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

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**PROPOSED RESOLUTIONS**

**A G E N D A**

**ONE.-** Review and approval, as the case may be, of the Annual Accounts and of the Management Report of “GAS NATURAL SDG, S.A.” for the financial year ending 31 December 2016.

**Justification and reason for the resolution:**

In compliance with the provisions of Section 164 of the Corporate Enterprises Act, the General Shareholders Meeting must approve, within the period of six months following the close of the corresponding financial year, the Annual Accounts and the Management Report, which have been drafted and formalised by the Board of Directors on 7 February 2017.

**Proposed resolution:**

***One.- To approve the Annual Accounts and of the Management Report of “Gas Natural SDG, S.A.” for the financial year ending 31 December 2016.***

**TWO.-** Review and approval, as the case may be, of the Consolidated Annual Accounts and the Management Report of the Consolidated Group of “GAS NATURAL SDG, S.A.” for the financial year ending 31 December 2016.

**Justification and reason for the resolution:**

In application of the provisions of the aforementioned Section 164 and, furthermore, in accordance with the provisions of Article 42 of the Code of Commerce, the Consolidated Annual Accounts and the Management Report of the Group must be submitted for the approval of the General Shareholders Meeting together with the Individual Annual Accounts and the Management Report of the

Parent Company. The Consolidated Annual Accounts and the Management Report of the Consolidated Group have been drafted and formalised by the Board of Directors at its meeting on 7 February 2017.

**Proposed resolution:**

**Two.-** *To approve the Consolidated Annual Accounts and the Management Report of the Consolidated Group of “Gas Natural SDG, S.A.” for the financial year ending 31 December 2016.*

**THREE.-** **Review and approval, as the case may be, of the proposal for the application of the results of the financial year 2016.**

**Justification and reason for the resolution:**

The Board of Directors hereby submits for the approval of the General Shareholders Meeting the proposal for the application of the results of the financial year 2016, in accordance with the economic trends of the Gas Natural Fenosa Group and the dividend policy that was communicated to the shareholders.

**Proposed resolution:**

**Three.-** *To approve the following distribution of the profits of “GAS NATURAL SDG, S.A.” for the financial year 2016, in the sum of €1,067,263,107.18, in accordance with the proposal of the Board of Directors, as set out hereinbelow:*

- *To voluntary reserves.....€66,573,766.18*
- *To dividends.....€1,000,689,341.00*

*Given the number of company shares issued as at today’s date (1,000,689,341), the foregoing represents the distribution of a total gross dividend of €1.00 per company share.*

*On 27 September 2016 an interim dividend payment of €330,227,483 was paid out, that is to say, €0.33 per company share.*

*The remaining amount of the dividend, in the sum of €670,461,858, that is to say, €0.67 per company share, shall be settled and paid out as from 27 June 2017.*

**FOUR.-** **Transfer to the “Voluntary Reserves” account the sum of €305,065,499.63.- from the “Goodwill Reserve” account together with the**

amount of €224,641,287.42.- from the “Revaluation Reserve Royal Decree 7/96” account.

**Justification and reason for the resolution:**

The Thirteenth Final Provision of the Accounts Audit Act 22/2015, of 20 July, and the Sole Transitory Provision of Royal Decree 602/2016, of 2 December, that modified the General Chart of Accounts, establish that for the financial years as from 1 January 2016, the Goodwill Reserve shall be reclassified to Voluntary Reserves of the company and shall be available as from said date in respect of the amount thereof that exceeds the goodwill that is accounted for in the assets of the balance sheet.

Royal Decree 2607/1996, of 20 December, that approved the Guidelines for the updating of balance sheets governed by Article 5 of Royal Legislative Decree 7/1996, provides that the balance of the Revaluation Reserve Royal Decree 7/96 may be designated to Unrestricted Reserves, provided that the monetary capital gain has been obtained. The monetary capital gain shall be deemed to have been obtained in relation to the part that corresponds to the registered amortisation or when the equity instruments have been transferred or removed from the accounting books.

**Proposed resolution:**

***Four.-** To transfer to the “Voluntary Reserves” account the sum of €305,065,499.63.- from the “Goodwill Reserve” account together with the amount of €224,641,287.42.- from the “Revaluation Reserve Royal Decree 7/96” account.*

**FIVE.- Review and approval, as the case may be, of the management activities of the Board of Directors during the financial year 2016.**

**Justification and reason for the resolution:**

In accordance with the provisions of Section 164 of the Corporate Enterprises Act, the General Shareholders Meeting must, as the case may be, approve the management activities of the Board of Directors carried out during the financial year 2016.

**Proposed resolution:**

*Five.- To approve the management activities of the Board of Directors during the financial year 2016.*

**SIX.- Re-election of the accounts auditor of the Company and of the Consolidated Group for the financial year 2017.**

**Justification and reason for the resolution:**

Pursuant to the provisions of Section 264 of the Corporate Enterprises Act, the persons that are to audit the accounts must be appointed by the General Shareholders Meeting prior to the conclusion of the financial year to be audited.

At the Ordinary General Shareholders Meeting of 2016 the audit firm “PricewaterhouseCoopers Auditores, S.L.” was re-elected for the period of one year as the audit firm of the Company and of the Consolidated Group thereof, so it is necessary to designate an auditor for the current financial year.

The proposal to re-appoint the audit firm “PricewaterhouseCoopers Auditores, S.L.” as the audit firm of the Company and of the Consolidated Group thereof, for the financial year 2017, prior to the approval by the Board of Directors, has obtained a favourable report from the Audit Committee at the meeting thereof held on 7 February 2017.

**Proposed resolution:**

*Six.- To appoint as the accounts auditors of the Company and of the Consolidated Group thereof, for the period of one (1) year, for the financial year beginning 1 January 2017 and ending 31 December 2017, the audit firm “PricewaterhouseCoopers Auditores, S.L.”, with its registered office situated at Paseo de la Castellana, 259, Madrid, Spain, with V.A.T. No. B-79031290, that is registered at the Companies Register of Madrid, at page 87,250-1, sheet 75, volume 9,267, book 8,054, section 3 and at the Official Accounts Auditors Register under number S0242, for the carrying out of the audit of the accounts, as referred to under Section 264 of the Corporate Enterprises Act and under Article 42.4 of the Code of Commerce. Said mandate shall also extend to all other audit services that may be required by the Company.*

“PricewaterhouseCoopers Auditores, S.L.” shall accept its appointment separately, and shall declare that it is not subject to any legal disqualification or incompatibility whatsoever.

**SEVEN.- Appointment of the accounts auditor of the Company and of the Consolidated Group for the financial years 2018, 2019 and 2020.**

**Justification and reason for the resolution:**

Pursuant to the provisions of Section 264 of the Corporate Enterprises Act, the persons that are to audit the accounts must be appointed by the General Shareholders Meeting prior to the conclusion of the financial year to be audited, however nothing prevents said auditors from being appointed prior to the commencement of the financial year or financial years to be audited.

Taking into account the legal provisions relating to the rotation and independence of the auditors, it is considered that it is an opportune moment to appoint a new accounts auditor for future financial years. The Accounts Audit Act provides that the minimum initial term for the contracting of accounts auditors in companies of public interest must be at least three (3) years, and accordingly the appointment of the audit firm “Ernst & Young, S.L.” is hereby proposed as the auditor of the Company and of its Consolidated Group for the financial years 2018, 2019 and 2020.

The proposal for the appointment of the audit firm “Ernst & Young, S.L.” as the auditor of the Company and of its Consolidated Group, for the financial years 2018, 2019 and 2020, prior to the approval by the Board of Directors, has obtained a favourable report from the Audit Committee at the meeting thereof held on 24 November 2016.

**Proposed resolution:**

***Seven.- To appoint as the accounts auditors of the Company and of the Consolidated Group thereof, for the period of three (3) years, that is to say, for the financial years 2018, 2019 and 2020, all of which shall commence on 1 January and shall conclude on 31 December, the audit firm “Ernst & Young, S.L.”, with its registered office situated at Torre Picasso, Plaza Pablo Ruiz Picasso 1, Madrid, Spain, with V.A.T. No. B-78970506, that is registered at the Companies Register of Madrid, at page M-23123, sheet 215, volume 12,749, book 0, section 8 and at the Official Accounts Auditors Register under number S0530, for the carrying out***

*of the audit of the accounts, as referred to under Section 264 of the Corporate Enterprises Act and under Article 42.4 of the Code of Commerce. Said mandate shall also extend to all other audit services that may be required by the Company.*

“Ernst & Young, S.L.” shall accept its appointment separately, and shall declare that it is not subject to any legal disqualification or incompatibility whatsoever.

**EIGHT.- Re-election, ratification and, as the case may be, appointment of the members of the Board of Directors.**

**8.1.- Re-election of Mr Enrique Alcántara-García Irazoqui, as a Board Member.**

**8.2.- Ratification and appointment of Mr Marcelino Armenter Vidal, as a Board Member.**

**8.3.- Ratification and appointment of Mr Mario Armero Montes, as a Board Member.**

**8.4.- Ratification and appointment of Mr Alejandro García-Bragado Dalmau, as a Board Member.**

**8.5.- Ratification and appointment of Mr Josu Jon Imaz San Miguel, as a Board Member.**

**8.6.- Ratification and appointment of Mr Rajaram Rao, as a Board Member.**

**8.7.- Re-election of Mr Luis Suárez de Lezo Mantilla, as a Board Member.**

**8.8.- Ratification and appointment of Mr William Alan Woodburn, as a Board Member.**

**Justification and reason for the resolutions:**

In accordance with the term of their respective mandates, the General Shareholders Meeting must re-elect two Board Members, and furthermore ratify and appoint another six Board Members. The re-elections and ratifications and appointments that are proposed affect in all cases to proprietary directors and have obtained the required proposals and/or reports of the Appointment and Remuneration Committee and of the Board of Directors, the text of which has been available to shareholders, together with the rest of the documentation in

relation to the General Shareholders Meeting, as from the date of the meeting notification.

**Proposed resolutions:**

***Eight 1.- To re-elect as a Board Member of the Company, for the term of three (3) years, being the period stipulated under the Articles of Association, MR ENRIQUE ALCÁNTARA-GARCÍA IRAZOQUI, the personal particulars of which are set out in the certificate that shall be issued and that shall be registered at the Companies Register of Barcelona.***

*The Board Member, MR ENRIQUE ALCÁNTARA-GARCÍA IRAZOQUI, shall continue to hold the position of Proprietary Board Member on the Board of Directors that he had been exercising up until now.*

MR ENRIQUE ALCÁNTARA-GARCÍA IRAZOQUI shall accept his appointment, either in the Minutes of the General Shareholders Meeting or alternatively after the meeting has concluded.

***Eight 2.- To ratify the appointment, pursuant to the co-option system, of MR MARCELINO ARMENTER VIDAL, authorised by the Board of Directors on 21 September 2016, pursuant to the provisions of Section 529 decies of the Corporate Enterprises Act and to appoint as a Board Member of the Company, for the term of three (3) years, being the period stipulated under the Articles of Association, MR MARCELINO ARMENTER VIDAL, the personal particulars of which are set out in the certificate that shall be issued and that shall be registered at the Companies Register of Barcelona.***

*The Board Member, MR MARCELINO ARMENTER VIDAL, shall continue to hold the position of Proprietary Board Member on the Board of Directors that he had been exercising up until now.*

MR MARCELINO ARMENTER VIDAL shall accept his appointment, either in the Minutes of the General Shareholders Meeting or alternatively after the meeting has concluded.

***Eight 3.- To ratify the appointment, pursuant to the co-option system, of MR MARIO ARMERO MONTES, authorised by the Board of Directors on 21***



*September 2016, pursuant to the provisions of Section 529 decies of the Corporate Enterprises Act and to appoint as a Board Member of the Company, for the term of three (3) years, being the period stipulated under the Articles of Association, MR MARIO ARMERO MONTES, the personal particulars of which are set out in the certificate that shall be issued and that shall be registered at the Companies Register of Barcelona.*

*The Board Member, MR MARIO ARMERO MONTES, shall continue to hold the position of Proprietary Board Member on the Board of Directors that he had been exercising up until now.*

MR MARIO ARMERO MONTES shall accept his appointment, either in the Minutes of the General Shareholders Meeting or alternatively after the meeting has concluded.

***Eight 4.-*** *To ratify the appointment, pursuant to the co-option system, of MR ALEJANDRO GARCÍA-BRAGADO DALMAU, authorised by the Board of Directors on 21 September 2016, pursuant to the provisions of Section 529 decies of the Corporate Enterprises Act and to appoint as a Board Member of the Company, for the term of three (3) years, being the period stipulated under the Articles of Association, MR ALEJANDRO GARCÍA-BRAGADO DALMAU, the personal particulars of which are set out in the certificate that shall be issued and that shall be registered at the Companies Register of Barcelona.*

*The Board Member, MR ALEJANDRO GARCÍA-BRAGADO DALMAU, shall continue to hold the position of Proprietary Board Member on the Board of Directors that he had been exercising up until now.*

MR ALEJANDRO GARCÍA-BRAGADO DALMAU shall accept his appointment, either in the Minutes of the General Shareholders Meeting or alternatively after the meeting has concluded.

***Eight 5.-*** *To ratify the appointment, pursuant to the co-option system, of MR JOSU JON IMAZ SAN MIGUEL, authorised by the Board of Directors on 21 September 2016, pursuant to the provisions of Section 529 decies of the Corporate Enterprises Act and to appoint as a Board Member of the Company, for the term of three (3) years, being the period stipulated under the Articles of Association, MR*



*JOSU JON IMAZ SAN MIGUEL, the personal particulars of which are set out in the certificate that shall be issued and that shall be registered at the Companies Register of Barcelona.*

*The Board Member, MR JOSU JON IMAZ SAN MIGUEL, shall continue to hold the position of Proprietary Board Member on the Board of Directors that he had been exercising up until now.*

MR JOSU JON IMAZ SAN MIGUEL shall accept his appointment, either in the Minutes of the General Shareholders Meeting or alternatively after the meeting has concluded.

***Eight 6.-*** *To ratify the appointment, pursuant to the co-option system, of MR RAJARAM RAO, authorised by the Board of Directors on 21 September 2016, pursuant to the provisions of Section 529 decies of the Corporate Enterprises Act and to appoint as a Board Member of the Company, for the term of three (3) years, being the period stipulated under the Articles of Association, MR RAJARAM RAO, the personal particulars of which are set out in the certificate that shall be issued and that shall be registered at the Companies Register of Barcelona.*

*The Board Member, MR RAJARAM RAO, shall continue to hold the position of Proprietary Board Member on the Board of Directors that he had been exercising up until now.*

MR RAJARAM RAO shall accept his appointment, either in the Minutes of the General Shareholders Meeting or alternatively after the meeting has concluded.

***Eight 7.-*** *To re-elect as a Board Member of the Company, for the term of three (3) years, being the period stipulated under the Articles of Association, MR LUIS SUÁREZ DE LEZO MANTILLA, the personal particulars of which are set out in the certificate that shall be issued and that shall be registered at the Companies Register of Barcelona.*

*The Board Member, MR LUIS SUÁREZ DE LEZO MANTILLA, shall continue to hold the position of Proprietary Board Member on the Board of Directors that he had been exercising up until now.*

MR LUIS SUÁREZ DE LEZO MANTILLA shall accept his appointment, either in the Minutes of the General Shareholders Meeting or alternatively after the meeting has concluded.

***Eight 8.-*** To ratify the appointment, pursuant to the co-option system, of MR WILLIAM ALAN WOODBURN, authorised by the Board of Directors on 21 September 2016, pursuant to the provisions of Section 529 decies of the Corporate Enterprises Act and to appoint as a Board Member of the Company, for the term of three (3) years, being the period stipulated under the Articles of Association, MR WILLIAM ALAN WOODBURN, the personal particulars of which are set out in the certificate that shall be issued and that shall be registered at the Companies Register of Barcelona.

*The Board Member, MR WILLIAM ALAN WOODBURN, shall continue to hold the position of Proprietary Board Member on the Board of Directors that he had been exercising up until now.*

MR WILLIAM ALAN WOODBURN shall accept his appointment, either in the Minutes of the General Shareholders Meeting or alternatively after the meeting has concluded.

## **NINE.- Modification of certain Articles of the Articles of Association.**

### **9.1 Article 44: Remuneration.**

### **9.3 Additional Provision.**

## **Justification and reason for the resolutions:**

The justification and reason for the foregoing resolutions are set out in the Report issued by the Board of Directors that has been available to shareholders, for the purpose of the General Shareholders Meeting, that shall be deemed to be reproduced herein, so as to avoid unnecessary repetition.

## **Proposed resolutions:**

***Nine 1.-*** To modify the Article of the Articles of Association of “GAS NATURAL SDG, S.A.” that is set out hereinbelow, the wording of which, by way of the repeal of the previous wording thereof, shall, hereinafter, read as follows:

#### **“ARTICLE 44.- REMUNERATION**

1. *The remuneration to be received by the Board Members, for the exercise of their activities as Board Members, shall consist of a fixed remuneration.*

*The remunerations policy for Board Members must necessarily include the maximum amount of the annual remuneration to the totality of the Board Members in said situation.*

*The determination of the remuneration of each Board Member, for the exercise of their activities as Board Members, shall correspond to the Board of Directors, that shall take into account, for said purposes, the functions and responsibilities attributed to each Board Member, whether they belong to Committees of the Board and all other objectively relevant circumstances.*

*The remunerations policy for Board Members shall be approved by the General Shareholders Meeting at least every three years as a separate point of the Agenda of the General Shareholders Meeting.*

*The remuneration of the Board Members must, in all cases, be reasonably proportional to the importance of the Company, the economic situation thereof from time to time and the market standards of comparable companies. The remuneration system established must aim to promote the long-term profitability and sustainability of the Company and must include the necessary controls in order to avoid the assumption of excessive risks and the reward for unfavourable results.*

- 1)
  2. *Without prejudice to the remuneration that corresponds to the Board Members, for the exercise of their activities as Board Members, the Board Members that have executive functions attributed thereto within the Company, irrespective of the nature of their legal relationship with the Company, said Board Members shall be entitled to receive remuneration for the provision of said functions, that shall be determined by the Board of Directors in accordance with the provisions of the remuneration policy approved by the General Shareholders Meeting and that shall be included in a contract that shall be formalised between the Board Member and the Company.*

2) 3. *Furthermore, the Company shall contract a civil liability insurance policy for its Board Members.”*

3)

**Nine 2.-** *To modify the Article of the Articles of Association of “GAS NATURAL SDG, S.A.” that is set out hereinbelow, the wording of which, by way of the repeal of the previous wording thereof, shall, hereinafter, read as follows:*

**“ADDITIONAL PROVISION**

*These Articles of Association shall be applicable or interpreted in accordance with the provisions of the Corporate Enterprises Act, the Code of Commerce and any applicable legislation and may only be modified pursuant to the requirements provided for under such legislation and the Articles of Association themselves.*

*The Company may act in representation of other natural or legal persons before Public Authorities.”*

**TEN.- Consultative vote in relation to the Annual Report regarding the remunerations of the members of the Board of Directors.**

**Justification and reason for the resolution:**

Section 541 of the Corporate Enterprises Act provides that the Board of Directors must draft and publish, annually, a report regarding the remunerations of the Board Members that shall be annually submitted for the consultative approval of the General Shareholders Meeting, as a separate point of the Agenda to the Ordinary General Shareholders Meeting and accordingly the Board of Directors, at the meeting thereof held on 7 March 2017, upon the prior request of the Appointments and Remuneration Committee, has drafted the Report that shall be published together with the notification of the General Shareholders Meeting and that is hereby deemed to be reproduced, that sets out, in relation to the remuneration of the Board Members, the remunerations policy for the current year, the global summary of the application of the remunerations policy during the closed financial year, the details of the individual remunerations accrued for each one of the Board Members during the year 2016 and other information of interest.

**Proposed resolution:**

**Ten.-** *To approve the Annual Report regarding the remunerations of the Board Members of “GAS NATURAL SDG, S.A.” drafted and formalised by the Board of Directors at its meeting held on 7 March 2017, the text of which has been available to shareholders, together with the rest of the documentation in relation to the General Shareholders Meeting, as from the date of the meeting notification.*

**ELEVEN.- Remuneration policy for Board Members of “GAS NATURAL SDG, S.A.” for the financial years 2018, 2019 and 2020.**

**Justification and reason for the resolution:**

In accordance with Section 529 *novodecies* (1) of the Corporate Enterprises Act, the remunerations policy for Board Members shall comply, in all pertinent aspects, with the remuneration system provided for under the Articles of Association and shall be approved by the General Shareholders Meeting at least every three years as a separate point of the Agenda.

Currently, the remunerations policy in force for the financial years 2015, 2016 and 2017 is that which was approved by the General Shareholders Meeting held on 14 May 2015, and accordingly it is necessary to approve a policy for the financial years 2018, 2019 and 2020. The remunerations policy for the financial years 2018, 2019 and 2020 has obtained a favourable report from the Appointments and Remuneration Committee.

**Proposed resolution:**

**Eleven.-** *To approve the remuneration policy for Board Members of “GAS NATURAL SDG, S.A.” for the financial years 2018, 2019 and 2020, the text of which has been available to shareholders, together with the rest of the documentation in relation to the General Shareholders Meeting, as from the date of the meeting notification.*

**TWELVE.- Share Acquisition Plan 2017-2018-2019 for the delivery thereof to certain staff members of the GAS NATURAL FENOSA Group.**

**Justification and reason for the resolution:**

The Company considers that it is necessary to promote the situation whereby employees hold shareholdings in the share capital of the Company, in order to increase their motivation and loyalty, as well as to make it possible for them to benefit from the advantages established by the tax regulations. Accordingly, the

Company proposes to offer, as part of the Flexible Remuneration Plan, to current employees of the companies of the group within Spain, the option of designating part of their gross annual salary to the acquisition of shares of the Company, up to a maximum limit of €12,000.

The Plan does not imply any additional remuneration, but rather simply enables employees to receive their remuneration in a different manner, with the payment by company shares, instead of payment in cash, of part of the remuneration of the beneficiaries thereof, at their election.

### **Proposed resolution:**

***Twelve.- To approve the 2017-2018-2019 Share Delivery Plan, in accordance with the following rules:***

*(i) Beneficiaries: employees of firms of the GAS NATURAL FENOSA Group (with an active employment contract), with tax residence in Spain, that voluntarily choose to take part in the scheme.*

*(ii) Plan description: beneficiaries may receive part of their remuneration during 2017, 2018 and 2019 by the delivery of shares of GAS NATURAL SDG, S.A., with a maximum annual limit of €12,000/beneficiary. The aforementioned shares will be valued at GAS NATURAL SDG, S.A. closing share price in the stock exchange interconnection system (continuous market) of the Spanish stock exchanges at the date of delivery to the beneficiary. Receiving shares as remuneration is voluntary to the beneficiaries.*

*(iii) Duration: the Plan corresponds to the 2017-2018-2019 period. The delivery of the shares will take place when the Company so indicates.*

*(iv) Number of shares to be delivered: the number of GAS NATURAL SDG, S.A. shares that may be delivered under this Plan (the "Number of Shares to be delivered") will be determined applying the following formula:*

*Number of shares to deliver = (Total amount in euros requested by the beneficiaries/GAS NATURAL SDG, S.A. listed share price)*

*Where "GAS NATURAL SDG, S.A. listed share price will be the closing price of GAS NATURAL SDG, S.A. shares in the stock exchange interconnection system (continuous market) of the Spanish stock exchanges at the date of delivery to the beneficiary.*

(v) *Other rules: the shares to be delivered may come from direct or indirect treasury stock of GAS NATURAL SDG, S.A., may be new shares or come from third parties with whom certain agreements may have been signed to ensure the fulfilment of the undertaken obligations.*

(vi) *Delegation of faculties: the Board of Director is empowered for the implementation of the 2017-2018-2019 Share Delivery Plan, including the faculty of determining or interpreting, in what may be convenient or necessary, the hereby established rules,, and the content of the contracts and the rest of the documents that should be used therefore. In particular, and only as an indicative list, the Board of Directors will have the following faculties:*

- a) To establish and complete the precise conditions of the Plan in anything that has not been contemplated under this agreement, being able to determine for these purposes a minimum threshold of GAS NATURAL SDG, S.A. shares to be delivered to the employees that voluntarily subscribe the Plan.*
- b) To approve the content of the contracts and whatsoever documents that may be necessary or relevant.*
- c) To approve any communication of additional documentation that may be necessary or advisable to issue before any public Authority, including, if necessary, the relevant prospectuses.*
- d) To establish the timing for the delivery of shares to the beneficiaries, whether monthly, annual, or any other that may be found adequate.*
- e) To take any course of action, procedure or make any declaration before any entity or public or private person.*
- f) To negotiate, settle and sign counterparty and liquidity contracts with the financial entities that it may freely choose, under the terms and conditions that may be considered adequate. To subscribe and agency contract, where appropriate, with a financial institution.*
- g) To draft and subscribe any announcements that may be necessary or adequate.*
- h) To interpret the aforementioned Resolutions, adapting them, without modifying their basic content, to the new circumstances that may be*



*applicable.*

- i) In general, to take any course of action or subscribe any document that may be necessary or adequate.*

*The Board of Directors may delegate all the faculties given under this Resolution in the Executive Committee.*

*Everything that is hereby stated shall be considered without prejudice of the execution by the Company's subsidiaries, where applicable, of their faculties relating the launching of the Plan in what relates to their managers and employees.*

**THIRTEEN.- Information regarding the modification of the Regulations regarding the organisation and functioning of the Board of Directors of "GAS NATURAL SDG, S.A." and its Committees, formalised at the meeting of the Board of Directors of 21 September 2016.**

The General Shareholders Meeting is hereby informed, in accordance with the provisions of Section 528 of the Corporate Enterprises Act, of the modifications to the Regulations regarding the organisation and functioning of the Board of Directors of "GAS NATURAL SDG, S.A." and its Committees, as formalised at the meeting of the Board of Directors held on 21 September 2016.

1. Paragraphs I and II of Article 5 of the Regulations have been modified in order to include within the list of subjects that are not able to be delegated by the Board, the subjects that shall be subject to a qualified majority, by virtue of the modification of Article 10 of the Regulations, that is mentioned hereinbelow.
2. Paragraph 4 of Article 10 of the Regulations regarding the organisation and functioning of the Board of Directors and its Committees has been modified, by means of the inclusion of a new paragraph, in order to provide for a qualified majority for the adoption of certain resolutions of special importance.
3. Paragraph 1 of Article 30 of the Regulations regarding the organisation and functioning of the Board of Directors and its Committees has been modified

in order to extend to a maximum number of ten the component members of the Executive Committee.

4. Paragraph 1 of Article 32 of the Regulations regarding the organisation and functioning of the Board of Directors and its Committees has been modified in order to extend to a maximum number of seven the component members of the Audit Committee and to include the minimum standard of knowledge and experience that is required of the members of said Committee, in accordance with the provisions of Section 529 *quaterdecies* of the Corporate Enterprises Act.

In order to avoid unnecessary repetitions, said modifications and the justifications thereof are included in the Report of the Board of Directors provided to shareholders for the purposes of the General Shareholders Meeting.

**FOURTEEN.- Authorisation for the Board of Directors, with powers to delegate said authorisation upon the Executive Committee, in accordance with the provisions of Section 297.1 b) of the Corporate Enterprises Act, in order that, within the maximum period of five (5) years, if deemed necessary, the share capital may be increased up to a maximum amount equivalent to half of the share capital at the time of the authorisation, with provision for incomplete share subscription, by way of the issue of ordinary, preferential or redeemable shares, with or without voting rights, with or without share issue premiums, by one or more share capital increase procedures and when and in the amount that is deemed necessary, including the power to waive, as the case may be, the preferential share subscription rights up to the limit of 20% of the share capital at the time of this authorisation, and to re-draft the corresponding Articles of the Articles of Association and to revoke the authorisation provided by the Ordinary Shareholders Meeting of 20 April 2012.**

**Justification and reason for the proposed resolution:**

The justification and reason for the resolution is included in the Report issued by the Board of Directors provided to shareholders for the purposes of the General Shareholders Meeting, that is deemed to be reproduced herein so as to avoid unnecessary repetitions.

**Proposed resolution:**

**Fourteen.-**

- 1) *Taking into account the current amount of the share capital, to authorise the Board of Directors, with powers to delegate said authorisation upon the Executive Committee, to increase the share capital by the sum of FIVE HUNDRED MILLION THREE HUNDRED AND FORTY-FOUR THOUSAND SIX HUNDRED AND SEVENTY EUROS (€500,344,670.-) within the period of five (5) years, as from today's date (20/04/2017), by means of monetary payments, by one or more share capital increase procedures and when and in the amount that is deemed necessary by the Board of Directors, by way of the issue of ordinary, preferential or redeemable shares, with or without voting rights, with or without share issue premiums, without the need for any new authorisation of the General Shareholders Meeting, as well as to modify the Articles of the Articles of Association that are required for the share capital increase or increases that are carried out by virtue of the aforementioned authorisation, with provision for incomplete share subscription, and all of the foregoing in accordance with the provisions of Section 297.1 b) of the Corporate Enterprises Act, and to revoke the authorisation provided by the Shareholders Meeting of 20 April 2012.*
  
- 2) *The Board of Directors is expressly authorised, with powers to delegate said authorisation upon the Executive Committee, to exclude and waive, in full or in part, the preferential share subscription rights in relation to all or any of the share issues that may be established by virtue of the foregoing authorisation. This power will be limited to the fact that exclusions of the right subscription do not exceed, as a whole, the 20% of the Company's current share capital.*
  
- 3) *As a result of the foregoing resolution, to modify the Transitory Article of the Articles of Association, which, hereinafter, shall read as follows:*

***“TRANSITORY ARTICLE.- DELEGATION UPON THE BOARD OF DIRECTORS.***

*The Board of Directors of the Company, with powers to delegate said authorisation upon the Executive Committee, and during a maximum period of five (5) years as from today's date (20/04/2017), is hereby authorised to*

*increase the share capital by the sum of FIVE HUNDRED MILLION THREE HUNDRED AND FORTY-FOUR THOUSAND SIX HUNDRED AND SEVENTY EUROS (€500,344,670.-), by means of monetary payments, by one or more share capital increase procedures and when and in the amount that is deemed necessary by the Board of Directors, by way of the issue of ordinary, preferential or redeemable shares, with or without voting rights, with or without share issue premiums, without the need for any new authorisation of the General Shareholders Meeting, with the option of, as the case may be, establishing the total or partial exclusion and waiver of the preferential share subscription rights, as well as to modify the Articles of the Articles of Association that are required for the share capital increase or increases that are carried out by virtue of the aforementioned authorisation, with provision for incomplete share subscription, and all of the foregoing in accordance with the provisions of Section 297.1.b) of the Corporate Enterprises Act.”*

**FIFTEEN.- Delegation of powers for the completion, carrying out, execution, interpretation, correction and formalisation of the resolutions adopted by the General Shareholders Meeting.**

**Justification and reason for the resolution:**

The practical efficacy of several of the resolutions that are adopted at the General Shareholders Meeting depends upon the carrying out and execution of certain formalities, so it is hereby proposed to delegate powers upon the Board of Directors and upon the persons that are set out hereinbelow.

**Proposed resolution:**

***Fifteen.-***

- 1) To delegate upon the Board of Directors, with express powers to delegate upon the Executive Committee or upon the Board Member or Members that it deems necessary or upon the Secretary of the Board of Directors, and as broadly as may be required at law, all powers that are deemed necessary for the purposes of completing, carrying out, executing, interpreting, correcting and formalising any of the resolutions adopted by the General Shareholders Meeting, and accordingly to carry out and formalise any modifications,*

*addendums and inclusions as may be required or necessary for the efficacy and performance of the foregoing resolutions.*

- 2) *To delegate and authorise, as broadly as may be required at law, the Chairman of the Board of Directors, MR ISIDRO FAINÉ CASAS, the Chief Executive, MR RAFAEL VILLASECA MARCO and the Secretary of the Board of Directors, MR MANUEL GARCÍA COBALEDA, in order that, either one of them, indistinctly, may sign and formalise all private documents and may formalise before any Notary Public of their choice, any public documents, that are deemed necessary or adequate for the efficacy and performance of the foregoing resolutions and to register said resolutions at the corresponding registers, with the express power to rectify and correct said documents, without altering the scope, nature or inherent terms thereof.*

**Barcelona, 7 March 2017.**

**The Board of Directors of GAS NATURAL SDG, S.A.**