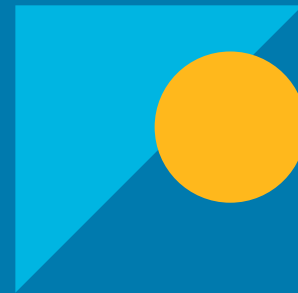


# Annual Activity Report of the Audit and Compliance Committee

AUDIT AND COMPLIANCE  
COMMITTEE

22/02/2021





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# 1 Composition, attendance and operation

On December 31, 2020, the composition of the Audit and Compliance Committee was as follows:

## **CHAIRWOMAN**

Ms Isabel Tocino Biscarolasaga

**Independent**

Appointment: 2014

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## **MEMBER**

Ms Rosa Rodríguez Díaz

**Independent**

Appointment: 2013

## **MEMBER**

Mr Luis García del Río

**Independent**

Appointment: 2017

## **MEMBER**

Mr Martí Parellada Sabata

**External**

Appointment: 2005

## **MEMBER**

Mr José Blanco Lopez

**Independent**

Appointment: 2020

## **MEMBER**

Mr José Montilla Aguilera

**Independent**

Appointment: 2020

## **MEMBER**

Sociedad Estatal de Participaciones Industriales (SEPI), represented by its Vice President Mr Bartolomé Lora Toro

**Proprietary**

Appointment: 2008

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## **SECRETARY**

Mr Rafael Piqueras Bautista

During 2020, the following changes were made to the composition of the Audit and Compliance Committee and were ratified at the Ordinary General Meeting held on June 30, 2020:

- Re-election of the Proprietary Director, Mr Bartolomé Lora Toro, as a member of the Committee, representing SEPI (Sociedad Estatal de Participaciones Industriales), for the statutory period of four years.
- Reinforcement of the Audit and Compliance Committee in view of the risks resulting from the COVID-19 crisis and its possible effects, with the appointment of two independent directors: Mr José Blanco López and Mr José Montilla Aguilera, for the statutory period of four years.

The Board of Directors appointed the members of the Audit and Compliance Committee taking account of their knowledge, skills and experience in accounting, auditing and financial and non-financial risk management.

All information on the Directors, including their work experience, can be found on the [Enagás corporate website](#) 

## ATTENDANCE

Pursuant to the provisions of the Regulations of the Audit and Compliance Committee, the Committee holds its meetings in accordance with an annual calendar, which includes at least four ordinary sessions.

During 2020, six meetings were held: four ordinary, one preparatory and one extraordinary.

All members of the Audit and Compliance Committee attended these meetings.

## COMMITTEE OPERATION

*The Committee conducted its activity in 2020 following the best practices of Corporate Governance and the recommendations of both the Good Governance Code of Listed Companies of June 2020, and the Technical Guide 3/2017 on Audit Committees in public interest entities dated June 27, 2017*

In accordance with the provisions of the corporate texts, the Audit and Compliance Committee was assisted by the Internal Audit Director, Ms Rosa Sánchez Bravo, in her duties as advisor to the Committee.

In addition, during 2020, at the invitation of the Chairwoman of the Committee, the Committee requested the presence of certain Company senior managers to discuss matters within their competence in accordance with the agenda. Specifically, it was attended by the Chief Executive Officer, Mr Marcelino Oreja Arburúa and the Financial General Manager of Enagás, Mr Borja García-Alarcón Altamirano. The Sustainability and Risk Director and the Compliance Director also attended meetings of the Committee when the latter addressed issues related to their functions.

Likewise, the representatives of the external auditor, Ernst & Young, S.L., attended the ordinary and preparatory meetings of the Committee.

The documentation relating to each meeting, such as the agenda and the minutes from the previous meeting, were given to Committee members sufficiently in advance.

Ordinarily, after each Audit and Compliance Committee meeting, the Chairwoman of the Committee reported to the Board of Directors in a meeting held the same day, with regard to the actions taken and matters addressed in each Committee meeting.

# 2 Audit and Compliance Committee regulation

*The Audit and Compliance Committee is governed by the provisions of applicable laws and regulations, the provisions contained in the Articles of Association, the Rules and Regulations for the Organisation and Functioning of the Board of Directors of Enagás, S.A., as well the Regulations of the Audit and Compliance Committee, dated on December 21, 2020*

These documents are available on the website.

The main functions and tasks performed during 2020 by the Audit and Compliance Committee are summarised in the following basic categories, which are set out in detail in article 8 of the Committee Regulations:

## 2.1. ANNUAL ACCOUNTS AND OTHER FINANCIAL AND NON-FINANCIAL INFORMATION

**i.** Overseeing and assessing the preparation and

presentation of financial and non-financial information on the Company and the Group, and checking compliance with regulatory requirements, the due definition of the consolidation scope and the correct application of accounting standards and, in particular, understanding and monitoring the efficiency of the Internal Control over Financial Reporting (ICFR) system.

**ii.** Examining the information on activities and results of the Company which is prepared and published periodically in accordance with the prevailing regulations relating to the securities markets, seeking to ensure transparency and exactness in the information.

**iii.** Informing the Board of Directors of any recommendations or comments that it deems necessary on the application of accounting

criteria, internal control systems, submitting recommendations or proposals to the Board of Directors aimed at safeguarding the integrity of the financial and non-financial information.

**iv.** Reporting to the Board of Directors with regard to the annual accounts and any other financial or non-financial information that must be regularly disclosed, prior to their being drawn up.

**v.** Certifying that the Annual Accounts presented by the Board of Directors to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

**vi.** Assessing any proposals made by senior managers regarding changes in accounting practices.

## 2.2. EXTERNAL AUDITOR

### WITH REGARD TO THEIR INDEPENDENCE:

- i.** Regularly gather information on the auditing plan and its implementation, in addition to preserving their independence in the exercise of their duties.
- ii.** Establishing appropriate relations with the external auditor to receive information on any matters that may threaten its independence, in particular any discrepancies that may arise between the accounts auditor and Company management, for consideration by the Committee, and any others related to the process of implementation of the accounts audit, as well as any possible safeguards to be adopted.
- iii.** Proceeding with the authorisation of services other than those prohibited, in accordance with prevailing regulations.
- iv.** Ensuring that the Company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other requirements concerning auditor independence.

- v.** Ensuring that the fees of the external auditor do not threaten their quality and independence, and are not based on any form of contingency, and establish an indicative limit on the fees that the auditor may receive annually for non-audit services.
- vi.** Receiving the annual statement from the external auditor on their independence with respect to the Enagás Group or entities directly or indirectly related to it, in addition to detailed and individual information on additional services of any kind rendered to these entities, and the corresponding fees received, by the external auditor or by persons or entities related to it. All of this is in accordance with the provisions of the regulations governing the accounts auditing activity.
- vii.** Issuing an annual report, prior to the issue of the audit report, giving an opinion on whether the independence of the auditors is compromised. This report contains a reasoned assessment of the provision of each and every one of the services rendered by the auditor, ensuring that they do not compromise the independence of the auditor, both individually and overall,

in accordance with the provisions of the regulations governing the auditing of accounts. This report will be published on the Company's website sufficiently in advance of the Ordinary General Meeting of the Company.

- viii.** Establishing a maximum duration for the audit task, guaranteeing a gradual rotation of the signing partner in accordance with the Audit Act.

### IN RELATION TO THE AUDIT PROCESS AND OTHER LIMITED REVIEWS OF INTERIM FINANCIAL STATEMENTS:

- i.** Reviewing the contents of audit reports, reports on limited review of interim financial statements and other statutory reports required of the auditors of accounts prior to their issuance, in order to prevent qualifications.
- ii.** Supervising the responses of senior management to its recommendations, and mediating and arbitrating in the event of any disagreement with regard to the principles and criteria applicable to the preparation of the financial statements.
- iii.** Fostering and ensuring that the external auditor who audits the individual and/or consolidated annual accounts takes full responsibility for

the audit report issued, even when the annual accounts of affiliates are audited by other external auditors.

- iv.** Reporting to the General Shareholders' Meeting on the audit results, explaining that this process contributes to the reliability of the financial information, and on the role performed by the Committee in this process.
- v.** Ensuring that the external auditor has a yearly meeting with the Board of Directors to inform them of the work undertaken and developments in the Company's risk and accounting positions.
- vi.** Conducting an annual assessment of the auditor's performance and how it has contributed to the quality of the audit and the integrity of the financial reporting.

### **2.3. INTERNAL AUDIT**

- i.** Overseeing the proper operation of internal audit and ensuring the independence of the Company's internal audit function, ensuring the provision of sufficient resources and suitably qualified personnel for the optimum performance of its duties.

- ii.** Approving the Internal Audit Plan, their related work plans and the annual budget for this, ensuring that the activity focuses mainly on the most significant risks facing the Group, including reputational risks.  
Supervising the internal audit services, receiving regular information on their activities and verifying that senior management takes their conclusions and recommendations into consideration.

- iii.** Reporting to the Committee at each ordinary meeting on the execution of the plan, including any possible incidents and limitations that may arise in its development, the results and the follow-up of recommendations.  
At the end of each period, the activities will be reflected in a report.

- iv.** Annually assess the internal audit function and the performance of its functions by its manager, for which purpose it shall seek the opinion of executive management.

### **2.4. RISK CONTROL AND MANAGEMENT**

- i.** Overseeing and assessing the effectiveness of the control and management systems for financial and

non-financial risks relating to the Company and its Group, including operational, technological, legal, social, environmental, political and reputational risks or corruption and anti-bribery risks, so that any such risks are adequately mitigated within the framework of the Company's internal policy.  
Submitting recommendations or proposals to the Board of Directors to improve these systems along with the corresponding deadline for dealing with them.

- ii.** Supervising the Risk Control and Management Unit, whose functions will include ensuring the proper functioning of the risk control and management systems.  
Participating actively in the preparation of risk strategies and in key decisions about their management.

- iii.** Evaluating the Company's risks and examining the analyses of risks that affect the activities of the Company.

- iv.** Reporting to the Board of Directors on the risks detected and the assessment thereof, as well as any other relevant risk-related matters, reassessing the most significant financial and non-financial risks at least once a year.

## 2.5. COMPETENCIES RELATING TO LEGALITY

- i. Reporting to the Board of Directors prior to transactions with related parties, pursuant to article 14 bis of the Board Regulations.
- ii. Preparing a report on related-party transactions, for posting on the Company's website, sufficiently in advance of the Ordinary Shareholders' Meeting.
- iii. Receiving and analysing information on the tax-related criteria applied by the Company during the year, particularly with regard to the degree of compliance with the corporate tax policy, prior to the preparation of the Annual Accounts.

## 2.6. CORPORATE GOVERNANCE, INTERNAL CODES AND COMPLIANCE

- i. Reporting in advance to the Board of Directors on operations involving structural and corporate modifications planned by the Company.
- ii. Supervising compliance with the rules of corporate governance and the Internal Codes of Conduct, ensuring that the corporate culture is aligned with its purpose and values and, in particular, with the Internal Code of Conduct

on matters relating to the securities markets, acting in coordination with the Sustainability, Appointments and Remuneration Committee.

- iii. Overseeing a mechanism that allows employees and other persons related to the Company to report potentially significant irregularities, including financial and accounting irregularities, or irregularities of any other nature, concerning the Company and which may come to light within the Company or its Group. Such mechanisms must guarantee confidentiality of the parties concerned.
- iv. Preparing this Annual Activity Report of the Audit and Compliance Committee that will form a part of the Annual Corporate Governance Report.
- v. Assisting with drafting the Annual Corporate Governance Report, especially in areas concerning information transparency and conflicts of interest.

## 2.7. COMPLIANCE

- i. Ensuring the independence of the compliance function.

- ii. Ensuring that the compliance function performs its mission and competences with regard to regulatory compliance and the prevention and correction of behaviour that is illegal or fraudulent or otherwise breaches the Enagás Code of Ethics.
- iii. Ensuring that the compliance function is provided with the necessary staff and material resources needed for the optimum performance of its duties.

## 2.8. SHAREHOLDERS

- i. Providing information on issues within the scope of its duties at the General Meeting.



# 3 Activities of the Audit and Compliance Committee in 2020

*During 2020, the Audit and Compliance Committee effectively executed its schedule of actions, in accordance with the recommendations of the Technical Guide and the Good Governance Code of Listed Companies*

The most relevant activities conducted by the Audit and Compliance Committee in 2020 are summarised below.

## **WITH REGARD TO FINANCIAL AND NON-FINANCIAL INFORMATION**

### **INFORMATION TO THE BOARD OF DIRECTORS ON ENAGÁS' ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2019**

In its meeting held on February 17, 2020, the Committee analysed and debated the 2019 annual accounts, reporting favourably on them to the Board of Directors, which proceeded to prepare the

annual accounts for the year ending December 31, 2019 under the terms set out by the Committee.

The Committee also verified that the Non-Financial Information Statement, which is included in the Management Report of the Consolidated Annual Accounts, included all the reporting required by Law 11/2018, of December 28 on non-financial information and diversity, reporting in this regard to the Board of Directors.

Finally, the consolidated accounts for 2019, together with the Management Report, were approved by the General Shareholders' Meeting on June 30, 2020.

### **SUPERVISIONS OF THE 2020 INTERIM FINANCIAL STATEMENTS**

Throughout 2020, in accordance with the recommendations on good governance, the Committee has reviewed the interim financial

statements on the occasion of the quarterly and half-yearly closing, based on the reports provided by the Financial General Manager and the external auditor.

The Committee understands that this activity is of vital importance in maintaining strict control of the Company's accounts and to facilitate the issuance of an unqualified audit report at year-end.

As a result of its work, the Committee presented at its meetings in April and October 2020 reports to the Board of Directors regarding the interim economic and financial information of Enagás and the economic and financial information for the first half of 2020.

During 2020, the Committee evaluated several reports drafted on the monitoring of the 2020 budget, the progress of the 2021 budget, with special emphasis on the possible impacts of the COVID-19 pandemic on the Company's Financial Statements.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING SYSTEM (“ICFR”)**

During 2020, the Committee monitored, through the information provided by the external auditor, internal auditor and the Finance Department, the effectiveness of the Internal Control over Financial Reporting System. Specifically, at the beginning of 2020, the external auditor reported favourably on the Internal Control over Financial Reporting System (hereinafter “ICFR”), that the Company applies under the COSO 2013 guidelines and no significant weaknesses were detected.

During 2020, the Finance Department and the Internal Audit Department have been reporting on the implementation status of the minor recommendations for improvement in the ICFR 2019 certification, as well as on the internal audit work carried out on the ICFR.

Finally, on February 22, 2021, the accounts auditor informed the Audit and Compliance Committee that, in their opinion, the Group had an effective ICFR system in place in 2020. The Committee subsequently informed the Board of Directors of this certification, and of the non-existence of relevant recommendations.

### **FORMULATION AND APPROVAL OF THE ENAGÁS ANNUAL ACCOUNTS FOR 2020**

With regard to the approval of the 2020 annual accounts, the accounts auditor gave a favourable report to the Audit and Compliance Committee on February 22, 2021, leading to their subsequent preparation by the Board of Directors.

With regard to the Consolidated Non-Financial Information Statement included in the Management Report of the Enagás Group for the 2020 financial year and the Agreed-Upon Procedures on the Internal Control over Non-Financial Reporting System, the Committee reported favourably to the Board on February 22, 2021.

The 2020 consolidated accounts together with the management report will be presented to the General Shareholders’ Meeting, which is expected to be held in the coming months.

Finally, the Committee verified that the published financial and non-financial information for 2020 was in line with the approved information.

### **OTHER FINANCIAL INFORMATION**

During 2020, the Committee evaluated and monitored other financial information such as 2020 budget

tracking, annual closure progress, 2021 budget progress, with continuous analysis of the possible impacts of the COVID-19 pandemic on the 2020 Financial Statements as well as those of successive years.

### **WITH REGARD TO THE EXTERNAL AUDITOR**

#### **AUDIT PROCESS**

In accordance with the established agenda, the external auditor participated in the four ordinary meetings held by the Committee, and in the preparatory meeting held in 2020 to prepare for the end of the accounting period, which has allowed the Committee to adequately perform its duty to serve as a communication channel between the Board of Directors and the external auditor.

In addition, the external auditor reported to the Board of Directors in its meetings on two occasions: February 17, 2020 and July 27, 2020.

At the meetings held by the Committee in 2020, the external auditor provided detailed information on the planning and progress of their work.

On June 30, 2020, the Chairwoman of the Committee informed the General Shareholders’ Meeting of the favourable outcome of the audit of the 2020 annual

accounts, explaining how this had contributed to the integrity of the financial information, as well as the functions that the Committee has performed during this process.

#### **ANALYSIS OF THE INDEPENDENCE OF THE ACCOUNTS AUDITOR BY THE AUDIT AND COMPLIANCE COMMITTEE**

During the meetings held in 2020, the Committee reviewed and approved all the services rendered by the external auditor, to check that they complied with the requirements established in the Regulations of the Audit and Compliance Committee, the Audit Act 22/2015, the European Regulation 214/537, and in the procedure for the contracting and relations with the external auditor.

Likewise, the external auditor EY informed the Committee at its various meetings that it had not detected any circumstance that could constitute grounds for incompatibility in terms of independence in accordance with the provisions of the Audit Act 22/2015 and European Regulation 214/537.

At the meeting held on February 17, 2020, the external auditor delivered to the Audit and Compliance Committee their Accounts Auditor Independence Statement certifying fulfilment of the independence requisites set out in the applicable laws.

On February 22, 2021, the Audit and Compliance Committee issued the Accounts Auditor Independence Report in which a favourable opinion was expressed as to the independence of the external auditor. This report is available on this website.

By December 31, 2020, non-audit services accounted for 39% of total auditor fees.

#### **EXTERNAL AUDITOR PERFORMANCE ASSESSMENT**

In February 2021, the Committee carried out an assessment of the external auditor's performance during financial year 2020 and of its contribution to the integrity of the financial and non-financial information, considering, among other matters, its performance before the Committee, as well as the opinion gathered from the different areas.

#### **SIGNING PARTNER ROTATION**

The General Shareholders' Meeting, held on June 30, 2020, ratified the re-election of Ernst & Young, S.L. as auditors of Enagás, S.A. and its consolidated group for a period of three years (2019-2021).

The Committee also agreed to define a transition plan during 2020 in order to give an orderly exit to the partner currently signing the Group's accounts,

which will rotate in 2020, after the end of its fifth year, in accordance with the Audit Act 22/2015.

#### **WITH REGARD TO THE INTERNAL AUDITOR**

The Committee supervised the Company's Internal Audit services, ensuring their independence and effectiveness throughout 2020.

At its meeting on February 17, 2020, the Committee evaluated and approved the Annual Internal Audit Plan and Budget for 2020, verifying how the plan covered the Company's most relevant risks and ensuring that the function had sufficient and adequate resources to carry out its duties.

Likewise, in this session, the Internal Audit Department presented the Annual Report of the internal audit activity carried out during 2019.

At all meetings held during 2020, the Committee received regular information on the internal audit activity, allowing it to have exhaustive control over the recommendations obtained in its Audit Reports and verifying the degree of progress of the Annual Plan and the degree of implementation of its recommendations by the areas.

As a consequence of the COVID-19 pandemic, the Committee approved the inclusion of certain specific work to be undertaken by the Internal Audit Department, corresponding to the different initiatives carried out by the Company to mitigate the effects of the pandemic, as well as specific reviews on support initiatives carried out by the company, in order to ensure the existence of an adequate internal control framework.

The Committee informed the Board of Directors after each Audit and Compliance Committee meeting.

Lastly, it carried out an assessment of the performance of the duties and responsibilities assumed by both the Internal Audit Director and the internal audit function as a whole.

The questionnaire assesses aspects such as the strategic positioning of the function, good governance and auditor independence, as well as performance in the execution of its duties through the year.

### **WITH REGARD TO RISK CONTROL AND MANAGEMENT**

The Audit and Compliance Committee monitored the effectiveness of the risk control and management systems.

The Chief Executive Officer and the Sustainability and Risk Director informed the Committee about the status of the Company's risk control and management, as well as the level of compliance with the defined risk limits at its four ordinary meetings, as well as at the preparatory meeting held in December.

Specifically, on February 17, 2020, the Sustainability and Risk Management Department submitted the results of the annual risk monitoring and measurement process and set out certain improvements introduced in the risk control and management model in relation to monitoring risk appetite, incorporating and modifying certain risk indicators (KRIs) in relation to operations: availability of the company's main industrial systems, frequency of accidents and cybersecurity. Ongoing monitoring of the evolution of risks was conducted at the subsequent meetings held by the Committee.

Since the beginning of the COVID-19 pandemic, the Audit and Compliance Committee has monitored the reports presented by the Sustainability and Risk Management Department on the effect of COVID-19 on corporate risks and the appearance of new associated risks, taking account of different stress scenarios, of probability of occurrence and impact, with no critical impacts

having been detected at any time. These analyses were updated at least quarterly during 2020.

In 2020, the Sustainability and Risk Management Department implemented improvements to its risk model: a new methodology was defined to analyse the risk of the companies in which Enagás Emprende has a stake; it was included in the quarterly reports. Furthermore, in 2021 it was proposed to include a new impact dimension associated with the effects on health and safety, and the risk indicators and levels for the economic-financial dimension were updated.

The Chairwoman of the Committee reported to the Board of Directors on all these matters after each Committee meeting.

### **WITH REGARD TO THE COMPETENCES RELATING TO LEGALITY**

#### **RELATED-PARTY TRANSACTIONS**

With regard to 2019, in accordance with the recommendations of the Good Governance Code of Listed Companies, the Audit and Compliance Committee prepared a report, dated February 21, 2020, on related-party transactions that was made available to shareholders at the time notice was

given of the General Shareholders' Meeting held on June 30, 2020.

In this report, the Committee confirmed the company's compliance with securities market regulations on transactions with related parties. It also verified that all related-party transactions carried out during 2019 belonged to the company's ordinary business or traffic, were carried out under arm's length conditions and were approved by the company's Board of Directors.

No related-party transactions were made in 2020 that required involvement by the Board of Directors.

Finally, on February 22, 2021, the Audit and Compliance Committee prepared a Report on related-party transactions, which it will make available to shareholders at the time of the call to the General Shareholders' Meeting scheduled in the coming months.

#### **FISCAL TRANSPARENCY REPORT**

On December 21, 2020, in compliance with the Code of Good Tax Practices, to which Enagás adheres, the Committee was informed by the Financial General Manager of the Annual Report on Tax Transparency, which describes mainly: the tax strategy, the main business lines, the corporate structure, the dividend

policy, the financial position of the Group, as well as other issues of special tax significance that occurred during the year.

This report was approved by the Board on December 21 and presented to the AEAT on December 22, 2020.

#### **WITH REGARD TO CORPORATE GOVERNANCE AND COMMUNICATIONS WITH THE REGULATOR**

##### **ANNUAL CORPORATE GOVERNANCE REPORT**

The Committee reported favourably to the Board of Directors on the Annual Corporate Governance Report (ACGR) for 2019, dated February 17, 2020, and on the ACGR for 2020, dated February 22, 2021.

##### **COMMUNICATIONS WITH THE REGULATOR**

On July 21, 2020, the Company responded to the request for information made by the CNMV.

#### **WITH REGARD TO COMPLIANCE**

The Committee approved the budget of the Compliance Department for financial year 2020, dated February 17, 2020, and assessed the Compliance Activity Plan for financial year 2019.

At the February meeting, the Committee was also informed of the actions of the Ethics Committee, details of complaints received through the ethics channel, as well as the monitoring of initiatives included in the Sustainable, Ethical and Compliance Management Plan for 2020.

In accordance with article 20.2 of the Internal Code of Conduct, the Secretary of the Board of Directors informed the Audit and Compliance Committee of the degree of compliance and incidents relating to the application of the Internal Code of Conduct (RIC) in matters of the securities market.

The Committee was informed about the Activity Report on a quarterly basis by the Director of Compliance.

Lastly, on December 21, 2020, the Compliance Department reported on the update of the Enagás Group's Crime Prevention Model, which was approved by the Board of Directors on that date.

#### **WITH REGARD TO THE ACTIVITY OF THE AUDIT AND COMPLIANCE COMMITTEE**

On February 17, 2020, the Committee approved the Annual Activity Report of the Committee for 2019,

and reported to the Board on the same date. This report was made available to shareholders at the ordinary General Meeting.

Likewise, on December 21, 2020, the Committee was informed of the update of the Regulations governing the activity of the Audit and Compliance Committee, as well as the Regulations of the Board of Directors, in order to adapt them to the recommendations included in the revision of the Good Governance Code of Listed Companies in June 2020. These Regulations were subsequently approved by the Board of Directors.

# 4 Performance assessment of the Audit and Compliance Committee

*In accordance with the provisions of the Audit and Compliance Committee Regulations, the Board of Directors and the Audit and Compliance Committee underwent a quality and efficiency assessment of the performance of their functions and competencies during 2020, by an external consultant, using the applicable regulations and best practices in corporate governance as the evaluation reference framework*

The result of this assessment highlighted the fact that the Audit and Compliance Committee performs its duties in accordance with the best corporate governance practices. The results of this assessment were approved by the Board of Directors on February 17, 2020.

# 5 Progress made in 2020 and priorities for 2021

*The Audit and Compliance Committee has made progress in its performance during financial year 2020, in accordance with best practices*

During financial year 2020, the Committee held informative sessions on the following matters:

- New features included in the update of the Good Governance Code in relation to the audit committees.
- Agile transformation of the internal audit function, to equip it to respond quickly and effectively to the needs of the company and adopt new technologies and tools.
- Guide to best practices in competition published by the CNMC.
- Enagás Security Management Model, including a training pill on cybersecurity awareness.

During 2020, the Committee continued to make progress in expanding the number and duration of meetings held.

During 2021, cross-cutting, coordinated work will continue with the different departments of the company, with the objectives of digital transformation, strengthening internal control, and analysis and evaluation of financial and non-financial risks.



# 6 Conclusions

As reflected in this report, during the course of financial year 2020, the Audit and Compliance Committee addressed the analysis and assessment of the main issues and aspects within its remit, in accordance with the best practices of Corporate Governance and the recommendations of both the Good Governance Code of Listed Companies, revised in June 2020, and the Technical Guide 3/2017 on

Audit Committees of public interest entities, dated June 27, 2017, reporting on the most relevant issues to the Board of Directors of the Company.

This report was drawn up by the Audit and Compliance Committee on February 22, 2021 and approved by the Board of Directors on February 22, 2021.

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The Secretary to the Board  
of Directors of Enagás S.A.  
**Rafael Piqueras Bautista**

**Enagás S.A.**

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