitted to advisory voting in the GSM 2018 was approved by 83.69% of shareholders. The fact that the shareholders' vote approved the directors' remuneration reports for the years in which the 2016-2018 Remuneration Policy was in effect was also an element that the CNR and the Board considered when putting forward the Policy for the 2019-2021 financial years, which provides continuity with the previous policy, as explained in the Policy: "This Policy has also taken into account the previous Remuneration Policy and Long-Term Incentive, which were widely accepted by shareholders at the General Shareholders' Meeting on 18 March 2016, and now proposes to this Board a continuation of the Policy of Remunerations and Long-term Incentive with respect to those of 2016."

## **B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE YEAR**

**B.1.** Explain the process followed to apply the remuneration policy and determine the individual remunerations reflected in section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the board of directors and, where appropriate, the identity and role of the external advisors whose services have been used in the process of applying the remuneration policy in the year closed.

The Directors' Remuneration Policy 2016-2018 was put to the Board by the Appointments, Remuneration and Corporate Social Responsibility Committee. The CNR held specific meetings for such purpose on 4 November 2015, 1 December 2015 and 2 February 2016. The CNR approved the proposal at the latter meeting, pursuant to article 529 quinquedecies of the Corporate Enterprises Act and article 45 of the Articles of Association.

The CNR hired independent external advisory firm Willis Towers Watson, which analysed the current remuneration positioning of the company's directors and managers and submitted several options on how to update this positioning. The Committee also hired Garrigues, which provided advice about the legal factors of this policy.

The CNR drafted the specific report referred to in article 529 novodecies of the Corporate Enterprises Act and was made available to shareholders in the way envisaged therein.

For the purposes envisaged in article 529 septedecies of the Corporate Enterprises Act, the policy included the maximum annual remuneration amount to be paid to all the directors in their status as such during the years in which the policy is applied.

Likewise, for the purposes envisaged in article 529 octodecies of the Corporate Enterprises Act, the policy included, regarding the directors with executive functions, the amount of the fixed annual remuneration and the variation therein in the period, 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.

This 2016-2018 Policy describes the regulatory framework, the good governance recommendations and the voting criteria for institutional shareholders and proxy advisers which have established the criteria for the content of this Policy.

During 2018, all the provisions of the 2016-2018 Directors' Remuneration Policy have been complied with. The CNR has supervised its application in relation to the amounts of fixed remuneration, variable remuneration and the operation of the ILP described in this report. The details of the number of meetings and the issues dealt with by the CNR during fiscal year 2018 are described in the CNR Activity Report approved by the CNR on 22 February 2019 and made available to shareholders on the corporate website from 27 February 2019 on the occasion of the announcement of the 2019 General Meeting.

**B.2.** Explain the different actions taken by the company with respect to the remuneration scheme and how they have contributed to reducing exposure to excessive risks and adjusting it to the company's long-term objectives, values or interests, including a reference to: measures in place to guarantee that the remuneration accrued takes account of the long-term results of the company and achieves an appropriate balance between the fixed and variable and components of the remuneration; the measures adopted with respect to professional categories of employees whose professional activities have a material effect on the entity's risk profile and what measures have been taken to avoid conflict of interest, if any.

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

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

? Objective 1. Funds for Operations (hereinafter, "FFO"). This shows the financial soundness and net profit growth, which are the cornerstones of the Strategic Plan. This takes into account both the EBITDA of the regulated business and the dividends received from the affiliates that are not controlled by Enagás. It is a benchmark indicator for investors. By meeting this objective, the company's projections for the Group's dividend pay-out, investment and debt redemption are met. It accounts for 40% of the total objectives.

? Objective 2. Accumulated cash flow received from affiliates (hereinafter, the "Dividend"). This shows the focus on international growth and a realistic and profitable investment plan as the cornerstones of the Strategic Plan. It measures the profitability of the international business compared with the annual remuneration objective which measures the year's international investment volume. It accounts for 30% of the total objectives.

? Objective 3. The relative total shareholder return (hereinafter, "TSR"). This shows that it ensures appropriate, competitive shareholder remuneration. It takes into account share performance and the dividend policy. It is measured relatively in comparison with a group of fifteen companies (REE, SNAM, TERNA, NATIONAL GRID, REN, IBERDROLA, GAS NATURAL FENOSA, ENEL, RWE, E.ON, CÉNTRICA, UNITED UTILITIES, SEVERN TRENT, PENNON GROUP). It accounts for 20% of the total objectives.

? Objective 4. The Sustainability Plan (hereinafter, the "Sustainability Plan"). It shows Sustainability as a framework for developing Enagás' business. The Committee proposes assessing the following factors of the Company's Sustainability Plan: carbon footprint, equality (non-discrimination) and other matters (commitment of employees, client satisfaction, volunteering, sponsorships, etc.). It accounts for 10% of the total objectives.

In the case of Executive Directors, 100% of the Initial Incentive will be implemented through the granting of the Performance Shares. The incentive is expressed as a percentage of the fixed remuneration or a number of times of fixed remuneration, in a way that allows segmentation by management level. The annualized Incentive in the 100% attainment level scenario for the Executive Directors would 50% of the annual fixed remuneration in 2016.

Clawback clause - In the event of certain circumstances coinciding, the Board may, if suggested by the CNR, claim part or all of the remuneration paid. These clauses will apply to all Beneficiaries and their application period shall be two years. Specifically, and among other circumstances, the return of the Incentive delivered may be required in the following cases:

? Reformulation of the financial statements of the Company not due to change in applicable accounting standards.

? Sanction of the Beneficiary for serious breach of the code of conduct and other internal regulations that may be applicable.

? When the Incentive has been totally or partially settled or paid based on the result of information manifestly clearly proven to be false or inaccurate.  
? Other circumstances not foreseen or assumed by the Company that have a material negative effect on the income statements of any of the years of the "clawback" period.

Withholding of shares - As indicated above, it was proposed that the shares received by the Executive Directors, net of taxes, be retained for a period of 2 years from the date of delivery.

**B.3. Explain how the remuneration accrued in the year complies with the provisions of the current remuneration policy.**

Disclose the relationship between remuneration obtained by directors and the company's profits or some other measure of enterprise results, explaining, as appropriate, how changes in the company's performance may have influenced the variation in directors' remuneration, including accruals whose payment has been deferred and how they contribute to the short and long-term results of the company.

In accordance with the 2016-2018 Remuneration Policy applicable to financial year 2018, the maximum amount of annual remuneration payable to all the Directors in their capacity as such for that year amounts to 2,241,000 euros . In accordance with the information reported in section C.1 of this report, the remuneration amounts actually received by the directors under this item in 2018 amounts to 2,054,000 euros.

As regards the executive directors, the 2016-2018 Remuneration Policy mentions the specific amounts that the executive directors accrue in the years in which the Policy was in force as monetary and in-kind fixed remuneration, as well as the percentages of annual variable remuneration due to them and the parameters to set them, linked to financial, sustainability and development ratios of the strategic plan of the Company. The amount of this variable bonus shall not exceed 60% of the total fixed annual remuneration. The amount charged under this item in 2018 corresponds to the degree of compliance with the 2017 company objectives approved by the Board of Directors of Enagás and reported in section E of the Directors' Remuneration Report for 2017. Under this item, the Chairman charged 593 thousand euros and the CEO 273 thousand euros.

Likewise, the 2016-2018 remuneration policy established that the executive directors are also beneficiaries of the ILP 2016-2018 in the terms already indicated in section B.7 of this report, which aims to link the long-term remuneration of the executive directors with the performance of a set of parameters (dividend, sustainability, etc.) guaranteeing the long-term sustainable growth of the Company. Under the terms of the 2016-2018 Compensation Policy, this plan would grant the Chairman a maximum of 69,711 shares and the Chief Executive Officer a maximum of 27,744, based on the level of compliance with the objectives set and which will be defined and settled in 2019 once the GSM approves the annual accounts for the 2018 financial year.

**B.4. Disclose the outcome of the advisory vote at the annual general meeting on the annual report on director remuneration of the previous year, indicating the number of votes against, if any**

|                 | Number      | % of total      |
|-----------------|-------------|-----------------|
| Votes cast      | 108,928,311 | 100.00          |
|                 | Number      | % of votes cast |
| Votes against   | 5,238,655   | 4.81            |
| Votes in favour | 91,162,219  | 83.69           |
| Abstentions     | 12,527,437  | 11.50           |

Observations

**B.5. Explain how the fixed components accrued during the year were determined by the directors in their capacity as such, and how they varied with respect to the previous year.**

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

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

The allocation by item and the remuneration amount for each director in 2018 will be as follows: (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 each of the 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 President of each Committee; (vi) A fixed annual amount of 15,000 euros for serving as Lead Independent Director. As a result of applying the aforementioned criteria to determine, in line with the individual remuneration, the maximum remuneration figure for the Board in 2018, the maximum annual remuneration amount to be paid to all the directors in their position as such, and which the Board proposes for the General Meeting's approval for the purposes of article 529 septdecies.1 of the Corporate Enterprises Act and article 36 of the Articles of Association is 2,241,000 euros .

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

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

The allocation by item and the remuneration amount for each director in 2017 will be as follows: (i) A fixed annual amount of 92,000 euros for Board membership; (ii) An annual variable amount of up to 25,000 euros , depending on attendance to Board meetings; (iii) A fixed annual amount for membership in Board Committees of 22,000 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 President of each Committee; (vi) A fixed annual amount of 15,000 euros for serving as Lead Independent Director shall temporarily. As a result of applying the aforementioned criteria to determine, in line with the individual remuneration, the maximum remuneration figure for the Board in 2017, the maximum annual remuneration amount to be paid to all the directors in their position as such, and which the Board proposes for the General Meeting's approval for the purposes of article 529 septdecies.1 of the Corporate Enterprises Act and article 36 of the Articles of Association is 2,020,000 euros .

In accordance with the information reported in section C.1 of this report, the remuneration amounts actually received by the directors under this item in 2018 amounts to 2,054,000 euros while the amount accrued for this item in 2017 is 1,804,000 euros .

**B.6. Explain how the salaries accrued during the closed financial year were determined for each of the executive directors for the performance of directorial functions and how they varied with respect to the previous year.**

The remuneration for the Executive Chairman for the 2018 financial year was approved in detail by the General Shareholders' Meeting on 18 March 2016, as part of the "Directors' Remuneration Policy for 2016, 2017 and 2018." During financial year 2018, the Executive Chairman received fixed remuneration of 1,000 thousands of euros and variable remuneration of 593 thousands of euros. The annual variable remuneration (up to 60% of annual fixed remuneration) paid in 2018 was approved by the board and is in proportion to the level of attainment of the 2017 company objectives reported in section E of the Annual Directors' Remuneration Report for the previous year; likewise, he received remuneration for membership of the Board in the amount of 130 thousands of euros, as well as other remuneration in kind in the amount of 173 thousands of euros (the variations in remuneration in kind with respect to previous years is exclusively due to valuation differences in the remuneration without receipt of remuneration in kind for new items), with an aggregate total of 1,896 thousands of euros.

The remuneration for the Chief Executive Officer in 2018 was approved in detail by the General Shareholders' Meeting on 18 March 2016 as part of the "Directors' Remuneration Policy for the 2016, 2017 and 2018." During financial year 2018, he received fixed remuneration of 500 thousands of euros and variable remuneration of 273 thousands of euros. The annual variable remuneration (up to 60% of annual fixed remuneration) was approved by the board and is in proportion to the degree of achievement of the 2017 company objectives reported in section E of the Annual Directors' Remuneration Report for the previous year; likewise, he received remuneration for membership of the Board in the amount of 130 thousands of euros, as well as other remuneration in kind in the amount of 22 thousands of euros (the variations in remuneration in kind with respect to previous years is exclusively due to valuation differences in the remuneration without receipt of remuneration in kind for new items), with an aggregate total of 925 thousands of euros.

In 2017, the Executive Chairman received 1,000 thousands of euros of fixed remuneration and 540 thousands of euros of variable remuneration, with both components approved by the Board. In addition, he was paid 117 thousands of euros in attendance fees (fixed remuneration plus fee for attending board meetings) and 135 thousands of euros in remuneration in kind, for a combined total of 1,793 thousands of euros.

In 2017, the Chief Executive Officer received 460 thousand euros of fixed remuneration and 215 thousand euros of variable remuneration, with both components approved by the Board. In addition, the Chief Executive Officer was paid 117 thousand euros in attendance fees (fixed remuneration plus fee for attending board meetings) and 26 thousand euros in remuneration in kind, for a combined total of 818 thousand euros.

**B.7.** Explain the amount, nature and main features of variable components of the remuneration schemes.

In particular:

- Identify each of the remuneration plans that have set the different variable remunerations accrued by each of the directors during the year, including information on their scope, their approval date, implementation date, accrual periods and validity, criteria used for the evaluation of performance and how this has impacted on the setting of the variable amount accrued, as well as the measurement criteria used and the time needed for suitable measurement of all the stipulated conditions and criteria.

In the case of share option plans or other financial instruments, the general characteristics of each plan shall include information on the conditions both for acquiring unconditional ownership (consolidation), and for the exercise of such options or financial instruments, including the price and period in which they can be exercised.

- The classes of directors (executive, proprietary, external independent or other independent directors) that are entitled to schemes or plans that include variable remuneration.
- Disclose, where applicable, the periods of deferral or delay of payment established and/or any holding or lock-up periods of the shares or other financial instruments.

Explain the variable components of the remuneration schemes

Executive Directors are the only Directors that receive variable remuneration. Variable annual remuneration.-

In accordance with the 2016-2018 Remuneration Policy, the annual variable remuneration of the Executive Chairman and the Chief Executive Officer involves receipt of a variable annual bonus for meeting the objectives set forth by the Board of Directors at the proposal of the CNR for the corresponding financial year. The amount of this variable bonus shall not exceed 60% of the total fixed annual remuneration.

At the beginning of each year contemplated in the "Policy for Directors' remuneration for 2016, 2017 and 2018", the Board will approve the objectives applicable to the Executive Chairman and Chief Executive Officer for these purposes. At year-end, the ARC will appraise the extent to which the targets have been fulfilled and decide the variable annual remuneration for the executive directors.

The Board, at the proposal of the CNR, established the Company's objectives applicable to the Chairman and Chief Executive Officer for 2017 and which were actually collected in 2018 based on the level of compliance, approved also by the Board and reported in section D of the Directors' Remuneration Report for 2017 and generally refer to:

- 1.- Improvement of the economic results of the Company in the form of an increase in net profit.
- 2.- Consolidation of the Company's regulated revenue

- 3.- Consolidation of the company's strategic plan, specifically as regards its international development.
- 4.- Development of Corporate Social Responsibility and Good Governance initiatives.

The amounts collected by the executive directors in 2018 under this item are: the President 593 thousand euros and the CEO 273 thousand euros.

### Explain the variable components of the remuneration schemes

Executive Directors are the only Directors that receive variable remuneration. Long-term incentive (ILP 2016-2018).

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

#### Objectives:

- To boost the sustainable achievement of objectives contemplated in the company's Strategic Plan.
- To provide the opportunity of sharing the creation of values by the participants.
- To enhance the sense of pertaining to the company and a common destiny.
- To be competitive.
- Be aligned with the requirements of the institutional investors and proxy advisers and with the best good corporate governance practices, particularly those based on the recommendations of the Code of Good Governance approved by the CNMV.

The Executive Chairman and the Chief Executive Officer are beneficiaries of the ILP 2016-2018 in the terms set forth in the "Remuneration policy for Directors for the years 2016, 2017 and 2018" and in Section B.2 of this report, which are understood. It must be remembered that the ILP will not have a direct effect on the remuneration in 2016, 2017 and 2018, without prejudice to how the accounting is handled by the company for the proportional part of the theoretical maximum of the same in each year. The ILP will be distributed in 2019 once the GSM approves the annual accounts for 2018 and the Executive Chairman and the Chief Executive Officer will receive the incentive that corresponds to the degree of achievement of the objectives over the multi-year period. This incentive will be received, in its entirety, in shares with the obligation to retain them for a period of two years.

**B.8.** Indicate whether there has been a reduction or claim for the return of certain variable components when, in the first case, the payment was consolidated and deferred or, in the second case, consolidated and paid, based on data later manifestly demonstrated to be inaccurate. Describe the amounts reduced or returned under the reduction or clawback clauses, why they have been enforced and the financial years to which they correspond.

No amount was reduced or reclaimed.

**B.9.** Explain the main characteristics of long-term savings schemes whose amount or annual equivalent cost is shown in the tables in Section C, including retirement and any other survival benefit, which are partially or totally funded by the company, whether gifted internally or externally, indicating the type of plan, whether it is contribution-based or defined benefit, the contingencies it covers, the conditions for consolidating economic rights for the directors and their compatibility with any type of compensation for early termination or severance of the contractual relationship between the company and the director.

1.- The Directors' Insured Pension Plan is a Mixed Plan with a defined contribution for the contingencies of retirement and permanent disability and with a defined benefit for death in active service of the Member, the contributions being a percentage of the Participant's Fixed Remuneration. The accrual or consolidation of rights is not linked to any type of achievement of objectives or performance evaluation.

The Directors' Insured Pension Plan establishes that the Executive Chairman and Chief Executive Officer will not have economic rights if their termination results from a decision of the policyholder due to wilful or gross misconduct in the exercise of the functions of these roles, that damages the interests of the policyholder. The insured party will nevertheless have economic rights if the termination takes place by decision of the policyholder for any reason unrelated to a serious or culpable breach of the duties of the Executive Chairman/Chief Executive Officer.

In 2018, the Company contributed 240 thousands of euros to the Chairman for this concept and 149 thousands of euros to the Chief Executive Officer.

2.- The Employment Pension Plan of the Enagás Group is a defined contribution plan that is endowed externally and covers the contingencies of retirement, disability and death.

The Executive President and the Chief Executive Officer are currently suspended participants of the Enagás Employment Pension Plan and their consolidated economic rights are not conditioned by any assumption; they are suspended until the redemption of the Plan for the reasons specified in its regulations.

The Company and the Executive Chairman have mutually agreed that the rights and obligations of the parties to the Pension Plan and the Directors' Pension Plan will be extended beyond the age of 65.

**B.10.** Explain, where appropriate, compensation or any other type of payment derived from the early termination, whether decided by the company or the director, or cancellation of contract, in the terms provided therein, accrued and / or received by the directors during the year closed.

No director of Enagás, S.A has received or accrued any amount under this item during 2018.

**B.11.** Indicate whether there have been significant changes in the contracts of those with senior management functions as executive directors and, where appropriate, explain them. Likewise, explain the main conditions of the new contracts signed with executive directors during the financial year, unless they have already been explained in section A.1.

The contracts of the Chairman and the Chief Executive Officer were not modified during 2018.

**B.12.** Explain any supplementary remuneration accrued by directors as compensation for services provided other than those inherent in their post.

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

**B.13.** Explain any remuneration derived from advances, loans or guarantees granted, along with the rate of interest, essential features and any amounts returned, as well as the obligations assumed on their behalf in the form of guarantees.

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

**B.14.** Detail the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the different salary components.

Executive Chairman.-

In the terms of the contract approved by the Board, the Executive Chairman receives an annual fixed remuneration in kind for items that are normal in these cases and similar to those of the entire management team of the company (vehicle, medical insurance, etc., including the account deposits that correspond to personal income tax).

The Executive Chairman is also an insured participant in the "Company Directors' Insured Pension Plan", established by the company for its management team by means of a mixed group insurance policy for pension commitments, including benefits in the event of survival, death and disability, which the company has signed with an insurance firm.

The Executive Chairman received the following amounts for these items in 2018: payments in kind amounting to 173 thousand euros (variations in remuneration in kind in relation to previous years are exclusively the result in differences in valuation of said remuneration, with no further remuneration in kind paid for other items); a life insurance premium totalling 47 thousands of euros. In addition, contributions were made to the Directors' Insured Pension Plan amounting to 240 thousands of euros. The Executive Chairman is a member of the group insured by the civil liability policy that covers the contractual and non-contractual responsibilities that correspond to the activities undertaken in their posts. The Company compensates the Executive Chairman for the amounts incurred as travel, accommodation, board and other similar expenses as a result of carrying out his functions, in accordance with the expense and travel policy prevailing at the company at any given time.

Chief Executive Officer.-

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

Based on the information made public by the company for other purposes, the Executive Chairman received the following amounts for these items in 2018: payments in kind amounting to 22 thousand euros (variations in remuneration in kind in relation to previous years are exclusively the result in differences in valuation of said remuneration, with no further remuneration in kind paid for other items); a life insurance premium totalling 1 thousand euros and contributions to the Directors' Pension Plan amounting totalling 149 thousands of euros. The Chief Executive Officer forms part of the group insured by the civil liability policy that covers the contractual and extra-contractual liabilities arising from carrying out the activities included in this position. The Company will compensate the Chief Executive Officer for the amounts incurred as travel, accommodation, board and other similar expenses as a result of carrying out his functions, in accordance with the expense and travel policy prevailing at the company at any given time.

**B.15.** Explain remuneration accrued by the director by virtue of payments made by the listed company to another entity at which the director is employed where such payments are designed to remunerate the services provided by the director at the listed company.

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

**B.16.** Explain any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be a related-party transaction or when its omission would detract from a true and fair view of the total remuneration accrued by the director.

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



**C. ITEMISED INDIVIDUAL REMUNERATION CORRESPONDING TO EACH DIRECTOR**

| Name  | Type                     | 2018 accrual period            |
|---|--------------------------|--------------------------------|
| MR ANTONIO LLARDÉN CARRATALÁ                            | Executive Chairman       | From 01/01/2018 to 31/12/2018. |
| MR MARCELINO OREJA ARBURÚA                              | Chief Executive Officer  | From 01/01/2018 to 31/12/2018. |
| MR ANTONIO HERNÁNDEZ MANCHA                             | Independent Director     | From 01/01/2018 to 31/12/2018. |
| MR LUIS JAVIER NAVARRO VIGIL                            | Other External Directors | From 01/01/2018 to 31/12/2018. |
| MS ANA PALACIO VALLELERSUNDI                            | Lead Director            | From 01/01/2018 to 31/12/2018. |
| MS ROSA RODRÍGUEZ DÍAZ                                  | Independent Director     | From 01/01/2018 to 31/12/2018. |
| MR GONZALO SOLANA GONZÁLEZ                              | Independent Director     | From 01/01/2018 to 31/12/2018. |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) | Proprietary Director     | From 01/01/2018 to 31/12/2018. |
| MR SANTIAGO FERRER COSTA                                | Proprietary Director     | From 15/10/2018 to 31/12/2018. |
| MR IGNACIO GRANGEL VICENTE                              | Independent Director     | From 22/03/2018 to 31/12/2018. |
| MR LUIS GARCÍA DEL RÍO                                  | Independent Director     | From 01/01/2018 to 31/12/2018. |
| MR JESÚS MÁXIMO PEDROSA ORTEGA                          | Proprietary chairman     | From 01/01/2018 to 15/10/2018. |
| MS ISABEL TOCINO BISCAROLASAGA                          | Independent Director     | From 01/01/2018 to 31/12/2018. |
| MR MARTÍ PARELLADA SABATA                               | Other External Directors | From 01/01/2018 to 31/12/2018. |
| MR LUIS VALERO ARTOLA                                   | Independent Director     | From 01/01/2018 to 22/03/2018. |

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

a) Remuneration accrued at the reporting company:

i) Remuneration accrued in cash (in thousands of euros)

| Name  | Fixed remuneration | Per diems | Remuneration for membership of board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Termination benefits | Other items | Total 2018 | Total 2017 |
|---|--------------------|-----------|---|--------|----------------------------------|---------------------------------|----------------------|-------------|------------|------------|
| MR ANTONIO LLARDÉN CARRATALÁ                            | 100                | 30        |   | 1,000  | 593                              |                                 |                      | 173         | 1,896      | 1,793      |
| MR MARCELINO OREJA ARBURÚA                              | 100                | 30        |   | 500    | 273                              |                                 |                      | 22          | 925        | 818        |
| MR ANTONIO HERNÁNDEZ MANCHA                             | 100                | 32        | 25  |        |                                  |                                 |                      |             | 157        | 144        |
| MR LUIS JAVIER NAVARRO VIGIL                            | 100                | 35        | 25  |        |                                  |                                 |                      |             | 160        | 144        |
| MS ANA PALACIO VALLELERSUNDI                            | 100                | 35        | 40  |        |                                  |                                 |                      | 15          | 190        | 166        |
| MS ROSA RODRÍGUEZ DÍAZ                                  | 100                | 35        | 25  |        |                                  |                                 |                      |             | 160        | 144        |
| MR GONZALO SOLANA GONZÁLEZ                              | 100                | 35        | 25  |        |                                  |                                 |                      |             | 160        | 144        |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) | 100                | 30        | 25  |        |                                  |                                 |                      |             | 155        | 140        |
| MR SANTIAGO FERRER COSTA                                | 23                 | 8         | 6   |        |                                  |                                 |                      |             | 37         |            |
| MR IGNACIO GRANGEL VICENTE                              | 73                 | 25        | 18  |        |                                  |                                 |                      |             | 116        |            |
| MR LUIS GARCIA DEL RÍO                                  | 100                | 35        | 25  |        |                                  |                                 |                      |             | 160        | 98         |
| MR JESÚS MÁXIMO PEDROSA ORTEGA                          | 76                 | 27        | 20  |        |                                  |                                 |                      |             | 123        | 144        |
| MS ISABEL TOCINO BISCAROLASAGA                          | 100                | 32        | 40  |        |                                  |                                 |                      |             | 172        | 157        |
| MR MARTÍ PARELLADA SABATA                               | 100                | 35        | 25  |        |                                  |                                 |                      |             | 160        | 148        |
| MR LUIS VALERO ARTOLA                                   | 27                 | 10        | 7   |        |                                  |                                 |                      |             | 44         | 144        |

Observations

ii) Table of movements in remuneration systems based on shares and gross profit of shares or consolidated financial instruments.

| Name                         | Name of the Plan              | Financial instruments at the beginning of 2018 |                          | Financial instruments granted during 2018 |                          | Financial instruments consolidated during the financial year |                                    |      |                                  | Instruments maturing but not exercised  | Financial instruments at the end of 2018 |                 |
|------------------------------|-------------------------------|--|--------------------------|---|--------------------------|--|------------------------------------|------|----------------------------------|---|--|-----------------|
|                              |                               | No. instruments                                | No. of equivalent shares | No. instruments                           | No. of equivalent shares | No. instruments  | No. equivalent consolidated shares | of / | Price of the consolidated shares | Gross profit of consolidated shares or financial instruments (thousands of euros) | No. instruments                          | No. instruments |
| MR ANTONIO LLARDÉN CARRATALÁ | Long-term incentive 2016-2018 | 69,711   | 69,711                   |   |                          |  |                                    |      | 0.00                             |   | 69,711                                   | 69,711          |
| MR MARCELINO OREJA ARBURÚA   | Long-term incentive 2016-2018 | 27,744   | 27,744                   |   |                          |  |                                    |      | 0.00                             |   | 27,744                                   | 27,744          |
| MR ANTONIO HERNÁNDEZ MANCHA  | Plan                          |  |                          |   |                          |  |                                    |      | 0.00                             |   |  |                 |
| MR LUIS JAVIER NAVARRO VIGIL | Plan                          |  |                          |   |                          |  |                                    |      | 0.00                             |   |  |                 |
| MS ANA PALACIO VALLELERSUNDI | Plan                          |  |                          |   |                          |  |                                    |      | 0.00                             |   |  |                 |
| MS ROSA RODRÍGUEZ DÍAZ       | Plan                          |  |                          |   |                          |  |                                    |      | 0.00                             |   |  |                 |
| MR GONZALO SOLANA GONZÁLEZ   | Plan                          |  |                          |   |                          |  |                                    |      | 0.00                             |   |  |                 |
| SOCIEDAD ESTATAL DE          | Plan                          |  |                          |   |                          |  |                                    |      | 0.00                             |   |  |                 |

## ANNUAL REPORT ON DIRECTORS' REMUNERATION FOR LISTED COMPANIES

| Name                                | Name of the Plan | Financial instruments at the beginning of 2018 |                          | Financial instruments granted during 2018 |                          | Financial instruments consolidated during the financial year |                                    |                                       |   | Instruments maturing but not exercised | Financial instruments at the end of 2018 |                          |
|-------------------------------------|------------------|--|--------------------------|---|--------------------------|--|------------------------------------|---------------------------------------|---|--|--|--------------------------|
|                                     |                  | No. instruments                                | No. of equivalent shares | No. instruments                           | No. of equivalent shares | No. instruments  | No. equivalent consolidated shares | of / Price of the consolidated shares | Gross profit of consolidated shares or financial instruments (thousands of euros) | No. instruments                        | No. instruments                          | No. of equivalent shares |
| PARTICIPACIONES INDUSTRIALES (SEPI) |                  |  |                          |   |                          |  |                                    |                                       |   |  |  |                          |
| MR SANTIAGO FERRER COSTA            | Plan             |  |                          |   |                          |  |                                    | 0.00                                  |   |  |  |                          |
| MR IGNACIO GRANGEL VICENTE          | Plan             |  |                          |   |                          |  |                                    | 0.00                                  |   |  |  |                          |
| MR LUIS GARCIA DEL RÍO              | Plan             |  |                          |   |                          |  |                                    | 0.00                                  |   |  |  |                          |
| MR JESÚS MÁXIMO PEDROSA ORTEGA      | Plan             |  |                          |   |                          |  |                                    | 0.00                                  |   |  |  |                          |
| MR JESÚS MÁXIMO PEDROSA ORTEGA      | Plan             |  |                          |   |                          |  |                                    | 0.00                                  |   |  |  |                          |
| MR JESÚS MÁXIMO PEDROSA ORTEGA      | Plan             |  |                          |   |                          |  |                                    | 0.00                                  |   |  |  |                          |
| MR JESÚS MÁXIMO PEDROSA ORTEGA      | Plan             |  |                          |   |                          |  |                                    | 0.00                                  |   |  |  |                          |
| MR JESÚS MÁXIMO PEDROSA ORTEGA      | Plan             |  |                          |   |                          |  |                                    | 0.00                                  |   |  |  |                          |
| MR JESÚS MÁXIMO PEDROSA ORTEGA      | Plan             |  |                          |   |                          |  |                                    | 0.00                                  |   |  |  |                          |
| MR JESÚS MÁXIMO PEDROSA ORTEGA      | Plan             |  |                          |   |                          |  |                                    | 0.00                                  |   |  |  |                          |
| MR JESÚS MÁXIMO PEDROSA ORTEGA      | Plan             |  |                          |   |                          |  |                                    | 0.00                                  |   |  |  |                          |
| MS ISABEL TOCINO BISCAROLASAGA      | Plan             |  |                          |   |                          |  |                                    | 0.00                                  |   |  |  |                          |
| MR MARTÍ PARELLADA SABATA           | Plan             |  |                          |   |                          |  |                                    | 0.00                                  |   |  |  |                          |

| Name                  | Name of the Plan | Financial instruments at the beginning of 2018 |                          | Financial instruments granted during 2018 |                          | Financial instruments consolidated during the financial year |                                    |      |                                  | Instruments maturing but not exercised  | Financial instruments at the end of 2018 |                 |
|-----------------------|------------------|--|--------------------------|---|--------------------------|--|------------------------------------|------|----------------------------------|---|--|-----------------|
|                       |                  | No. instruments                                | No. of equivalent shares | No. instruments                           | No. of equivalent shares | No. instruments  | No. equivalent consolidated shares | of / | Price of the consolidated shares | Gross profit of consolidated shares or financial instruments (thousands of euros) | No. instruments                          | No. instruments |
| MR LUIS VALERO ARTOLA | Plan             |  |                          |   |                          |  |                                    |      | 0.00                             |   |  |                 |

Observations

[ ]

iii) Long-term savings schemes

| Name  | Remuneration through consolidation of rights to savings schemes |
|---|---|
| MR ANTONIO LLARDÉN CARRATALÁ                            | 240   |
| MR MARCELINO OREJA ARBURÚA                              | 149   |
| MR ANTONIO HERNÁNDEZ MANCHA                             |   |
| MR LUIS JAVIER NAVARRO VIGIL                            |   |
| MS ANA PALACIO VALLELERSUNDI                            |   |
| MS ROSA RODRÍGUEZ DÍAZ                                  |   |
| MR GONZALO SOLANA GONZÁLEZ                              |   |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) |   |
| MR SANTIAGO FERRER COSTA                                |   |

## ANNUAL REPORT ON DIRECTORS' REMUNERATION FOR LISTED COMPANIES

| Name                           | Remuneration through consolidation of rights to savings schemes |
|--------------------------------|---|
| MR IGNACIO GRANGEL VICENTE     |   |
| MR LUIS GARCIA DEL RÍO         |   |
| MR JESÚS MÁXIMO PEDROSA ORTEGA |   |
| MS ISABEL TOCINO BISCAROLASAGA |   |
| MR MARTÍ PARELLADA SABATA      |   |
| MR LUIS VALERO ARTOLA          |   |

| Name                         | Contribution by the company in the year (thousands of euros) |      |   |      | Cumulative amount of funds (thousands of euros)   |       |   |      |
|------------------------------|--|------|---|------|---|-------|---|------|
|                              | Savings schemes with consolidated economic rights            |      | Savings schemes with unconsolidated economic rights |      | Savings schemes with consolidated economic rights |       | Savings schemes with unconsolidated economic rights |      |
|                              | 2018   | 2017 | 2018  | 2017 | 2018  | 2017  | 2018  | 2017 |
| MR ANTONIO LLARDÉN CARRATALÁ | 240  | 252  |   |      | 2,586   | 2,342 |   |      |
| MR MARCELINO OREJA ARBURÚA   | 149  | 167  |   |      | 520   | 404   |   |      |
| MR ANTONIO HERNÁNDEZ MANCHA  |  |      |   |      |   |       |   |      |
| MR LUIS JAVIER NAVARRO VIGIL |  |      |   |      |   |       |   |      |
| MS ANA PALACIO VALLELERSUNDI |  |      |   |      |   |       |   |      |
| MS ROSA RODRÍGUEZ DÍAZ       |  |      |   |      |   |       |   |      |

| Name  | Contribution by the company in the year (thousands of euros) |      |   |      | Cumulative amount of funds (thousands of euros)   |      |   |      |
|---|--|------|---|------|---|------|---|------|
|   | Savings schemes with consolidated economic rights            |      | Savings schemes with unconsolidated economic rights |      | Savings schemes with consolidated economic rights |      | Savings schemes with unconsolidated economic rights |      |
|   | 2018   | 2017 | 2018  | 2017 | 2018  | 2017 | 2018  | 2017 |
| MR GONZALO SOLANA GONZÁLEZ                              |  |      |   |      |   |      |   |      |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) |  |      |   |      |   |      |   |      |
| MR SANTIAGO FERRER COSTA                                |  |      |   |      |   |      |   |      |
| MR IGNACIO GRANGEL VICENTE                              |  |      |   |      |   |      |   |      |
| MR LUIS GARCIA DEL RÍO                                  |  |      |   |      |   |      |   |      |
| MR JESÚS MÁXIMO PEDROSA ORTEGA                          |  |      |   |      |   |      |   |      |
| MS ISABEL TOCINO BISCAROLASAGA                          |  |      |   |      |   |      |   |      |
| MR MARTÍ PARELLADA SABATA                               |  |      |   |      |   |      |   |      |
| MR LUIS VALERO ARTOLA                                   |  |      |   |      |   |      |   |      |

Observations

[

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iv) Details of other items

| Name  | Item | Remuneration amount |
|---|------|---------------------|
| MR ANTONIO LLARDÉN CARRATALÁ                            | Item |                     |
| MR MARCELINO OREJA ARBURÚA                              | Item |                     |
| MR ANTONIO HERNÁNDEZ MANCHA                             | Item |                     |
| MR LUIS JAVIER NAVARRO VIGIL                            | Item |                     |
| MS ANA PALACIO VALLELERSUNDI                            | Item |                     |
| MS ROSA RODRÍGUEZ DÍAZ                                  | Item |                     |
| MR GONZALO SOLANA GONZÁLEZ                              | Item |                     |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) | Item |                     |
| MR SANTIAGO FERRER COSTA                                | Item |                     |
| MR IGNACIO GRANGEL VICENTE                              | Item |                     |
| MR LUIS GARCIA DEL RÍO                                  | Item |                     |
| MR JESÚS MÁXIMO PEDROSA ORTEGA                          | Item |                     |
| MS ISABEL TOCINO BISCAROLASAGA                          | Item |                     |
| MR MARTÍ PARELLADA SABATA                               | Item |                     |
| MR LUIS VALERO ARTOLA                                   | Item |                     |

Observations

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

i) Remuneration accrued in cash (in thousands of euros)

| Name  | Fixed remuneration | Per diems | Remuneration for membership of board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Termination benefits | Other items | Total 2018 | Total 2017 |
|---|--------------------|-----------|---|--------|----------------------------------|---------------------------------|----------------------|-------------|------------|------------|
| MR ANTONIO LLARDÉN CARRATALÁ                            |                    |           |   |        |                                  |                                 |                      |             |            |            |
| MR MARCELINO OREJA ARBURÚA                              |                    |           |   |        |                                  |                                 |                      |             |            |            |
| MR ANTONIO HERNÁNDEZ MANCHA                             |                    |           |   |        |                                  |                                 |                      |             |            |            |
| MR LUIS JAVIER NAVARRO VIGIL                            |                    |           |   |        |                                  |                                 |                      |             |            |            |
| MS ANA PALACIO VALLELERSUNDI                            |                    |           |   |        |                                  |                                 |                      |             |            |            |
| MS ROSA RODRÍGUEZ DÍAZ                                  |                    |           |   |        |                                  |                                 |                      |             |            |            |
| MR GONZALO SOLANA GONZÁLEZ                              |                    |           |   |        |                                  |                                 |                      |             |            |            |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) |                    |           |   |        |                                  |                                 |                      |             |            |            |
| MR SANTIAGO FERRER COSTA                                |                    |           |   |        |                                  |                                 |                      |             |            |            |
| MR IGNACIO GRANGEL VICENTE                              |                    |           |   |        |                                  |                                 |                      |             |            |            |
| MR LUIS GARCÍA DEL RÍO                                  |                    |           |   |        |                                  |                                 |                      |             |            |            |
| MR JESÚS MÁXIMO PEDROSA ORTEGA                          |                    |           |   |        |                                  |                                 |                      |             |            |            |
| MS ISABEL TOCINO BISCAROLASAGA                          |                    |           |   |        |                                  |                                 |                      |             |            |            |
| MR MARTÍ PARELLADA SABATA                               |                    |           |   |        |                                  |                                 |                      |             |            |            |
| MR LUIS VALERO ARTOLA                                   |                    |           |   |        |                                  |                                 |                      |             |            |            |

Observations

ii) Table of movements in remuneration systems based on shares and gross profit of shares or consolidated financial instruments.

| Name                         | Name of the Plan | Financial instruments at the beginning of 2018 |                          | Financial instruments granted during 2018 |                          | Financial instruments consolidated during the financial year |                          |                                  |   | Instruments maturing but not exercised | Financial instruments at the end of 2018 |                          |
|------------------------------|------------------|--|--------------------------|---|--------------------------|--|--------------------------|----------------------------------|---|--|--|--------------------------|
|                              |                  | No. instruments                                | No. of equivalent shares | No. instruments                           | No. of equivalent shares | No. instruments  | No. of equivalent shares | Price of the consolidated shares | Gross profit of consolidated shares or financial instruments (thousands of euros) | No. instruments                        | No. instruments                          | No. of equivalent shares |
| MR ANTONIO LLARDÉN CARRATALÁ | Plan             |  |                          |   |                          |  |                          | 0.00                             |   |  |  |                          |
| MR MARCELINO OREJA ARBURÚA   | Plan             |  |                          |   |                          |  |                          | 0.00                             |   |  |  |                          |
| MR ANTONIO HERNÁNDEZ MANCHA  | Plan             |  |                          |   |                          |  |                          | 0.00                             |   |  |  |                          |
| MR LUIS JAVIER NAVARRO VIGIL | Plan             |  |                          |   |                          |  |                          | 0.00                             |   |  |  |                          |
| MS ANA PALACIO VALLELERSUNDI | Plan             |  |                          |   |                          |  |                          | 0.00                             |   |  |  |                          |

| Name  | Name of the Plan | Financial instruments at the beginning of 2018 |                          | Financial instruments granted during 2018 |                          | Financial instruments consolidated during the financial year |                          |                                  |   | Instruments maturing but not exercised | Financial instruments at the end of 2018 |                          |
|---|------------------|--|--------------------------|---|--------------------------|--|--------------------------|----------------------------------|---|--|--|--------------------------|
|   |                  | No. instruments                                | No. of equivalent shares | No. instruments                           | No. of equivalent shares | No. instruments  | No. of equivalent shares | Price of the consolidated shares | Gross profit of consolidated shares or financial instruments (thousands of euros) | No. instruments                        | No. instruments                          | No. of equivalent shares |
| MS ROSA RODRÍGUEZ DÍAZ                                  | Plan             |  |                          |   |                          |  |                          | 0.00                             |   |  |  |                          |
| MR GONZALO SOLANA GONZÁLEZ                              | Plan             |  |                          |   |                          |  |                          | 0.00                             |   |  |  |                          |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) | Plan             |  |                          |   |                          |  |                          | 0.00                             |   |  |  |                          |
| MR SANTIAGO FERRER COSTA                                | Plan             |  |                          |   |                          |  |                          | 0.00                             |   |  |  |                          |
| MR IGNACIO GRANGEL VICENTE                              | Plan             |  |                          |   |                          |  |                          | 0.00                             |   |  |  |                          |
| MR LUIS GARCIA DEL RÍO                                  | Plan             |  |                          |   |                          |  |                          | 0.00                             |   |  |  |                          |
| MR JESÚS MÁXIMO PEDROSA ORTEGA                          | Plan             |  |                          |   |                          |  |                          | 0.00                             |   |  |  |                          |
| MR JESÚS MÁXIMO PEDROSA ORTEGA                          | Plan             |  |                          |   |                          |  |                          | 0.00                             |   |  |  |                          |

| Name                              | Name of the Plan | Financial instruments at the beginning of 2018 |                          | Financial instruments granted during 2018 |                          | Financial instruments consolidated during the financial year |                                       |                                  |   | Instruments maturing but not exercised | Financial instruments at the end of 2018 |                          |
|-----------------------------------|------------------|--|--------------------------|---|--------------------------|--|---------------------------------------|----------------------------------|---|--|--|--------------------------|
|                                   |                  | No. instruments                                | No. of equivalent shares | No. instruments                           | No. of equivalent shares | No. instruments  | No. of equivalent consolidated shares | Price of the consolidated shares | Gross profit of consolidated shares or financial instruments (thousands of euros) | No. instruments                        | No. instruments                          | No. of equivalent shares |
| MS ISABEL TOCINO<br>BISCAROLASAGA | Plan             |  |                          |   |                          |  |                                       | 0.00                             |   |  |  |                          |
| MR MARTÍ PARELLADA<br>SABATA      | Plan             |  |                          |   |                          |  |                                       | 0.00                             |   |  |  |                          |
| MR LUIS VALERO<br>ARTOLA          | Plan             |  |                          |   |                          |  |                                       | 0.00                             |   |  |  |                          |

Observations

[ ]

iii) Long-term savings schemes

| Name                         | Remuneration through consolidation of rights to savings schemes |
|------------------------------|---|
| MR ANTONIO LLARDÉN CARRATALÁ |   |
| MR MARCELINO OREJA ARBURÚA   |   |
| MR ANTONIO HERNÁNDEZ MANCHA  |   |

## ANNUAL REPORT ON DIRECTORS' REMUNERATION FOR LISTED COMPANIES

| Name  | Remuneration through consolidation of rights to savings schemes |
|---|---|
| MR LUIS JAVIER NAVARRO VIGIL                            |   |
| MS ANA PALACIO VALLELERSUNDI                            |   |
| MS ROSA RODRÍGUEZ DÍAZ                                  |   |
| MR GONZALO SOLANA GONZÁLEZ                              |   |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) |   |
| MR SANTIAGO FERRER COSTA                                |   |
| MR IGNACIO GRANGEL VICENTE                              |   |
| MR LUIS GARCIA DEL RÍO                                  |   |
| MR MARTÍ PARELLADA SABATA                               |   |
| MR LUIS VALERO ARTOLA                                   |   |

| Name                         | Contribution by the company in the year (thousands of euros) |      |   |      | Cumulative amount of funds (thousands of euros)   |      |   |      |
|------------------------------|--|------|---|------|---|------|---|------|
|                              | Savings schemes with consolidated economic rights            |      | Savings schemes with unconsolidated economic rights |      | Savings schemes with consolidated economic rights |      | Savings schemes with unconsolidated economic rights |      |
|                              | 2018   | 2017 | 2018  | 2017 | 2018  | 2017 | 2018  | 2017 |
| MR ANTONIO LLARDÉN CARRATALÁ |  |      |   |      |   |      |   |      |
| MR MARCELINO OREJA ARBURÚA   |  |      |   |      |   |      |   |      |
| MR ANTONIO HERNÁNDEZ MANCHA  |  |      |   |      |   |      |   |      |
| MR LUIS JAVIER NAVARRO VIGIL |  |      |   |      |   |      |   |      |

| Name  | Contribution by the company in the year (thousands of euros) |      |   |      | Cumulative amount of funds (thousands of euros)   |      |   |      |
|---|--|------|---|------|---|------|---|------|
|   | Savings schemes with consolidated economic rights            |      | Savings schemes with unconsolidated economic rights |      | Savings schemes with consolidated economic rights |      | Savings schemes with unconsolidated economic rights |      |
|   | 2018   | 2017 | 2018  | 2017 | 2018  | 2017 | 2018  | 2017 |
| MS ANA PALACIO VALLELERSUNDI                            |  |      |   |      |   |      |   |      |
| MS ROSA RODRÍGUEZ DÍAZ                                  |  |      |   |      |   |      |   |      |
| MR GONZALO SOLANA GONZÁLEZ                              |  |      |   |      |   |      |   |      |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) |  |      |   |      |   |      |   |      |
| MR SANTIAGO FERRER COSTA                                |  |      |   |      |   |      |   |      |
| MR IGNACIO GRANGEL VICENTE                              |  |      |   |      |   |      |   |      |
| MR LUIS GARCIA DEL RÍO                                  |  |      |   |      |   |      |   |      |
| MR JESÚS MÁXIMO PEDROSA ORTEGA                          |  |      |   |      |   |      |   |      |
| MS ISABEL TOCINO BISCAROLASAGA                          |  |      |   |      |   |      |   |      |
| MR MARTÍ PARELLADA SABATA                               |  |      |   |      |   |      |   |      |
| MR LUIS VALERO ARTOLA                                   |  |      |   |      |   |      |   |      |

Observations

iv) Details of other items

| Name  | Item | Remuneration amount |
|---|------|---------------------|
| MR ANTONIO LLARDÉN CARRATALÁ                            | Item |                     |
| MR MARCELINO OREJA ARBURÚA                              | Item |                     |
| MR ANTONIO HERNÁNDEZ MANCHA                             | Item |                     |
| MR LUIS JAVIER NAVARRO VIGIL                            | Item |                     |
| MS ANA PALACIO VALLELERSUNDI                            | Item |                     |
| MS ROSA RODRÍGUEZ DÍAZ                                  | Item |                     |
| MR GONZALO SOLANA GONZÁLEZ                              | Item |                     |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) | Item |                     |
| MR SANTIAGO FERRER COSTA                                | Item |                     |
| MR IGNACIO GRANGEL VICENTE                              | Item |                     |
| MR LUIS GARCIA DEL RÍO                                  | Item |                     |
| MR JESÚS MÁXIMO PEDROSA ORTEGA                          | Item |                     |
| MS ISABEL TOCINO BISCAROLASAGA                          | Item |                     |
| MR MARTÍ PARELLADA SABATA                               | Item |                     |
| MR LUIS VALERO ARTOLA                                   | Item |                     |

Observations

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

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

| Name  | Remuneration accrued in the company |  |                                      |                                  |            | Remuneration accrued in group companies |  |                                      |                                  |            |
|---|-------------------------------------|--|--------------------------------------|----------------------------------|------------|---|--|--------------------------------------|----------------------------------|------------|
|   | Total remuneration in cash          | Gross profit of consolidated shares or financial instruments | Remuneration through savings schemes | Remuneration through other items | Total 2018 | Total remuneration in cash              | Gross profit of consolidated shares or financial instruments | Remuneration through savings schemes | Remuneration through other items | Total 2018 |
| MR ANTONIO LLARDÉN CARRATALÁ                            | 1,723                               |  | 240                                  | 173                              | 1,896      |   |  |                                      |                                  |            |
| MR MARCELINO OREJA ARBURÚA                              | 773                                 |  | 149                                  | 22                               | 925        |   |  |                                      |                                  |            |
| MR ANTONIO HERNÁNDEZ MANCHA                             | 157                                 |  |                                      |                                  | 157        |   |  |                                      |                                  |            |
| MR LUIS JAVIER NAVARRO VIGIL                            | 160                                 |  |                                      |                                  | 160        |   |  |                                      |                                  |            |
| MS ANA PALACIO VALLELERSUNDI                            | 190                                 |  |                                      |                                  | 190        |   |  |                                      |                                  |            |
| MS ROSA RODRÍGUEZ DÍAZ                                  | 160                                 |  |                                      |                                  | 160        |   |  |                                      |                                  |            |
| MR GONZALO SOLANA GONZÁLEZ                              | 160                                 |  |                                      |                                  | 160        |   |  |                                      |                                  |            |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) | 155                                 |  |                                      |                                  | 155        |   |  |                                      |                                  |            |
| MR SANTIAGO FERRER COSTA                                | 37                                  |  |                                      |                                  | 37         |   |  |                                      |                                  |            |
| MR IGNACIO GRANGEL VICENTE                              | 116                                 |  |                                      |                                  | 116        |   |  |                                      |                                  |            |



## ANNUAL REPORT ON DIRECTORS' REMUNERATION FOR LISTED COMPANIES

| Name                           | Remuneration accrued in the company |  |                                      |                                  |              | Remuneration accrued in group companies |  |                                      |                                  |            |
|--------------------------------|-------------------------------------|--|--------------------------------------|----------------------------------|--------------|---|--|--------------------------------------|----------------------------------|------------|
|                                | Total remuneration in cash          | Gross profit of consolidated shares or financial instruments | Remuneration through savings schemes | Remuneration through other items | Total 2018   | Total remuneration in cash              | Gross profit of consolidated shares or financial instruments | Remuneration through savings schemes | Remuneration through other items | Total 2018 |
| MR LUIS GARCIA DEL RÍO         | 160                                 |  |                                      |                                  | 160          |   |  |                                      |                                  |            |
| MR JESÚS MÁXIMO PEDROSA ORTEGA | 123                                 |  |                                      |                                  | 123          |   |  |                                      |                                  |            |
| MS ISABEL TOCINO BISCAROLASAGA | 172                                 |  |                                      |                                  | 172          |   |  |                                      |                                  |            |
| MR MARTÍ PARELLADA SABATA      | 160                                 |  |                                      |                                  | 160          |   |  |                                      |                                  |            |
| MR LUIS VALERO ARTOLA          | 44                                  |  |                                      |                                  | 44           |   |  |                                      |                                  |            |
| <b>TOTAL</b>                   | <b>4,290</b>                        |  | <b>389</b>                           | <b>195</b>                       | <b>4,615</b> |   |  |                                      |                                  |            |

Observations

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**D. OTHER INFORMATION OF INTEREST**

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

[ Not applicable ]

This Annual Report on Director Remuneration was approved by the company's board of directors at its meeting held on:

[ 22/02/2019 ]

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

Yes

No

| Name or corporate name of board members who voted against or abstained from voting on the approval of this report | reasons (voted against, abstention, non-attendance) | Explain the reasons   |
|---|---|---|
| MR SANTIAGO FERRER COSTA  | Abstention  | Mr. Santiago Ferrer Costa, proprietary director, at the proposal of the shareholder Sociedad Estatal de Participaciones Industriales (SEPI), abstained from voting on this report, stating that it is up to the SEPI management body to determine how SEPI would vote, as a shareholder of Enagás, S.A, regarding this and the other proposals that were submitted to the GSM 2019. |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)   | Abstention  | Mr Bartolomé Lora Toro, individual representative of the Sociedad Estatal de Participaciones Industriales (SEPI), abstained from voting on the current report, expressing that the SEPI Board of Directors must determine whether SEPI's vote, as an Enagás, S.A. shareholder, matters on this and other proposals for discussion at the 2018 General Shareholders Meeting.         |

# Targets 2018

## Achievement of Company Objectives - Enagás S.A.

| Strategic Guidelines          | Objectives  | Annual objectives   | Indicators  | Weight | Level of attainment |
|-------------------------------|---|---|---|--------|---------------------|
| SG1. Shareholder Remuneration | C1: Improved Company Economic Performance         | a) <b>Net profit growth</b>   | a) Net profit at 31.12.2018.  | 35%    | 100%                |
| SG2. Regulated assets         | C2: Strengthening Regulated Revenues              | a) <i>Regulated Revenues</i><br>b) <b>Efficiency Plan</b><br>c) <b>Regulated projects</b>   | a) Develop regulatory and <b>remuneration-related initiatives</b> which help guarantee Company's revenue. (*)<br>b) <b>Operating expenses</b> with respect to 2017<br>c) Development of <b>industrial projects</b>  | 20%    | 70%                 |
| SG3. International growth     | C3: Consolidation of the Company's Strategic Plan | a) <b>Strategic update</b><br>b) <b>Consolidation of international business</b><br>c) <b>Services rendered and Entrepreneurship</b>   | a) <b>Short-term strategic reflection and long-term positioning (2020-2050)</b><br>b) Identification of <b>new business opportunities</b> and <b>consolidation of affiliates</b> :<br>b.1) <b>Development of new opportunities</b> (signing agreements/identifying new investment opportunities/diversification opportunities)<br>b.2) <b>Consolidation of the affiliates business plan</b> (budget fulfilment and development of new opportunities)<br>c) Contribution to diversification through the awarding of <b>new contracts for the provision of services</b> and new <b>businesses/start-ups</b> . | 25%    | x 100%              |
| SG4. Sustainability           | C4: Sustainability and Good Governance            | a) <b>Sustainability and good governance</b><br>b) <b>Energy efficiency and emissions reduction</b><br>c) <b>Positioning Enagás vis-à-vis socially responsible investors</b><br>d) <b>Strengthen our Personnel and the Digital Transformation of the Company.</b> | a) Define the <b>Sustainability Strategy 2020</b><br>b) <b>Energy efficiency and emissions reduction and commitment to action on climate change</b> by improving energy efficiency, and consider climate change scenarios and energy reduction objectives based on science.<br>c) <b>Positioning Enagás vis-à-vis socially responsible investors (SRI)</b><br>d) <b>Strategic Resources Plan and Digitalisation Plan</b>  | 20%    | 100%                |

(\*) Given that during 2018 there was no regulatory half-period review, objective C2.a) is repealed and its impact is distributed between the remaining objectives in section C2.

Total attainment:

94%

