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**GAS NATURAL SDG, S.A.  
ANNUAL GENERAL SHAREHOLDERS' MEETING  
20 APRIL 2017**

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These reports have been drawn up in fulfilment of article 529 *decies* of the Corporate Spanish Enterprises Act (*Ley de Sociedades de Capital*, hereinafter "LSC") in relation to the appointment and re-election of directors.

When issuing their respective reports/proposals, both the Appointments and Remuneration Committee and the Board of Directors have paid due regard to the competencies, expertise and experience required of Board members.

**REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE OF GAS NATURAL SDG, S.A. FOR THE PURPOSES OF ARTICLE 529 DECIES OF THE CORPORATE ENTERPRISES ACT ON THE RATIFICATION, APPOINTMENT AND RE-ELECTION OF PROPRIETARY DIRECTORS.**

At a meeting held on 7 March 2017, the Appointments and Remuneration Committee heard that the Board of Directors intends to lay before the General Meeting the ratification, appointment and re-election as Board members of:

- ENRIQUE ALCÁNTARA-GARCÍA IRAZOQUI (proprietary director)
- MARCELINO ARMENTER VIDAL (proprietary director)
- MARIO ARMERO MONTES (proprietary director)
- ALEJANDRO GARCÍA-BRAGADO DALMAU (proprietary director)
- JOSU JON IMAZ SAN MIGUEL (proprietary director)
- RAJARAM RAO (proprietary director)
- LUIS SUÁREZ DE LEZO MANTILLA (proprietary director)
- WILLIAM ALAN WOODBURN (proprietary director)

The Appointments and Remuneration Committee now issues this report in relation to those proposals.

a) ENRIQUE ALCÁNTARA-GARCÍA IRAZOQUI has sat on the Board of Directors of GAS NATURAL SDG, S.A. since 27 June 1991 and has sat on the Audit Committee since 21 September 2016.

The committee has taken into account his commercial and professional standing, knowledge and experience, deeming these sufficient for the purpose of exercising the duties of Board member, and considers him fit and capable of carrying out the sound management of the Company, especially in view of his admirable abilities and track record.

The committee holds a positive view of the professional conduct he has displayed when discharging his duties as director.

His curriculum vitae is as follows:

Public Prosecutor on extended leave of absence. Formerly Government Representative at the Port Authority of Barcelona, Chairman of the Board of Directors of Títulos Barcelona, S.A. (SIM), of Tunel del Cadí, S.A. and of Dromogest, S.A. He has sat on the Boards of Directors of Enagas, S.A., of Gas Madrid, S.A., of Torras Domenech, S.A. and of Banco Herrero, S.A. and was also Vice-Chairman of the Board of Directors and member of the Executive Committee of "la Caixa", Vice-Chairman to the Board of Trustees of "la Caixa" Banking Foundation, Vice-Chairman of the Board of Directors and member of the Executive Committee of Abertis, S.A. and of Saba, S.A., and member of the Board of Trustees of the Oscar Tusquets Blanca Foundation and of the Board of Directors of Unión Fenosa, S.A.

He is currently secretary to the Board of Directors and Board of Trustees of numerous unlisted companies and foundations.

His CV clearly demonstrates that he possesses the expertise, experience and merits needed to serve as director.

b) MARCELINO ARMENTER VIDAL has sat on the Board of Directors and Executive Committee of GAS NATURAL SDG, S.A. since 21 September 2016.

The committee has taken into account his commercial and professional standing, knowledge and experience, deeming these sufficient for the purpose of exercising the duties of Board member, and considers him fit and capable of

carrying out the sound management of the Company, especially in view of his admirable abilities and track record.

The committee holds a positive view of the professional conduct he has displayed when going about his duties as director.

His curriculum vitae is as follows:

Bachelor's degree and master's degree in business management from the ESADE business school.

He started his career at Arther Andersen before moving on to join Hidroeléctrica de Cataluña. In 1985, he joined "la Caixa", where he climbed the ranks to become Head of Subsidiary and Investee Control.

In July 1995, he was appointed Chief Executive Officer of Banco Herrero, a position he held until January of 2001. He also sat on the board of Hidroeléctrica del Cantábrico from 1996 to 2000.

He was Managing Director of CaixaHolding S.A.U. from January 2001 through to July 2007 and Deputy Executive Managing Director of "la Caixa" from March 2007 through to July 2013. He also served as Head of Risks at CaixaBank from June 2011 to July 2013.

His CV clearly demonstrates that he possesses the expertise, experience and merits needed to serve as director.

c) MARIO ARMERO MONTES has sat on the Board of Directors of GAS NATURAL SDG, S.A. since 21 September 2016.

The committee has taken into account his commercial and professional standing, knowledge and experience, deeming these sufficient for the purpose of exercising the duties of Board member, and considers him fit and capable of carrying out the sound management of the Company, especially in view of his admirable abilities and track record.

The committee holds a positive view of the professional conduct he has displayed when going about his duties as director.

His curriculum vitae is as follows:

Degree in law from the Complutense University of Madrid.

He joined General Electric Plastics in 1988 as general advisor in connection with a 2.5 billion euro investment in Spain. He also served on the board of Finanzia (financing arm of BBVA, owned by GE Capital).

In 2001, he was appointed Chairman and National Chief Executive of General Electric for Spain and Portugal.

In 2015, he was named Executive of the Year by the Spanish Association of Directors and Executives (AED).

He served as President of the American Business Council in Spain until December 2006, an organisation comprising the most important North American companies operating in Spain. He was Chief Executive Officer of Corporación Llorente (Spanish business group engaged in infrastructure) from 2008 through to 2010, before joining EZENTIS in 2010 as Chairman and CEO. EZENTIS is a listed Spanish company with operations in 15 Latin American countries in the realm of technology, telecommunications and infrastructure.

He is currently Executive Vice-Chairman of ANFAC (Asociación Española de Fabricantes de Automóviles y Camiones); independent director at Genworth Financial Assurance Company, a firm based in the United Kingdom; advisor in Spain, since 2011, for Global Infrastructure Partners, an international fund originally set up by General Electric and Credit Suisse Asesor, and also for investment company ERGON; member of the Board of Directors of CLH (Compañía Logística de Hidrocarburos); independent director of BANKINTER CONSUMER FINANCE (BKCF); and, last but not least, trustee of non-profit foundation Junior Achievement.

His CV clearly demonstrates that he possesses the expertise, experience and merits needed to serve as director.

d) ALEJANDRO GARCÍA-BRAGADO DALMAU has sat on the Board of Directors and Appointments and Remuneration Committee of GAS NATURAL SDG, S.A. since 21 September 2016.

The committee has taken into account his commercial and professional standing, knowledge and experience, deeming these sufficient for the purpose

of exercising the duties of Board member, and considers him fit and capable of carrying out the sound management of the Company, especially in view of his admirable abilities and track record.

The committee holds a positive view of the professional conduct he has displayed when discharging his duties as director.

His curriculum vitae is as follows:

After earning his degree in law from Barcelona University, he successfully passed the entrance exams to join the Public Prosecution Service in 1974. He was initially posted to Castellón de la Plana and then to Barcelona in late 1975.

He requested leave of absence in 1984 and joined the Barcelona Stock Exchange, where he served as legal counsel. In 1989, once the stock exchange became a company, he was appointed Secretary to the Board of Directors while continuing to practice law.

In 1994, he left the Barcelona Stock Exchange to concentrate on his legal profession and to provide legal advice to "la Caixa", where he was appointed Deputy Secretary to the Board of Directors in 1995 and then Secretary in 2003. He was subsequently appointed Deputy Manager in 2004 and Executive Manager in 2005.

He also served as Secretary General of CaixaBank from July 2011 to May 2014. He has been Secretary to the Board of Directors of La Maquinista Terrestre y Marítima, S.A.; Intelhorce; Hilaturas Gossipum; Abertis Infraestructuras, S.A.; Inmobiliaria Colonial, S.A.; and Sociedad General de Aguas de Barcelona, S.A., among others.

He stood down as Secretary to the Board of Directors of CaixaBank on 31 December 2016 and was appointed non-executive director of CaixaBank on 1 January 2017.

From June 2014 to 21 December 2016, he served as Deputy Chairman of the Board of Trustees of Caixa d'Estalvis i Pensions de Barcelona, "la Caixa", Banking Foundation and he has also been First Deputy Chairman of the Board of Directors of Criteria Caixa, S.A.U. (formerly CaixaHolding) since June 2014.

His CV clearly demonstrates that he possesses the expertise, experience and merits needed to serve as director.

e) JOSU JON IMAZ SAN MIGUEL has been First Deputy Chairman of the Board of Directors of GAS NATURAL SDG, S.A. and member of its Executive Committee since 21 September 2016.

The committee has taken into account his commercial and professional standing, knowledge and experience, deeming these sufficient for the purpose of exercising the duties of Board member, and considers him fit and capable of carrying out the sound management of the Company, especially in view of his admirable abilities and track record.

The committee holds a positive view of the professional conduct he has displayed when discharging his duties as director.

His curriculum vitae is as follows:

He earned his Doctorate in Chemical Sciences from the University of the Basque Country after graduating from the Faculty of Chemical Sciences in San Sebastián and receiving the special end-of-degree prize for his efforts.

He began his career in the field of research upon being sent by the INASMET Research Centre to the CETIM centre in Nantes, France. At that time he was also involved in promoting industrial projects (Grupo Mondragón) and business ventures linked to the energy sector. He was also visiting researcher at the Harvard Kennedy School in the United States. In addition to his work in the business world, he has been heavily involved in politics, including positions as Regional Minister of Industry, Trade and Tourism of the Basque Government in 1999 and chairman of the Executive Committee of the Basque Nationalist Party.

He joined the Repsol Group in 2008 as Chairman of subsidiary company Petronor. In 2012, he joined Repsol's Management Committee as General Director of Industry and New Energies and on 30 April 2014 he was named Repsol's Chief Executive Officer and appointed to its Delegate Committee.

His CV clearly demonstrates that he possesses the expertise, experience and merits needed to serve as director.

Assuming JOSU JON IMAZ SAN MIGUEL is re-elected to the Board, the committee will support any motion that he be appointed Deputy Chairman to the Board of Directors, should the Board see fit to do so.

f) RAJARAM RAO has sat on the Board of Directors, the Executive Committee and the Appointments and Remuneration Committee of GAS NATURAL SDG, S.A. since 21 September 2016.

The committee has taken into account his commercial and professional standing, knowledge and experience, deeming these sufficient for the purpose of exercising the duties of Board member, and considers him fit and capable of carrying out the sound management of the Company, especially in view of his admirable abilities and track record.

The committee holds a positive view of the professional conduct he has displayed when discharging his duties as director.

His curriculum vitae is as follows:

Electronic and telecommunications engineer. He holds an MBA from the University of Delhi and a Master's in Finance from the London Business School.

He worked in the Asia shares sales team at Kotak Securities (then a Goldman Sachs subsidiary) in Mumbai, India. He was a member of the project finance team at Barclays Capital in London, then a director at Credit Suisse before joining PIB in 2006, where he invested in Compañía Logística de Hidrocarburos S.A., East Indian Petroleum Limited, Gas Natural Fenosa, Gode Wind 1 Investor Holding GmbH, Saeta Yield, S.A. / Bow Power, S.L. and Transit Gas AG.

He joined GIP as a director during its early stages of life in 2006 and was appointed partner in 2010. He is currently a member of the Investment and Operating Committees.

His CV clearly demonstrates that he possesses the expertise, experience and merits needed to serve as director.

g) LUIS SUÁREZ DE LEZO MANTILLA has sat on the Board of GAS NATURAL SDG, S.A. since 26 February 2010 and has sat on the Audit Committee since 28 January 2011.

The committee has taken into account his commercial and professional standing, knowledge and experience, deeming these sufficient for the purpose of exercising the duties of Board member, and considers him fit and capable of carrying out the sound management of the Company, especially in view of his admirable abilities and track record.

The committee holds a positive view of the professional conduct he has displayed when discharging his duties as director.

His curriculum vitae is as follows:

Degree in law from the Complutense University of Madrid. Public Prosecutor (on leave of absence). Lawyer specialising in company and administrative law. He served as Director of Legal Affairs at Campsa until the end of the oil monopoly and has since worked as an independent professional in the energy sector. He is currently Director and General Secretary of Repsol, S.A. and First Deputy Chairman of the Repsol Foundation. He is also a member of the Commission on Environment and Energy of the International Chamber of Commerce (ICC).

His CV clearly demonstrates that he possesses the expertise, experience and merits needed to serve as director.

h) WILLIAM ALAN WOODBURN is Second Deputy Chairman of the Board of Directors and has been member of the Executive Committee and of the Appointments and Remuneration Committee of GAS NATURAL SDG, S.A. since 30 September 2016.

The committee has taken into account his commercial and professional standing, knowledge and experience, deeming these sufficient for the purpose of exercising the duties of Board member, and considers him fit and capable of carrying out the sound management of the Company, especially in view of his admirable abilities and track record.

The committee holds a positive view of the professional conduct he has displayed when discharging his duties as director.

His curriculum vitae is as follows:



He holds BS and MS degrees from Northwestern University and the Merchant Marine Academy in the United States.

He was Executive Vice-President and a member of the CEO's Office at GE Capital and served on the GE Capital Board for 2000 and 2001. He spent a total of 23 years at GE, where he held the posts of President and CEO of GE Infrastructure. During his time at GE he oversaw several key acquisitions, such as those that led to GE's entry and expansion in the water technology business.

He is a founding member of GIP. He chairs the Portfolio Management Committee and is a member of the Investment, Operating and Valuation Committees. He is in charge of GIP's operating team at Stamford, Connecticut.

His CV clearly demonstrates that he possesses the expertise, experience and merits needed to serve as director.

Assuming WILLIAM ALAN WOODBURN is re-elected to the Board, the committee will support any notion that he be appointed Deputy Chairman to the Board of Directors, should the Board see fit to do so.

**REPORT OF THE BOARD OF DIRECTORS OF GAS NATURAL SDG, S.A. FOR THE PURPOSES OF ARTICLE 529 DECIES OF THE CORPORATE ENTERPRISES ACT ON THE RE-ELECTION OF PROPRIETARY DIRECTORS.**

The Board of Directors, at a meeting held on 7 March 2017, accepted and discussed the findings of the report prepared by the Appointments and Remuneration Committee on 7 March 2017 in relation to the ratification, appointment and re-election as board members of ENRIQUE ALCÁNTARA-GARCÍA IRAZOQUI, MARCELINO ARMENTER VIDAL, MARIO ARMERO MONTES, ALEJANDRO GARCÍA-BRAGADO DALMAU, JOSU JON IMAZ SAN MIGUEL, RAJARAM RAO, LUIS SUÁREZ DE LEZO MANTILLA and WILLIAM ALAN WOODBURN, with the contents of that report deemed incorporated into the present report by reference.

Barcelona, 7 March 2017.

The Board of Directors.