

APPENDIX 1

ANNUAL REPORT ON DIRECTORS' REMUNERATION FOR LISTED COMPANIES

ISSUER'S PARTICULARS

FINANCIAL YEAR-END

31/12/2014

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

A-28294726

CORPORATE NAME

ENAGAS, S.A.

REGISTERED OFFICE

PASEO DE LOS OLMOS, 19, MADRID

A COMPANY REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR

A.1 Explain the policy on directors' remuneration, including:

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

Explain the remuneration policy

The Enagás remuneration model is a core part of the Company's Human Resources Management Model.

The Enagás remuneration model ensures that any differences between the salaries of different individuals are due solely to their positions in the organisation, levels of experience, length of service and value contribution.

This model is designed to:

- (i) Link the salary structure with the Company's mission, vision, values and processes by evaluating the different posts in the Company and benchmarking the individual value of each post in the organisation against all the others, thereby ensuring internal equality;
- (ii) Help ensure corporate values are adhered to during day-to-day operations by including these values in annual performance appraisals and linking them to reviews of fixed remuneration;
- (iii) Act as a management tool and catalyst for change within the organisation through the deployment of a Management-by-Objectives (MBO) process linked to variable remuneration, so that it contributes to ensuring the individual contributions of personnel in the organisation are in line with the Company's overall objectives and strategic plan; and
- (iv) Establish benchmarks relative to companies in the market that have been performed well in bonus and remuneration studies to ensure the model is competitive in the marketplace (Tower Watson) in terms of both evaluating positions and identifying market rates for fixed remuneration and the model for awarding variable remuneration.

The remuneration model for staff not covered by the collective wages agreement (40.7% of the workforce) consists of two elements:

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

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

Board of Directors Remuneration Policy:

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

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

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

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

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

In addition, the Board of Directors has agreed to update the Directors' remuneration policy, which shall become effective in 2016, for being a member of the Board and the executive directors' remuneration structure. This policy shall include long-term variable remuneration in response to the New Good Governance Code for Listed Companies recommendations, which shall become effective on 1 January 2016, and generally accepted practices with regard to long-term remuneration.

Pursuant to the Enagás S.A. Articles of Association and the corresponding resolutions, which have been adopted by the Shareholders, Board of Directors and Appointments, Remuneration and Corporate Social Responsibility Committee of Enagás, S.A., the remuneration scheme for Directors in the Company consists of:

- (i) a per diem for a Director who attends more than two meetings per year,
- (ii) a per diem for attending each Board of Director's meeting,
- (iii) an amount for sitting on Committees and another for attending their meetings; and
- (iv) a supplement payable to the Lead Independent Director.

Executive Directors are also entitled to the following remuneration scheme:

- (i) fixed remuneration,
- (ii) variable remuneration representing up to 60% of the fixed cash compensation that is linked to fulfilment of the Company's objectives;
- (iii) remuneration in kind and
- (iv) additional welfare benefits.

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

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| Explain the process for determining the remuneration policy |
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The Regulation of Operations and Organisation of the Enagás, S.A. Board of Directors confers powers on the Board of Directors to adopt decisions on the remuneration of Directors and Senior Management. Specifically, the Appointments, Remuneration and Corporate Social Responsibility Committee is responsible for supporting the Board on matters relating to remuneration of Directors and Senior Management. The Company has received assessment from J&A Garrigues, S.L.P. and Tower Watson for the preparation of this report as well as for adequate compliance with the new regulation on remuneration.

The Committee consists of six Directors, with four being Independent Directors, one a Proprietary Director and one an External Director: Isabel Tocino Biscarolasaga (President, Independent), Ramón Pérez Simarro (Independent), Jesús David Álvarez Mezquíriz (Independent), Antonio Hernández Mancha (Independent), Jesús Máximo Pedrosa Ortega (Proprietary), and Luis Javier Navarro Vigil (External). The Committee met on 4 February 2015 and adopted the following resolutions concerning the 2014 remuneration policy.

1.- The remuneration policy for 2015 does not include any increases in directors' remuneration, irrespective of whether they carry out executive functions, and matches the remuneration they have received each year since 2008. Their fixed and maximum variable monetary remuneration shall continue to be the remuneration applied since 2008 in the case of the Executive Chairman and since 2012 in the case of the Chief Executive Officer, the year in which he took up the post at the Company. Irrespective of the extent of achievement of any objectives determining variable remuneration that may be applicable, any changes in 2015 with respect to 2014 shall be due to a different valuation, pursuant to the legal criteria applicable, of the same payments in kind or to a different amount of the same insurance policies.

2.- Non-inclusion of a "long-term incentive" in the 2015 remuneration policy The Board has decided not to include any items of variable remuneration determined on the basis of achievement of long-term objectives - i.e. three years or more - in its 2015 remuneration policy. Although the Company is perfectly aware that defining variable remuneration for Executive Directors based on long-term criteria is desirable, and this practice follows Good Corporate Governance in line with the interests of Company management and its shareholders. The Board of Directors, using the criteria for the Appointments, Remuneration and Corporate Social Responsibility Committee, understands it should not implement long-term variable remuneration in 2015. The reasons for this are as follows:

1. Since the onset of the economic crisis that has affected Spain and many other countries, the Company has availed itself of a particularly cautious remuneration policy. Despite the undeniable signs of improvements in the economic crisis, the Board considers that 2015 is still a year of transition, and that the uncertainty that still persists is sufficient to justify non-relinquishment of the policy of austerity implemented by the Company.
2. In this context, the Company is aware that it is an energy company the main activities of which are "regulated" by Spain's Hydrocarbons Law and that - notwithstanding the excellent progress of its new international business - most of its income is earned in the Spanish Gas System and therefore from the prices, tariffs, tolls, fees and other contributions to the system. This circumstance accentuates the caution with which the Company applies its remuneration policy.
3. The Law 18/2014, of 15 October, has introduced important changes to annual remuneration for regulated activities carried out by the Company. The Company believes that the reform is positive in that it definitively eliminates the existing gas tariff deficit and helps guarantee regulatory stability in the sector, with the main objective of reducing the final cost of energy in Spain and increasing competitiveness among Spanish companies. It also guarantees an economically sustainable scheme in the future. However, the Company acknowledges that the reform affects its income, and in order to offset this it has undertaken an Efficiency Plan since 2008 to step up its efforts to reduce and control costs. In accordance with the Plan, the Board feels it is prudent to postpone any reform of the Company's remuneration structure.
4. Although this may not under any circumstances be taken as an argument against the establishment of long-term variable remuneration - which the Company considers extremely positive for the reasons stated above - it should be noted that, although it has not been implemented at the Company, to date there has certainly been no divergence between the interests of Company management and the interests of investors in the long term. On the contrary, the creation of value for shareholders has been a priority for Company management, as proven by the following information: i) from 2010 to 2014, the share price rose by 49% ii) in 2014, the share price increased by 37.9%, and iii) the Board of Directors has gradually increased the percentage of dividend distribution to shareholders, and this dividend has also increased in value in absolute terms.

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

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| Explain the non-variable components of directors' remuneration |
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Pursuant to what is stipulated in paragraph two of Article 36 of the Articles of Association, the Enagás, S.A. Board of Directors, at the suggestion of the Appointments, Remuneration and Corporate Social Responsibility Committee, adopted an agreement on 23 February 2015 during its meeting to present at the Enagás, S.A. General Meeting on 26 or 27 March 2015. This agreement indicates the maximum remuneration that members of the Board of Directors can receive is 1,115,741 euros during 2015. Payment will be made according to the following basis and criteria:

- Each board member personally attending a minimum of two meetings during the year will be entitled to a payment of 22,050 euros.
- In addition, actual attendance of meetings will entitle Directors to a maximum annual payment of 42,446 euros. The Board of Directors will decide the specific amount payable for attending each meeting.
- Additionally, Board Committee members will be entitled to 11,025 euros annually, with chairmanship of any committee entitling them to an additional 5,513 per year.
- The post of Lead Independent Director will be remunerated with the complementary sum of 16,000 euros.

The Appointments, Remuneration and Corporate Social Responsibility Committee, during its meeting on 4 February 2015, also agreed the fixed remuneration for the Executive Chairman in 2015 would be the same amount received since 2008 (960,000 euros), while the Chief Executive Officer would receive the same amount since joining the company in 2012 (300,000 euros).

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

In particular:

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

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| Explain the variable components of the remuneration schemes |
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Executive Directors are the only Directors that receive variable remuneration.

At its meeting on 18 February 2013, the Enagás Appointments, Remuneration and Corporate Social Responsibility Committee, in accordance with observations made by shareholders, international institutional investors and proxy advisors pursuant to its remit regarding remuneration policy, considered the importance of including criteria for calculating the variable remuneration of the Executive Chairman and the Chief

Executive Officer and linking them to the results of the Company and the Group. These calculations should also create value for shareholders to ensure that they complement the criteria linked to the individual performance of the Chairman and Chief Executive Officer.

Based on the above, the Appointments, Remuneration and Corporate Social Responsibility Committee elaborated criteria that serve as the base for the determination of variable annual remuneration of Executive Directors in the Company in 2013 and the following years, which is applied to the proposals they submit to the Board of Directors for approval. The Executive Directors' variable remuneration considers three types of criteria:

- (i) Criteria that serve as a basis for evaluating the individual performance of the Executive Chairman and Chief Executive Officer;
- (ii) Criteria relating to the Company's results and performance, and
- (iii) Criteria related to the creation of value for shareholders.

Aside from different criteria used for determining the various components that comprise the variable remuneration, the Appointments, Remuneration and Corporate Social Responsibility Committee shall consider the following aspects when updating the remuneration policy:

- (i) Benchmarking of remuneration against remuneration at a comparable group of companies;
- (ii) Approval of a long-term incentives scheme.
- (iii) More explicit breakdowns of information concerning remuneration; and
- (iv) Introduction of conditions for payment of variable remuneration (Clawback provisions)

When applying the aforementioned criteria, at its meeting on 19 May 2014, the Board of Directors adopted the "2014 Company Targets" proposed by the Appointments, Remuneration and Corporate Social Responsibility Committee. At its meeting on 4 February 2015, the Appointments, Remuneration and Corporate Social Responsibility Committee, evaluated the Company objective accomplishment level set for 2014 (see box in section E1) in accordance with the procedures used to determine variable remuneration of Executive Directors and Senior Management. The accomplishment of these objectives determines the annual variable remuneration payable to the Executive Chairman and the Chief Executive Officer, and they reached 99.73% of them. In light of this accomplishment level, the Committee proposed this 99.73% percentage, obtained by Executive Directors, should correspond to their variable remuneration, which represents 59.84 % of their fixed remuneration.

At its meeting on 4 February 2015, the Appointments, Remuneration and Corporate Social Responsibility Committee, also approved the "2015 Company Targets", which are in line with the four drivers of the Enagás Strategic Plan. Among the indicators used to measure objective accomplishment includes: financial (net profit growth, revenue, investments, etc.), commercial (submitted bids, awarded contracts, market share, customer satisfaction, etc.), sustainability (energy consumption, energy efficiency, CO2 emissions, etc.), etc.

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

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

The Enagás, S.A. pension commitments for Executive Directors are the following: Directors' Pension Plan.-

A mixed plan including defined contributions towards retirement benefits (determined as a percentage of fixed remuneration), establishing a specific interest rate (125% of inflation rate (CPI)) on the capitalisation of these contributions; and defined benefits in the event of the plan member's death or disability. This plan is funded by the Company and externalised through a collective insurance policy with Vida y Ahorro (Vidacaixa). Entitlements conferred through the savings scheme are determined in function of the plan member's length of service in the Company or whether the plan member leaves the Company. Unless otherwise agreed, entitlement to collect the accumulated balance is lost in the following circumstances:

- Suspension due to voluntary leave of absence.
- Loss of condition of plan member on continuing to serve the Company after reaching ordinary retirement age.
- If the plan member stops working for the Company, he/she shall retain entitlement to collect the plan balance, except under the following circumstances:
 - o If the decision to leave is made solely by the plan member
 - o In the case of fair dismissal for disciplinary reasons.
- O In the case the Executive Director stops occupying this role, based on a decision made by the Company, as a consequence of wilful misconduct or being guilty of carrying out duties that damage the interests of the Company.

The entitlement to collect the accumulated balance in other circumstances under which the plan member leaves the Company shall be compatible with any compensation negotiated.

The Executive Directors form part of this collective group covered by this pension plan. At its meeting on 4 February 2015, the Appointments, Remuneration and Corporate Social Responsibility Committee, agreed the total premium that will be satisfied in 2015 in favour of the Executive Directors will not vary in comparison with 2014. Any variation in 2015 compared to 2014 will be due to a different amount, pursuant to legal criteria applicable, for the same insurance premiums.

Enagás Group Jointly-promoted Pension Plan -

This pension plan is a jointly-promoted pension scheme vis-à-vis the plan members thereof, and a mixed plan in terms of the stipulated obligations. The plan forms part of the Enagás Pension Fund, which is registered in the Spanish National Pension Fund Registry (Registro Administrativo de Fondo de Pensiones). Employees become members of the fund two years after joining the Company. Contributions to the fund are made by the fund promoter and the plan member, with the Company making contributions of 3.5% and plan members 0.5% if the employee is younger than 45 years old or 1% if he/she is older. Benefits of the plan are:

- Retirement
- Full, permanent disability or severe disability
- Death

The Executive Chairman and the Chief Executive Officer have enjoyed this plan through 31/12/2014. At its meeting on 4 February 2015, the Appointments, Remuneration and Corporate Social Responsibility Committee, decided not to make any more contributions to this plan in 2015 in favour of the Executive Directors. However, they could maintain rights to the accumulated pension through 31/12/2014.

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

Explain any termination benefits

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

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

Explain the conditions of contracts of employment of executive directors

The Board Regulations confer on Board of Directors members the power to take any decisions on the terms set forth in the contracts of employment with Executive Directors. The Appointments, Remuneration and Corporate Social Responsibility Committee's duties include determining the amount of remuneration and entitlements to economic compensation that correspond to the Executive Chairman and Chief Executive Officer, for inclusion in their employment contracts, which are then submitted to the Board of Directors for approval.

The contracts with each of the Executive Directors set forth their remuneration, entitlements and rights to economic compensation, comprising those items stipulated in Article 36 of the Articles of Association.

The contracts for the Executive Directors are permanent, do not have seniority requirements, require a three (3) month notice period and contain a non-compete and exclusivity clause that can be provided by the Board of Directors.

In case the Company terminates the contract for any reason using free will, as long as this termination is not due to a breach or being guilty of any actions, the contract for Executive Directors establishes that he/she shall be entitled to indemnification. This indemnification is equivalent to three (3) years of annual remuneration for the Executive Chairman and two (2) years of annual remuneration for the Chief Executive Officer. For the calculation of remuneration and the indemnification amount for these purposes, at the time of the termination of employment, only the fixed remuneration, remuneration in kind and the last variable remuneration that he/she would have received will be considered. With respect to indemnifications for termination of employment, Enagás has no intention of prejudicing the entitlements of its Executive Directors; however, the latest Good Corporate Governance recommendations shall be adhered to when drawing up future contracts, as was the case with the Chief Executive Officer.

On non-compete clauses, Article 12.4 of the Board Regulations stipulates that after a director stands down from his/her post, he/she may not work for a competitor for a period of two years, unless exempted from this duty or the duration of the duty is shortened by the Board of Directors.

The Board Regulations also establish a series of incompatibility clauses concerning a director's position which all members of the Board of Directors must adhere to, as laid down in Article 13h). Executive Directors are also subject to the conflicts of interest rules defined in Article 13f) of the Board Regulations.

The rest of the Executive Directors' contractual terms and conditions are set forth in section A.5 above.

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

Explain any supplementary remuneration

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

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

Explain any advances, loans and guarantees granted

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

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

Explain any non-cash remuneration

Enagás, S.A. provides its Executive Directors with other remuneration in kind such as company cars under lease contracts, private medical insurance and other welfare benefits that are generally available to Enagás executives. The remuneration in kind that Executive Directors will receive in 2015 will not experience any change when compared to 2014. Any variation in 2015 compared to 2014 will be due to a different valuation, pursuant to legal criteria applicable, for the same payments in kind.

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

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

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

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

Explain any other compensation

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

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

Explain actions taken to reduce risks

The Appointments, Remuneration and Corporate Social Responsibility Committee elaborated criteria that serve as the basis for determining variable annual remuneration of the Company's Executive Directors in 2013 and thereafter, which applies to proposals that are submitted to the Board of Directors for approval. These criteria, if applicable, shall also follow for Senior Management.

The Committee considers that the Executive Directors' variable remuneration should be calculated pursuant to three criteria:

- (i) Criteria that serve as a basis for individual performance valuation of the Executive Chairman and Chief Executive Officer;
- (ii) Criteria relating to the Company's results and performance, and
- (iii) Criteria related to the creation of value for shareholders.

- (i) Criteria that serve as a basis for evaluating the individual performance of Executive Directors

These criteria chiefly focus on an assessment of fulfilment by the Executive Directors of the functions attributed to them by the Company's corporate governance regulations, primarily the Articles of Association and the regulations governing the organisation and functioning of the Board of Directors, and the specific tasks performed by both Executive Directors as members of the Senior Management of the Company and Group.

In this regard, the Appointments, Remuneration and Corporate Social Responsibility Committee carries out a single assessment of personal performance of functions, considering, among other things, the following criteria:

Leadership capacity and effectiveness, and ability to head up Group management with a particular focus on encouraging and coordinating team work.

Compliance with the internal and external regulations of Enagás and its Group.

Capacity to interrelate the various business units and subsidiaries, and establish proper control and supervision mechanisms.

Establishment of the Company and Group strategic plan and business plan and progressive compliance with the objectives thereof, along with an assessment of efficient use of capital and investment;

Effective management and supervision of the main risk factors affecting the Company and Group; and Market/Shareholders relationships

- (ii) Criteria relating to the Company's results and performance

As mentioned above, as a general rule, most Ibex-35 companies providing such information link variable remuneration for their Executive Directors to criteria concerning corporate results. The CEBS Guidelines also specify criteria relating to corporate results among the possible criteria to be applied.

In this regard the Committee shall make a multi-faceted valuation scheme for calculating variable remuneration, using objectively quantifiable data or criteria that give credibility to the valuation criteria. The Committee may use the following criteria on a cumulative basis, which ought to be understood in strictly technical-financial terms:

Net profit earned by the Group;

Trends in consolidated profit in comparison to other companies operating with the sector; Efficiency ratio.

Level of compliance with the annual budget or multi-annual budget, where applicable. EBIT.

Operating profit.

- (iii) Criteria related to the creation of value for shareholders.

The Committee understands this requirement is increasingly being called by the markets/shareholders/investors to introduce valuation criteria on variable remuneration for Executive Directors' and Senior Management. This criteria, either directly or indirectly, implies estimating those elements that demonstrate value creation for shareholders. The Appointments, Remuneration and Corporate Social Responsibility Committee therefore shall use the most objective and quantifiable criteria possible. Among others things, starting with its technical-financial sense, it will include the following:

Risk-Adjusted Return On Capital (RAROC). Return On Risk-Adjusted Capital (RORAC); Group RORAC;

Return on Equity (ROE); Shareholder remuneration; and Earnings per share (EPS).

The elements that contribute to the valuation of the Company and the Group which, as such, round out in an ultimate benefit for the shareholder: financial soundness, maintenance of financial, efficiency and cost reduction standards, and encouragement of policies (reputation, good governance, corporate social responsibility and commitment to the environment).

Finally, in addition to the various criteria used for determining the variable remuneration components, the Appointments, Remuneration and Corporate Social Responsibility Committee shall consider the following aspects when updating the remuneration policy:

- (i) Benchmarking of remuneration against remuneration at a comparable group of companies;
- (ii) Approval of a long-term incentives scheme;
- (iii) More explicit breakdowns of information concerning remuneration; and
- (iv) Introduction of conditions for payment of variable remuneration (Clawback provisions).

B REMUNERATION POLICY PLANNED FOR FUTURE YEARS

B.1 Provide an overview of the remuneration policy planned for future years, describing the policy with respect to the following: non-variable components and per diems for attendance; variable components; the linkage between remuneration and performance; pension schemes; the terms of the contracts of employment of executive directors; and estimates of the most significant changes in the remuneration policy as compared to previous financial years.

Overview of the planned remuneration policy

Although the criterion of the Board is to refrain from establishing long-term variable remuneration in 2015, the Board considers that as of 2016 the reasons behind its decision for this year shall have disappeared or shall have been substantially mitigated and shall not hinder the incorporation of this kind of remuneration, which the Company considers positive and pursuant to the best practices of good governance.

In addition, effective 1 January 2016, New Good Governance Code recommendations, which were announced by the Spanish National Securities Market Commission (CNMV), will be published soon and will be applicable at that time. As expected, they include a recommendation that variable remuneration includes long-term remuneration elements as well as several long-term recommendations on how to pay this remuneration.

As a consequence, the Board of Directors commits to undertaking, with an effective date starting in 2016, an update of the remuneration policy for its directors for their membership on the Board and the executive directors' remuneration structure, which shall include long-term variable remuneration

in keeping with the recommendations of the New Good Governance Code for Listed Companies, due to come into force on 1 January 2016, and generally accepted practices with regard to long-term remuneration. The items of long-term variable remuneration shall be defined in 2016, and the first long-term remuneration programme shall be implemented for the period 2016-2018. The objectives of this remuneration programme, which responds to the extension of the update of the 2015-2017 Company Strategic Plan for financial year 2018, will be made public by the Company at a later time. The items of long-term variable remuneration shall also apply to senior management at the Company and to any other management personnel designated.

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

B.2 Explain the decision-making process used for determining the remuneration policy planned for future years and the role of the remuneration committee, if one exists.

Explain the decision-making process used for determining the remuneration policy planned for future years

READ B.1

B.3 Explain the incentives created 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, value or interests.

Explain incentives created to reduce risks

READ B.1

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

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

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

In 2014, procedures were implemented as per the terms set out in this report for setting remuneration to Directors in respect of membership of the Board and its Committees; to the Executive Directors for the performance of their executive duties; and to members of Senior Management.

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

The Board of Directors remuneration has not risen since 2008. Changes between financial years correspond to actual attendance by the Directors to the meetings.

The General Meeting approved the following resolution at its meeting on 25 March 2014:

"The General Shareholders' Meeting, in accordance with paragraph two of Article 36 of the Company's Articles of Association, agrees to set the figure of 1,115,741 euros as the total maximum payment for members of the Board of Directors for 2014, to be paid in accordance with the following procedures and criteria:

- Each Board member personally attending a minimum of two meetings during the year will be entitled to a payment of 22,050 euros.
- In addition, actual attendance of meetings will entitle Directors to a maximum annual payment of 42,446 euros. The Board of Directors will decide the exact amount to be paid for actual attendance of each meeting.
- Additionally, Board Committee members will be entitled to the sum of 11,025 euros per annum, with chairmanship of any committee entitling them to an additional 5,513 euros per annum; and
- The post of Lead Independent Director will be remunerated with the complementary sum of 16,000 euros. The above amounts are compatible with and independent of salaries, wages, indemnifications, pensions or compensations of any type established in general or in particular for members of the Board of Directors who are linked to the Company through a business relationship or normal employment, or special senior executive contract or contract for services. These relationships must be compatible with membership of the Board of Directors."

Remuneration paid in 2014 in this respect to all directors totalled 1.046 million euros.

Remuneration of Executive Directors -

The remuneration of the Executive Chairman has been unchanged since 2008. Any variations were due to measurement of the same payments in kind or to different sums of the same insurance premiums. The increase in the remuneration of the Executive Chairman in 2014 with respect to 2013 was exclusively due to changes in the criteria for measurement of payments in kind introduced by Law 16/2012 of 27 December. Payments in kind were the same in both years. The increase was partially offset by a smaller sum of the same insurance premiums.

In 2014, the Executive Chairman was paid fixed remuneration of 960,000 euros and variable remuneration of 576,000 euros. Both were approved by the Board of Directors on 17 February 2014. with both components approved by the Board. In addition, the Executive Chairman received per diems for attending the Board meeting in the amount of 64,000 euros (22,000 euros in fixed remuneration and 42,000 euros in per diem), as well as other retribution in kind concepts in the amount of 137,000 euros, which totals 1,737,000 euros. In addition, he had a life insurance policy, with total premiums during the year of 29,000 euros and he received a contribution of 10,000 euros to his pension scheme. The Executive Chairman forms part of the collective group covered by this insurance policy. The Executive Chairman received 169,000 euros from the total premium paid during the year.

The remuneration of the Chief Executive Officer has been unchanged since he took up the post in 2012. The increase in 2014 with respect to 2013 was because it was the first year since he took up the post that he earned variable remuneration on a full year.

The Chief Executive Officer was paid fixed remuneration of 300,000 euros and variable remuneration of 180,000 euros. Both were approved by the Board of Directors on 17 February 2014. with both components approved by the Board. In addition, the Chief Executive Officer received per diems for attending the Board of Directors meeting in the amount of 64,000 euros (22,000 euros in fixed remuneration and 42,000 euros in per diem), as well as other retribution in kind concepts in the amount of 8,000 euros, which totals 552,000 euros. In addition, he was provided with a life insurance policy, with total premiums in the year of 72,000 euros, and 10,000 euros was contributed to his pension scheme. The Chief Executive Officer forms part of the group covered by the mixed collective insurance policy for pension commitments. The Chief Executive Officer received 76,000 euros from the total premium paid during the year.

Remuneration of Senior Management -

At its meeting on 17 February 2014, the Appointments, Remuneration and Corporate Social Responsibility Committee considered the extent of fulfilment of 2013 "Company Targets", and determined the variable remuneration payable to each member of Senior Management for that year (in 2014) on the basis of fulfilment of their respective targets. The variable remuneration of each member of Senior Management is determined in accordance with achievement of the respective targets by each of them. These targets consist partly of fulfilment of the "Company Targets" (set out in the table in section E.1 of the 2013 Annual report on remuneration), of the "Management Targets" stipulated for each of the units they manage, and of the "Personal Targets" used to evaluate their individual performance. Total remuneration received by members of Senior Management, excluding Executive Directors, during 2014 was 2,748,000 euros.

D ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

| Name | Type | 2014 accrual period |
|---|----------------|-------------------------------|
| JOSÉ RIVA FRANCOS | Independent | From 01/01/2014 to 25/03/2014 |
| ISABEL SÁNCHEZ GARCÍA | Independent | From 01/01/2014 to 25/03/2014 |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) | Proprietary | From 01/01/2014 to 31/12/2014 |
| ROSA RODRÍGUEZ DÍAZ | Independent | From 01/01/2014 to 31/12/2014 |
| JESÚS MÁXIMO PEDROSA ORTEGA | Proprietary | From 01/01/2014 to 31/12/2014 |
| ANTONIO LLARDÉN CARRATALÁ | Executive | From 01/01/2014 to 31/12/2014 |
| MARCELINO OREJA ARBURÚA | Executive | From 01/01/2014 to 31/12/2014 |
| JESÚS DAVID ÁLVAREZ MEZQUÍRIZ | Independent | From 01/01/2014 to 31/12/2014 |
| MARÍA TERESA GARCÍA-MILÁ LLOVERAS | Independent | From 01/01/2014 to 25/03/2014 |
| SULTAN HAMED KHAMIS AL BURTAMANI | Proprietary | From 01/01/2014 to 31/12/2014 |
| MIGUEL ÁNGEL LASHERAS MERINO | Independent | From 01/01/2014 to 25/03/2014 |
| DIONISIO MARTÍNEZ MARTÍNEZ | Independent | From 01/01/2014 to 25/03/2014 |
| LUIS JAVIER NAVARRO VIGIL | Other External | From 01/01/2014 to 31/12/2014 |
| MARTÍ PARELLADA SABATA | Independent | From 01/01/2014 to 31/12/2014 |
| RAMÓN PÉREZ SIMARRO | Independent | From 01/01/2014 to 31/12/2014 |
| ANA PALACIO VALLELERSUNDI | Independent | From 25/03/2014 to 31/12/2014 |
| ISABEL TOCINO BISCAROLASAGA | Independent | From 25/03/2014 to 31/12/2014 |
| ANTONIO HERNÁNDEZ MANCHA | Independent | From 25/03/2014 to 31/12/2014 |
| GONZALO SOLANA GONZÁLEZ | Independent | From 25/03/2014 to 31/12/2014 |
| LUIS VALERO ARTOLA | Independent | From 28/04/2014 to 31/12/2014 |

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

a) Remuneration accrued at the reporting company

i) Remuneration in cash (in thousands of €)

| Name | Salaries | Non-variable remuneration | Per diems | Short-term variable remuneration | Long-term variable remuneration | Remuneration for membership on Board committees | Termination benefits | Other components | 2014 Total | 2013 Total |
|---|----------|---------------------------|-----------|----------------------------------|---------------------------------|---|----------------------|------------------|------------|------------|
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) | 0 | 22 | 50 | 0 | 0 | 0 | 0 | 0 | 72 | 76 |
| MARTÍ PARELLADA SABATA | 0 | 22 | 54 | 0 | 0 | 4 | 0 | 0 | 80 | 76 |
| MARÍA TERESA GARCÍA-MILÁ LLOVERAS | 0 | 6 | 14 | 0 | 0 | 0 | 0 | 0 | 20 | 76 |
| LUIS JAVIER NAVARRO VIGIL | 0 | 22 | 54 | 0 | 0 | 0 | 0 | 0 | 76 | 76 |
| ANA PALACIO VALLELERSUNDI | 0 | 28 | 32 | 0 | 0 | 0 | 0 | 0 | 60 | |
| ISABEL TOCINO BISCAROLASAGA | 0 | 16 | 44 | 0 | 0 | 0 | 0 | 0 | 60 | |
| ANTONIO HERNÁNDEZ MANCHA | 0 | 16 | 44 | 0 | 0 | 0 | 0 | 0 | 60 | |
| LUIS VALERO ARTOLA | 0 | 16 | 37 | 0 | 0 | 0 | 0 | 0 | 53 | |
| GONZALO SOLANA GONZÁLEZ | 0 | 16 | 41 | 0 | 0 | 0 | 0 | 0 | 57 | |
| ANTONIO LLARDÉN CARRATALÁ | 960 | 22 | 42 | 576 | 0 | 0 | 0 | 137 | 1,737 | 1,670 |
| MARCELINO OREJA ARBURÚA | 300 | 22 | 42 | 180 | 0 | 0 | 0 | 8 | 552 | 423 |
| DIONISIO MARTÍNEZ MARTÍNEZ | 0 | 11 | 14 | 0 | 0 | 1 | 0 | 0 | 26 | 113 |
| JOSÉ RIVA FRANCOS | 0 | 6 | 14 | 0 | 0 | 1 | 0 | 0 | 21 | 77 |
| MIGUEL ÁNGEL LASHERAS MERINO | 0 | 6 | 14 | 0 | 0 | 0 | 0 | 0 | 20 | 76 |
| JESÚS DAVID ÁLVAREZ MEZQUÍRIZ | 0 | 22 | 54 | 0 | 0 | 0 | 0 | 0 | 76 | 72 |
| RAMÓN PÉREZ SIMARRO | 0 | 22 | 54 | 0 | 0 | 0 | 0 | 0 | 76 | 72 |
| ISABEL SÁNCHEZ GARCÍA | 0 | 6 | 14 | 0 | 0 | 0 | 0 | 0 | 20 | 72 |
| JESÚS MÁXIMO PEDROSA ORTEGA | 0 | 22 | 54 | 0 | 0 | 0 | 0 | 0 | 76 | 51 |
| ROSA RODRÍGUEZ DÍAZ | 0 | 22 | 48 | 0 | 0 | 0 | 0 | 0 | 70 | 44 |

| Name | Salaries | Non-variable remuneration | Per diems | Short-term variable remuneration | Long-term variable remuneration | Remuneration for membership on Board committees | Termination benefits | Other components | 2014 Total | 2013 Total |
|----------------------------------|----------|---------------------------|-----------|----------------------------------|---------------------------------|---|----------------------|------------------|------------|------------|
| SULTAN HAMED KHAMIS AL BURTAMANI | 0 | 22 | 10 | 0 | 0 | 0 | 0 | 0 | 32 | 37 |

ii) Share-based remuneration schemes

iii) Long-term savings schemes

| Name | Contribution by the company in the year (thousands of €) | | Cumulative amount of funds (thousands of €) | |
|---------------------------|---|------|--|-------|
| | 2014 | 2013 | 2014 | 2013 |
| MARCELINO OREJA ARBURÚA | 79 | 100 | 140 | 77 |
| ANTONIO LLARDÉN CARRATALÁ | 178 | 207 | 1,657 | 1,452 |

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

i) Remuneration in cash (in thousands of €)

| Name | Salaries | Non-variable remuneration | Per diems | Variable remuneration short-term | Variable remuneration long-term | Remuneration for membership on Board committees | Termination benefits | Other components | 2014 Total | 2013 Total |
|---|----------|---------------------------|-----------|----------------------------------|---------------------------------|---|----------------------|------------------|------------|------------|
| SULTAN HAMED KHAMIS AL BURTAMANI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MARCELINO OREJA ARBURÚA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| JESÚS DAVID ÁLVAREZ MEZQUÍRIZ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| JESÚS MÁXIMO PEDROSA ORTEGA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MIGUEL ÁNGEL LASHERAS MERINO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DIONISIO MARTÍNEZ MARTÍNEZ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RAMÓN PÉREZ SIMARRO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ANTONIO LLARDÉN CARRATALÁ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MARTÍ PARELLADA SABATA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ROSA RODRÍGUEZ DÍAZ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MARÍA TERESA GARCÍA-MILÁ LLOVERAS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ISABEL SÁNCHEZ GARCÍA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LUIS JAVIER NAVARRO VIGIL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| JOSÉ RIVA FRANCOS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ANA PALACIO VALLELERSUNDI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ISABEL TOCINO BISCAROLASAGA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ANTONIO HERNÁNDEZ MANCHA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LUIS VALERO ARTOLA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Name | Salaries | Non-variable remuneration | Per diems | Short-term variable remuneration | Long-term variable remuneration | Remuneration for membership on Board committees | Termination benefits | Other components | 2014 Total | 2013 Total |
|-------------------------|----------|---------------------------|-----------|----------------------------------|---------------------------------|---|----------------------|------------------|------------|------------|
| GONZALO SOLANA GONZÁLEZ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

ii) Share-based remuneration schemes

iii) Long-term savings schemes

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

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

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

| Name | Remuneration accrued in the company | | | | Remuneration accrued in group companies | | | | Totals | | |
|---|-------------------------------------|--------------------------|---------------------------------|--------------------|---|--------------------------|---------------------------------|------------------|-------------|-------------|--|
| | Total remuneration in cash | Amount of shares granted | Gross gain on options exercised | Total 2014 Company | Total remuneration in cash | Amount of shares awarded | Gross gain on options exercised | Total 2014 Group | Total 2014: | Total 2013: | Contribution to saving schemes in the year |
| SULTAN HAMED KHAMIS AL BURTAMANI | 32 | 0 | 0 | 32 | 0 | 0 | 0 | 0 | 32 | 37 | 0 |
| MARCELINO OREJA ARBURÚA | 552 | 0 | 0 | 552 | 0 | 0 | 0 | 0 | 552 | 423 | 100 |
| JESÚS DAVID ÁLVAREZ MEZQUÍRIZ | 76 | 0 | 0 | 76 | 0 | 0 | 0 | 0 | 76 | 72 | 0 |
| JESÚS MÁXIMO PEDROSA ORTEGA | 76 | 0 | 0 | 76 | 0 | 0 | 0 | 0 | 76 | 51 | 0 |
| MIGUEL ÁNGEL LASHERAS MERINO | 20 | 0 | 0 | 20 | 0 | 0 | 0 | 0 | 20 | 76 | 0 |
| DIONISIO MARTÍNEZ MARTÍNEZ | 26 | 0 | 0 | 26 | 0 | 0 | 0 | 0 | 26 | 113 | 0 |
| RAMÓN PÉREZ SIMARRO | 76 | 0 | 0 | 76 | 0 | 0 | 0 | 0 | 76 | 72 | 0 |
| ANTONIO LLARDÉN CARRATALÁ | 1,737 | 0 | 0 | 1,737 | 0 | 0 | 0 | 0 | 1,737 | 1,670 | 218 |
| MARTÍ PARELLADA SABATA | 80 | 0 | 0 | 80 | 0 | 0 | 0 | 0 | 80 | 76 | 0 |
| ROSA RODRÍGUEZ DÍAZ | 70 | 0 | 0 | 70 | 0 | 0 | 0 | 0 | 70 | 44 | 0 |
| MARÍA TERESA GARCÍA-MILÁ LLOVERAS | 20 | 0 | 0 | 20 | 0 | 0 | 0 | 0 | 20 | 76 | 0 |
| ISABEL SÁNCHEZ GARCÍA | 20 | 0 | 0 | 20 | 0 | 0 | 0 | 0 | 20 | 72 | 0 |
| LUIS JAVIER NAVARRO VIGIL | 76 | 0 | 0 | 76 | 0 | 0 | 0 | 0 | 76 | 76 | 0 |
| JOSÉ RIVA FRANCOS | 21 | 0 | 0 | 21 | 0 | 0 | 0 | 0 | 21 | 77 | 0 |
| SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) | 72 | 0 | 0 | 72 | 0 | 0 | 0 | 0 | 72 | 76 | 0 |

| Name | Remuneration accrued in the company | | | | Remuneration accrued in group companies | | | | Totals | | |
|-----------------------------|-------------------------------------|--------------------------|---------------------------------|--------------------|---|--------------------------|---------------------------------|------------------|--------------|--------------|--|
| | Total remuneration in cash | Amount of shares granted | Gross gain on options exercised | Total 2014 Company | Total remuneration in cash | Amount of shares awarded | Gross gain on options exercised | Total 2014 Group | Total 2014: | Total 2013: | Contribution to saving schemes in the year |
| ANA PALACIO VALLELERSUNDI | 60 | 0 | 0 | 60 | 0 | 0 | 0 | 0 | 60 | 0 | 0 |
| ISABEL TOCINO BISCAROLASAGA | 60 | 0 | 0 | 60 | 0 | 0 | 0 | 0 | 60 | 0 | 0 |
| ANTONIO HERNÁNDEZ MANCHA | 60 | 0 | 0 | 60 | 0 | 0 | 0 | 0 | 60 | 0 | 0 |
| LUIS VALERO ARTOLA | 53 | 0 | 0 | 53 | 0 | 0 | 0 | 0 | 53 | 0 | 0 |
| GONZALO SOLANA GONZÁLEZ | 57 | 0 | 0 | 57 | 0 | 0 | 0 | 0 | 57 | 0 | 0 |
| TOTAL | 3,244 | 0 | 0 | 3,244 | 0 | 0 | 0 | 0 | 3,244 | 3,011 | 318 |

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

At its meeting on 19 May 2014, the Board adopted the 2014 "Company Targets" proposed by the Appointments, Remuneration and Corporate Social Responsibility Committee. In accordance with the procedures used for the determination of variable remuneration of Executive Directors and Senior Management, at its meeting on 4 February 2015, the Appointments, Remuneration and Corporate Social Responsibility Committee evaluated the Company objective accomplishment level set for 2014 (see box in section E1).

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

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

| | Number of | % of total |
|-------------------|------------------|-------------------|
| Votes cast | 116,309,613 | 100.00% |

| | Number of | % of total |
|----------------------|------------------|-------------------|
| Votes against | 16,712,705 | 14.30% |
| Votes for | 98,779,782 | 84.90% |
| Abstentions | 817,126 | 0.70% |

E OTHER INFORMATION OF INTEREST

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

Document with Company objective accomplishment during financial year 2014 is listed below.

This Annual Report on Director Remuneration was approved by the Company's board of directors at its meeting held on 23/02/2015.

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

Yes

No

| Name or corporate name of board members who voted against or abstained from voting on the approval of this report | Reasons (voted against, abstention, non-attendance) | Explain the reasons |
|---|---|--|
| | Abstention | Mr. Federico Ferrer Delso, physical representative of the body corporate Sociedad Estatal de Participaciones Industriales (SEPI), abstained from voting on the Annual Report on Directors' Remuneration, expressing that the SEPI Board of Directors must determine whether the vote of SEPI, as an Enagás, S.A. shareholder, matters on this and other proposals for discussion at the 2015 General Shareholders Meeting. |



Company targets 2014

| | Weight | TARGET | INDICATOR | ACHIEVED |
|----|--------|--|--|----------|
| C1 | 40% | Improve the company's financial results | Profits after tax at 31/12/14 (Growth in net profits) | 100% |
| C2 | 25% | Consolidate the company's regulated revenue. | <ul style="list-style-type: none"> a) Develop regulatory and remuneration-related initiatives which help guarantee company's revenue. (80%) b) Design and develop a 2014-2016 logistics-commercial plan, to help increase revenue for the system and for Enagás. (20%) | 99.26% |
| C3 | 20% | Extend international reach of company through new acquisitions and tenders in accordance with established strategic and profitability criteria | <ul style="list-style-type: none"> a) International investment (60%). b) Consolidation of Enagás business in Mexico and Peru (30%). c) Ensure critical processes are organised and defined so international business is coordinated and managed (10%). | 100% |
| C4 | 15% | Help grow company through sustainable management and good governance | <ul style="list-style-type: none"> a) Improve energy efficiency and cut CO2 emissions (50%) b) Bolster Enagás's positioning vis-à-vis institutional investors and socially-responsible investors (SRIs) (50%) | 99.5% |

