

Annual Activity Report

Sustainability, Appointments and Remuneration Committee

02/21/2022

Table of contents



Browse this document by clicking on the arrows and the different sections of the top menu.
To return to the home page, click on the Enagás logo from any page.

1

Composition, attendance and operation

At December 31, 2021 the composition of the Sustainability, Appointments and Remuneration Committee is as follows:

CHAIRWOMAN

Ms Ana Palacio Vallelersundi

Independent

Appointment: 2014

MEMBER

Mr Santiago
Ferrer Costa

Proprietary

Appointment: 2018

MEMBER

Mr Gonzalo
Solana González

Independent

Appointment: 2014

MEMBER

Mr Antonio
Hernández Mancha

Independent

Appointment: 2014

MEMBER

Mr Ignacio
Grangel Vicente

Independent

Appointment: 2018

MEMBER

Ms Patricia
Úrbez Sanz

Independent

Appointment: 2019

MEMBER

Mr Cristóbal José
Gallego Castillo

Independent

Appointment: 2020

SECRETARY

Mr Rafael Piqueras Bautista

In 2021, there were no changes in the composition of the Committee.

The members of the Sustainability, Appointments and Remuneration Committee were appointed taking into account their knowledge, skills and experience in: sustainability, human resources, selection of Directors and Senior Management, design of remuneration policies and plans, corporate governance and corporate social responsibility.

The composition of the Committee is therefore in accordance with the best practices of Good Corporate Governance.

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

ATTENDANCE

In accordance with the provisions of the Regulations of the Sustainability, Appointments and Remuneration Committee and its scheduled actions, the Committee met thirteen times during 2021: nine ordinary preparatory meetings and four ordinary meetings.

All members of the Committee physically attended these meetings.

The Committee Chairwoman informed the Board of Directors of the issues dealt with at each Committee meeting at the following Board meeting.

OPERATION

The Committee conducted its activity in 2021 in accordance with the best practices of Corporate Governance and the standard procedures set out in the Draft Technical Guidelines on Appointment and Remuneration Committees

The meetings were convened by the Committee Chairwoman, with the collaboration of internal and external advisers, and the appearance of a number of Company senior managers who addressed subjects under their competency, in accordance with the agenda.

Specifically, it was attended by the Human & Corporate Resources General Manager, as well as other members of the Management 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 Sustainability, Appointments and Remuneration Committee, the Chairwoman of the Committee reports 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

Regulation of the Sustainability, Appointments and Remuneration Committee

The Sustainability, Appointments and Remuneration Committee is governed by the provisions of applicable laws and regulations, the provisions of the Articles of Association, the Rules and Regulations for the Organisation and Functioning of the Board of Directors of Enagás, S.A., as well as its own Regulations, dated December 20, 2021

These documents are available on the Enagás corporate website.

The main duties entrusted to the Committee during 2021 are listed under the following basic categories:

2.1. POWERS RELATING TO THE COMPOSITION OF THE BOARD

i. To evaluate the skills, knowledge and experience needed on the Board of Directors.

To this end, it shall determine the functions and capacities required of the candidates to fill each vacancy, and evaluate the precise amount of time and degree of dedication necessary for them to effectively perform their duties, in accordance with the Board Diversity and Director Selection Policy. The Committee will draw up and periodically update a matrix with the necessary competences of the Board and which defines the skills and knowledge of the candidates for Directors, in particular executive and independent Directors.

ii. To review the structure of the Board of Directors, as well as the criteria that must be reported, the statutory renewal of Directors, the incorporation of new members, guaranteeing that their access to the Board does not affect the Company's

status as transmission network operator, in accordance with the provisions of the applicable regulations on hydrocarbons, as well as any other aspect relating to its composition that it considers appropriate, forwarding proposals that it deems necessary to the Board of Directors.

iii. To propose to the Board an objective of representation for the under-represented sex on the Board of Directors and to draw up guidelines on how to achieve this objective, also proposing to the Board of Directors the policy of diversity of Directors on the basis, among others, of the criteria of age, disability, training, professional experience and gender.

iv. To periodically review the category of the Directors.

2.2. POWERS FOR THE SELECTION OF DIRECTORS AND SENIOR MANAGERS

- i.** To forward to the Board of Directors proposed appointments of Independent Directors for them to be designated by co-option or subject to the decision of the General Shareholders' Meeting, as well as on proposals for their re-election or removal by the General Shareholders' Meeting.
- ii.** To report on the proposed appointments of the remaining Directors for them to be designated by co-option or subject to the decision of the General Shareholders' Meeting, as well as on proposals for their re-election or removal by the General Shareholders' Meeting.
- iii.** To report to the Board of Directors concerning proposals for the removal of Directors when situations arise that affect them and which may compromise the good name and reputation of the Company, according to prevailing laws or the internal regulations of the Company.
- iv.** The Committee shall verify on an annual basis compliance with the Board Diversity and Director Selection Policy.

- v.** To report on proposals for the appointment and removal of Senior Managers.
- vi.** To submit proposals to the Board of Directors regarding the Company's organisational structure and the creation of Senior Management positions that it considers necessary for better and more efficient management of the Company, as well as the guidelines regarding the appointment, career selection, promotion and dismissal of Senior Managers, to ensure the Company has, at all times, highly qualified personnel suitable for the management of its activities.

2.3. POWERS RELATING TO THE OFFICES OF THE BOARD

- i.** To report on the appointment of the Chairman and Vice Chairman of the Board of Directors.
- ii.** To report on the appointment and dismissal of the Secretary and the Vice Secretary of the Board of Directors.
- iii.** To propose the appointment of the Independent Leading Director.

- iv.** To examine and organise the succession of the Board of Director's Chairman and the Company's CEO and, if appropriate, to make proposals to the Board to ensure the succession is smooth and well planned, drawing up and regularly reviewing a succession plan to that effect.

2.4. POWERS RELATING TO THE REMUNERATION OF DIRECTORS AND SENIOR MANAGERS

- i.** To propose to the Board of Directors the remuneration policy for Directors and Senior Managers, verifying its compliance. To this end, the Committee will periodically review the remuneration policy for Directors and Senior Managers and ensure that their individual remuneration is proportional to that paid to the other Directors and Senior Management of the Company.
- ii.** To propose to the Board of Directors the individual remuneration and other contractual conditions of the Executive Directors, verifying that they are consistent with the remuneration policies in force.
- iii.** To report to the Board of Directors, in advance, on the individual determination of the remuneration

of each Director in their capacity as such within the statutory framework and the remuneration policy, as well as for the performance of the executive functions attributed to them in the remuneration policy and in accordance with the provisions of their contract.

- iv. To propose to the Board of Directors the basic conditions of the Senior Management contracts, verifying that they are consistent with the remuneration policies in force.
- v. To verify information on remuneration of Directors and Senior Managers contained in the various corporate documents, including the Annual Report on Directors' Remuneration.

2.5. POWERS RELATING TO GOOD CORPORATE GOVERNANCE AND SUSTAINABILITY

- i. To report to the Board on the general policy concerning Sustainability and Good Corporate Governance, ensuring the adoption and effective application of best practices – both those which are compulsory and those that are in line with generally accepted recommendations. To this end, the Committee shall be responsible for the following functions:

- a) Submit to the Board the initiatives and proposals it deems appropriate and provide information on proposals submitted to the Board and information that the Company releases to shareholders annually regarding these issues.
- b) Monitor compliance with the rules of corporate governance of the Company, periodically assessing the adequacy of the Company's system of corporate governance, in order to fulfil its mission of promoting the corporate interest, and consider, as appropriate, the legitimate interests of other stakeholders.
- c) Oversee the application of the general policy for reporting economic-financial, non-financial and corporate information, as well as reporting to shareholders and investors, proxy advisers and other stakeholders. Oversight of the way in which the Company communicates with and relates to small and medium sized shareholders.
- d) See to it that the Company's practices in environmental and social matters are aligned with the set strategy and policies.
- e) To monitor and assess the processes of liaising with different stakeholders.
- f) In particular, the Committee shall ensure that sustainability policies in environmental and social matters identify at least:
 - Principles, commitments and targets in matters relative to shareholders, employees, customers, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.
 - Methods or systems for monitoring compliance with policies, and identifying and managing related risks.
 - Mechanisms for monitoring non-financial risk, including those related to ethics and business conduct.
 - Channels for stakeholder engagement, participation and dialogue.
 - Responsible communication practices that prevent the manipulation of information and protect the Company's honour and integrity.

- ii. To report to the Board of Directors on measures to be taken in the event of breach of these Regulations or the Internal Code of Conduct on matters relating to the securities markets on the part of Directors or other persons subject to those rules. In performing this duty, the Sustainability, Appointments and Remuneration Committee shall work in coordination with the Audit and Compliance Committee wherever appropriate.
- iii. To prepare an annual Report on the Committee's activities, which will be published on the Company's website sufficiently in advance of the Ordinary General Meeting.

- iv. To ensure that any conflicts of interest do not impair the independence of external advisors to the Committee in the exercise of their duties.

2.6. OTHER POWERS

- i. To spearhead, together with the Independent Leading Director, where appropriate, the annual evaluation of the performance of the Board and its Committees, and to provide the Board with the results of its assessment together with a proposal for an action plan or with recommendations to correct possible deficiencies detected or to improve performance.
- ii. To design and organise regular programmes to update Directors' knowledge.

- iii. In performing and exercising its duties, the Sustainability, Appointments and Remuneration Committee shall take into account the principles and criteria established in the Technical Guide 1/2019 on Appointments and Remuneration Committees of the National Securities Market Commission of February 20, 2019, without prejudice to them being adapted to the particular circumstances and characteristics of the Company and its Group.
- iv. The Committee shall establish an annual work plan covering the main activities of the Committee during the year in relation to the performance of its duties.

3

Activities of the Sustainability, Appointments and Remuneration Committee in 2021

During 2021, the Sustainability, Appointments and Remuneration Committee conducted its activities in accordance with the recommendations of Guide 1/2019 on Appointments and Remuneration Committees, and the best practices of the Good Governance Code of listed companies, dated June 2020

The most relevant activities conducted by the Sustainability, Appointments and Remuneration Committee in 2021 are summarised below.

COMMITTEE'S ACTIVITIES IN RELATION TO THE APPOINTMENT AND RE-ELECTION OF DIRECTORS

At its meeting held on April 16, 2021, the Committee approved the Report that the Committee prepares, for the purposes of Articles 529 decies and 529 quinquies of the revised text of the Corporate Enterprises Act for the ratification

and appointment of Directors, which was approved by the Board and ratified by the General Shareholders' Meeting held on May 27, 2021.

This report included a proposal for the appointment of two new female directors: Ms Natalia Fabra Portela and Ms María Teresa Arcos Sánchez with the category of independent directors to fill two of the three vacancies caused by the termination due to the expiration of the four-year term of office of the following Board Members: Ms Rosa Rodríguez Díaz (Independent), Mr Luis García del Río (Independent) and Mr Martí Parellada Sabata (Other External).

In the appointment process, the Committee was supported by an independent advisor. The appointment process was carried out taking into account both the skills matrix and the diversity objectives established by the Company,

in accordance with the existing procedure and applicable regulations.

COMMITTEE'S ACTIVITIES RELATED TO SENIOR MANAGEMENT APPOINTMENTS AND CHANGES IN ORGANISATIONAL STRUCTURE

On July 19, the Committee submitted to the Board the proposal regarding the creation of the Enagás Renewables and Services Department, as well as its incorporation into the Management Committee. This proposal was approved by the Board on July 25, 2021.

ACTIVITIES REGARDING THE REMUNERATION FOR DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

On April 25, 2021, the Board of Directors approved the proposed Directors' Remuneration Policy for the years 2022, 2023 and 2024, which was accompanied

by the Proposal Report issued by the Committee on April 16, 2021. Both documents were made available to shareholders on the Company's website at the convening of the General Shareholder's meeting, and finally approved by the General Meeting on May 27, 2021.

For the preparation of this policy, the Committee was supported by an independent advisor, ensuring its alignment with market and corporate governance trends.

Likewise, on April 16 and November 22, 2021, the Committee was informed of the progress and degree of compliance with the Long-Term Incentive Plan for the 2019-2021 period, which ended at the close of 2021.

In relation to the Company's annual objectives, at its preparatory meeting held on February 3, 2021, the Committee assessed the degree of achievement of the Company's objectives established for 2020, for the purpose of determining the annual variable remuneration of the Executive Directors and members of the Management Committee, which was finally approved at its meeting held on February 18, 2021.

The Committee also proposed to the Board for approval the company's objectives for the 2021

financial year, aligned with the main strategic lines defined in the 2021-2026 strategic update, which were approved at its meeting on April 25, 2021.

Given the supervening circumstances of COVID-19, the Committee decided to maintain the fixed remuneration corresponding to 2021 for the Executive Directors.

The salary review of the members of the Management Committee was discussed during the meetings held on November 22 and 29, as well as on December 20, and it was finally decided not to apply an annual salary increase for 2021. In addition, it was decided to commission an independent consultant to conduct a detailed analysis of the remuneration position of the Management Committee and each of its members in relation to Enagás' peer companies, in order to present the proposal resulting from this analysis to the Board in February 2022.

ACTIVITIES CARRIED OUT IN RELATION TO GOOD CORPORATE GOVERNANCE

The Committee has been periodically informed of the Company's policies and actions regarding corporate social responsibility and good corporate governance.

On February 16, 2021, the Committee reported favourably to the Board of Directors on the draft of the Annual Corporate Governance Report that was delivered as a material event at the convening of the General Shareholders' Meeting held on May 27, 2021.

At this meeting, the Committee also reported favourably to the Board of Directors on the Consolidated Management Report, which contains the Non-Financial Information Statement, as required by Article 262 of the Spanish Corporate Enterprises Act and Law 11/2018 on non-financial and diversity reporting.

ACTIVITIES CARRIED OUT IN RELATION TO SUSTAINABILITY

At its meeting on February 3, the Committee reviewed the company's Diversity and Inclusion Strategy, as well as the satisfactory results of the Gender Pay Equity and Equal Opportunities Study as part of that strategy.

At the same meeting, the Committee was informed of the matters approved at the Sustainability Committee held on January 12, including the update of the Enagás materiality matrix, the Biodiversity strategy, as well as the actions taken by Management to

obtain certification for the 2021 General Shareholders' Meeting, according to the ISO20121 sustainable events standard (the certification was obtained after the Meeting was held). The Committee was also informed of the action plan approved following the analysis of the results obtained in the evaluation of the Dow Jones Sustainability Index 2020.

At the meeting held on February 18, 2021, the Committee was informed of the most important aspects included in the 2020 Non-Financial Information Statement that meet the requirements of applicable regulations and sustainability reporting best practises.

On July 19, the Committee was informed of the analysis carried out in Enagás' affiliates (non-operated assets) on the level of management of the different aspects of sustainability, with a special focus on Human Rights and Climate Change, the results of which show a good level of management in all the areas evaluated, in line with that existing in the Corporate Group. Enagás was assisted by an external consultant with expertise in this area.

This analysis enables the Company to anticipate risks and opportunities associated with sustainability areas relevant to stakeholders (investors, local communities,

regulators) and to promote sustainability management in the affiliates as a lever for long-term value creation.

At the same meeting, the Committee was informed of the ESG assessment of Enagás by the rating agency S&P, which analysed the company's performance in terms of environmental, social and governance aspects, taking into account the company's exposure to the sector/countries in which it operates and its performance with a focus on the long term.

Enagás obtained a score of 75/100 in the assessment.

At its meeting on November 22, the Committee reviewed the Company's results in the Dow Jones Sustainability Index 2021 and requested a detailed report on these results, which was evaluated by the Committee in the first week of January 2022, in order to incorporate the considerations into the 2022 Enagás Sustainable Management Plan.

At the same meeting, the Committee also received a report on the issues discussed at the Sustainability Committee meeting on October 22, including the description of Scope 3 proposed as part of the company's decarbonisation strategy, and the prioritisation of Enagás' stakeholders with regard to

the assessment of the management model according to the new EFQM model.

The results of this assessment were shared with the Committee at its meeting on December 20. It was highlighted that Enagás received the highest score (+700), making it one of the first two companies in Spain to reach this level based on the new EFQM model.

ACTIVITIES IN RELATION TO ASSESSING THE PERFORMANCE OF THE BOARD OF DIRECTORS AND OF ITS COMMITTEES

In accordance with Article 529 nonies of the Spanish Corporate Enterprises Act, and as stipulated in the Regulations of the Sustainability, Appointments and Remuneration Committee, the Committee must conduct an annual assessment of the operation of its Committees and, based on its outcome, put forward an action plan to correct detected needs for improvement.

As in previous years, the Sustainability, Appointments and Remuneration Committee agreed that the assessment should be conducted by an independent external advisor, whose independence was evaluated by the Committee itself.

The assessment for 2020 consisted on the completion of a confidential and anonymous questionnaire and personal interviews with specific members of the Board of Directors, namely the Chief Executive Officer, Committee Chairs and the Independent Leading Director.

The assessment process focused on the following areas:

- Structure and composition of the Board of Directors and its Committees.
- The quality and efficiency of the Board's operation.
- Operation of and debate by the Board and its Committees.
- The performance of the Chairman of the Board and the Chief Executive Officer.

On February 22, 2021, the Committee reviewed the conclusions of the 2020 performance assessment conducted by the external advisor, agreeing as an action plan the necessary measures to be taken to resolve the detected needs for improvement.

Overall, the Board and the two Committees were found to be performing their duties in accordance with best corporate governance practises and the governance requirements of investors and ESG analysts.

Among the conclusions, the following were highlighted as strengths: the climate of dialogue and debate in the meetings, the conciseness and clarity of the information provided for the Board's preparation, and the rigour of the minutes.

Some suggestions for improvement were also made, including: further consideration of the Enagás Strategic Plan and the energy transition as a central and regular element of the Board meetings, and strengthening the reflection on risks.

On the same day, the Committee informed the Board of Directors of the results of the assessment for the 2020 financial year.

In relation to the evaluation conducted at the beginning of 2022 corresponding to the 2021

financial year, it has been shown that the Board and both Committees perform their functions in accordance with the best practices of corporate governance, and there were no changes in their internal organisation or operating procedures.

OTHER ACTIVITIES

Finally, on December 20, 2021, the Board of Directors approved the update of the Regulations governing the activity of the Sustainability, Appointments and Remuneration Committee, in order to adapt the same to the amendments of Article 529 of the Corporate Enterprises Act, as amended by Law 5/2021, regarding the process of setting and approving the Remuneration of Directors.

On February 21, 2022, the Committee approved the Annual Activity Report of the Committee for 2021, and reported to the Board on the same date. This report was made available to shareholders at the ordinary General Meeting.

4

Progress made in 2021 and priorities for 2022

The Committee has improved its performance in the financial year 2021 in line with best practices and has addressed the improvements identified in the performance assessment for the financial year 2020

In 2021, the Committee held briefings and training sessions on the following subjects:

- Monitoring of market trends in relation to Board and Senior Management Remuneration Policies applied in IBEX companies, as well as in Continental Europe. The briefing was given by an independent consultant.
- Training on Strategic Planning 2021-2023, as well as on the energy transition.
- Training session to welcome incoming Board Members.

During 2022, we will continue to work in a transversal and coordinated manner with the company's different divisions, with the objective of maintaining our leadership position in sustainability.

5

Conclusions

As reflected in this report, during the course of financial year 2021, the Sustainability, Appointments and Remuneration 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 1/2019 on Appointments and Remuneration

Committees of the National Securities Market Commission, dated February 20, 2019, reporting on the most relevant issues to the Board of Directors of the Company.

This report was drawn up by the Sustainability, Appointments and Remuneration Committee on February 21, 2022 and approved by the Board of Directors on the same date.

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

Enagás S.A.

Paseo de los Olmos, 19 - 28005 Madrid
(+34) 91 709 92 00 | enagas@enagas.es

Follow us on