



**REPORT PREPARED BY THE SUSTAINABILITY, APPOINTMENTS AND REMUNERATION COMMITTEE OF ENAGÁS, S.A. PURSUANT TO ARTICLE 529 (DECIES) AND 529 (QUINQUEDECIES) OF THE CONSOLIDATED TEXT OF THE SPANISH CORPORATE ENTERPRISES ACT JUSTIFYING THE PROPOSED APPOINTMENT OF DIRECTORS INCLUDED IN ITEM 5 ON THE AGENDA OF THE GENERAL SHAREHOLDERS' MEETING CALLED FOR MAY 26 AND 27, 2021, AT FIRST AND SECOND CALL RESPECTIVELY.**

**1. Introduction.**

Pursuant to Article 518 e) of the Consolidated Text of the Corporate Enterprises Act, when issuing a call notice to the General Meeting and when appointing, ratifying or re-electing Directors, companies shall include the identity, CV and position of each Director, in addition to the proposed resolution and reports mentioned in Article 529 decies.

Pursuant to Article 529 decies of the Consolidated Text of the Corporate Enterprises Act, the Appointments and Remuneration Committee shall be responsible for proposing all appointments and re-elections of members of the Board of Directors in the case of Independent Directors, while the Board itself shall be responsible for proposing all other appointments and re-elections. The proposal shall always be accompanied by a report from the Board justifying the competencies, experience and merits of the proposed candidate. This report shall be attached to the minutes of the General Meeting or of the Board. All proposed appointments or re-elections of non-Independent Directors shall also be subject to a report from the Appointments and Remuneration Committee.

Pursuant to Article 529 quidecies, the Appointments and Remuneration Committee shall, inter alia, formulate proposals for the Board of Directors for appointing Independent Directors in order for them to be designated by the method of co-option or to be subject to the decisions of the General Shareholders' Meeting, along with proposals for the re-election or removal of those Directors by the General Shareholders' Meeting. The Committee shall also report on the proposed appointments, re-elections or removal of the remaining Directors.

The Board of Directors intends to convene a General Shareholders' Meeting for May 26, 2021 at first call and for May 27, 2021 at second call. Item 5 on the agenda will include the following proposed resolutions:

"5. Appointment of members of the Board of Directors. The following proposals shall be put to vote separately:

5.1 To appoint Ms Natalia Fabra Portela as Director for the four-year period. Ms Natalia Fabra Portela shall be an Independent Director.

5.2 To appoint Ms María Teresa Arcos Sánchez as Director for the four-year period. Ms María Teresa Arcos Sánchez shall be an Independent Director.

Following these appointments, the number of Directors is set at fifteen."

At its meeting held on April 16, 2021 the Sustainability, Appointments and Remuneration Committee of Enagás, S.A. proposed the appointment of two new Independent Directors to fill two of the three vacancies created as a result of the termination of the four-year term of office of the Directors, Ms Rosa Rodríguez Díaz (Independent), Mr Luis García del Río (Independent) and Mr Martí Parellada Sabata (Other External). Following these terminations and appointments, the number of Directors is set at fifteen.

The Board shall make available to all shareholders the report referred to in Article 529 decies.

## **2. Termination of the term of office of Ms Rosa Rodríguez Díaz, Mr Luis García del Río and Mr Martí Parellada Sabata.**

Ms Rosa Rodríguez Díaz, Mr Luis García del Río and Mr Martí Parellada Sabata were elected for a statutory term of office of four years at the General Shareholders' Meeting held on March 31, 2017. Their term of office expires on the date of the next General Shareholders' Meeting called for May 26, 2021 upon first call and May 27, 2021 upon second call.

The Sustainability, Appointments and Remuneration Committee highly values the contribution of these three Directors during their time on the Board of Directors and thanks them for their work.

That said, the Committee has prioritised the principles of renewal, reduction of the number of Directors and the presence of women over the possibility of proposing the re-election of these Directors. Indeed, the priority of dealing with the special circumstances arising from the COVID-19 pandemic led the Enagás Board of Directors, as part of the 2020 calendar of Board member renewals, to increase the number of Directors to 16 and to temporarily reduce the percentage of female representation on the Board.

By doing so, Enagás is once again at the forefront of complying with and fully implementing the guiding principles of the recommendations of the CNMV's 2021 Good Governance Code for Listed Companies, with 2020 representing a transitory exception.

## **3. Proposal for the appointment of two new Independent Directors.**

To fill two of the three vacancies, the Committee proposes the appointment of two new Independent Directors whose profiles are particularly suited to the skills matrix of the Board.

### **3.1. Proposal for the appointment of Ms Natalia Fabra Portela as Independent Director.**

#### **Personal data.**

Ms Natalia Fabra Portela, 45 years of age.

#### Academic positions.

2018	Professor of Fundamentals of Economic Analysis, Universidad Carlos III de Madrid.
2018	Director of EnergyEcoLab, Universidad Carlos III.

2018 Associate Member, Toulouse School of Economics (TSE).  
 2020 Research Fellow, Center for Monetary and Financial Studies (CEMFI).  
 2016 Research Fellow, University of Cambridge Energy Policy Group.  
 2013 Research Fellow, Center for Economic Policy Research (CEPR).

Professional responsibilities.

2020 Member, Economic Affairs Advisory Council, Ministry of Economic Affairs and Digital Transformation.  
 2020 Member, Forum for Just and Inclusive Energy Transition, Ministry for the Ecological Transition and the Demographic Challenge.  
 2013 Member, Economic Advisory Group, DG-COMP, European Commission.  
 2021 Vice President, Spanish Economic Association, Basque Parliament.  
 2019-2020 Member, Committee of Experts, Basque Energy Pact, Basque Parliament.  
 2017-2018 Member, Advisory Council for the Ecological Transition (CAPTE).

Education.

2001 PhD in Economics, European University Institute, Florence.  
 1993-1997 Degree in Economics, Universidad Carlos III.

Academic awards.

2018 European Association of Environmental and Resource Economics Award.  
 2014 Sabadell Herrero Award (best Spanish economist under 40).  
 2014 Julián Marías Award, Community of Madrid

Ms Fabra is the author of numerous publications, gives seminars, lectures and teaches in the fields of Energy Economics, Energy Transition, Competition Policy and Regulation, among others.

**Contribution of Ms Fabra to the Board’s skills matrix.**

Ms Fabra’s teaching and scientific profile in Economics satisfactorily fills the gap that the Board’s skills matrix could suffer in this respect with the dismissal of Mr Martí Parellada Sabata.

Her dedication and experience in the field of Energy Economics and Energy Transition will also be of particular value to the Board in view of the transformation challenges that the energy sector and the Company must tackle in the coming years.

To ensure Ms Fabra’s suitability for the performance of her duties, the Sustainability, Appointments and Remuneration Committee has been advised externally and independently by the firm “Seeliger y Conde”.

**Proposal submitted to the General Shareholders’ Meeting.**

Taking into account the foregoing and for the purposes of article 529 decies.4 and 529 quidecies.3 c) of the Consolidated Text of the Corporate Enterprises Act, the Sustainability, Appointments and Remuneration Committee has proposed the appointment of Ms Natalia Fabra Portela as Independent Director of the Company.

### **3.2 Proposal for the appointment of Ms María Teresa Arcos Sánchez as Independent Director.**

#### **Personal data.**

María Teresa Arcos Sánchez, 53 years of age.

#### Education.

Degree in Economics and Business Studies, Monetary Policy and Public Sector.

In 1995 she joined the Corps of Spanish State Economists and Trade Experts.

She has completed her training in the field of Governance and Public Agenda (ESADE), in Compliance, Corporate Governance and Transparency (Transparency International) and Good Corporate Governance (KPMG).

#### Professional experience.

- |           |  |
|-----------|--|
| 2020-2021 | Managing Director of Telecommunications and Audiovisual Services Organisation (Ministry of Economic Affairs and Digital Transformation). In this position, she was responsible for the design of the regulation and promotion of the telecommunications and audiovisual sector, as part of the development of the Digital Spain 2025 Strategy. |
| 2020-2021 | Member of the Boards of Directors of Red.es, ICEX, Hisdesat, Aucals, SEGIPSA.  |
| 2014-2020 | Director of International Relations and Public Policy Manager of Orange, at that time the second largest company in the Spanish telecommunications sector.   |
| 2007-2013 | Secretary General of REDTEL, the first sectoral association in defence of investments in new generation networks.  |
| 2004-2007 | Director of International Affairs of the Telecommunications Market Commission (now part of the National Commission of Markets and Competition).  |
| 2001-2004 | Director of the Office of the Secretary of State for Telecommunications (Ministry of Industry).  |

#### **Contribution of Ms Arcos to the Board's skills matrix.**

Ms Maria Teresa Arcos has a solid background as a Trade Expert and State Economist.

Her experience covers both the public and corporate spheres and contributes to completing the Board's skills matrix in the area of digital transformation (one of the challenges that the Company must tackle in the coming years), international relations and regulatory affairs.

To ensure Ms Arcos' suitability for the performance of her duties, the Sustainability, Appointments and Remuneration Committee has been advised externally and independently by the firm "Seeliger y Conde".

#### **Proposal submitted to the General Shareholders' Meeting.**

Taking into account the foregoing and for the purposes of Article 529 decies.4 and 529 quidecies.3 c) of the Consolidated Text of the Corporate Enterprises Act, the Sustainability, Appointments and Remuneration Committee has proposed the appointment of Ms María Teresa Arcos Sánchez as Independent Director of the Company.

#### **4. Board structure following the appointment proposed to the General Meeting.**

##### **Independence and diversity.**

Following the proposed appointments, the Board reduces the number of members to 15. The percentage of Independent Directors increased to 73.33% (11 out of 15), while the percentage of female directors increased to 33.33% (5 out of 15).

Thus, the Board of Directors complies with all the recommendations in terms of size and composition currently set out in the CNMV's Good Governance Code for Listed Companies and is in an excellent position to reach the target of 40% of women on the Board recommended by the Code by 2022.

##### **Separation of the offices.**

Since 2012, the Company has separated the posts of Chairperson of the Board of Directors and Chief Executive Officer and since 2010 it boasts a Lead Independent Director, the post held by Ms Ana Palacio Vallelersundi, providing an additional guarantee that the Board is functioning properly. The internal structure guarantees that all the functions (Internal Audit, Legal Counsel and Compliance) promoting the control that must be exercised by the Board of Directors in relation to the executive and business functions that fall to the Chief Executive Officer maintain the necessary independence, and are organically and functionally assigned to the Chairman of the Board of Directors and to the Board itself through the Secretary to the Board.

##### **Assessment of the Board's performance.**

The Board is subject to an annual evaluation process by an independent expert. The 2020 assessment has been carried out by the firm KPMG.

The result of the valuation is reflected in the Annual Corporate Governance Report.

##### **Skills matrix.**

Enagás has a Board's skills matrix that is kept up to date. The one corresponding to 2020 has been published as part of the "Annual Report" prior to the call to Meeting and is set out below.

**Skills, knowledge and professional experience of the Board of Directors [GRI 102-27]**

	Audit and Compliance Committee									Sustainability, Appointments and Remuneration Committee						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Engineering (Qualification and extensive experience as a practising engineer).	X	X		X	X		X			X						X
Industry / Sector (Extensive experience in administration, management and control in major energy companies).	X	X		X	X			X	X	X	X		X	X	X	X
Public / Regulatory institutions (Extensive experience acquired through direct exposure to regulators and related institutions).	X	X	X	X	X	X	X	X	X	X	X		X	X	X	
Corporate Governance (Experience in positions of oversight (Chairman of the Board / Director on the Board of Directors of listed companies / specific management roles in large or listed companies)).	X	X		X	X		X	X	X	X	X		X	X	X	
Auditing / Accounting (Extensive experience acquired in positions of senior management (CEO, CFO) in listed companies and/or holding management positions in an accounting firm).		X	X	X	X	X	X		X	X	X		X	X		
Risk control and management (Relevant experience in related positions (Risk Officer, internal auditor, internal control positions, monitoring/risk/internal control committees)).		X		X	X		X	X	X	X	X		X	X	X	
Corporate Social Responsibility and Environment (Extensive experience in administration, management and control in companies operating in sectors exposed to high environmental impact or broad experience in roles of strategic management of social and/or environmental issues. Multi-year academic experience in this field).		X		X	X	X	X			X		X	X	X	X	X
International expansion / Multicultural environment (Previous experience working for multinational or domestic companies in a position with significant international exposure).	X	X		X	X		X	X		X	X	X	X	X	X	X
Business / Management (Previous experience as a senior manager in other companies).		X		X	X		X	X		X	X	X	X		X	
Cybersecurity.												X				
Computing and technology.		X		X	X		X			X		X				

The addition of the two new Directors is intended to strengthen the skills of the Board.

**Implication of the Directors.**

Twelve meetings of the Board of Directors were held during 2020. All Directors attended all meetings with two fully justified exceptions. The individual breakdown is as follows:

- Mr Antonio Llardén Carratalá (Chairman) attended all the Board meetings.
- Mr Marcelino Oreja Arburúa (Chief Executive Officer) attended all the Board meetings.
- Ms Ana Palacio Vallelersundi has attended all the meetings of the Board and of the Sustainability, Appointments and Remuneration Committee.
- Ms Isabel Tocino Biscarolasaga attended all the meetings of the Board and of the Audit and Compliance Committee.
- Mr Antonio Hernández Mancha attended all the meetings of the Board and of the Sustainability, Appointments, and Remuneration Committee.
- Ms Patricia Úrbez Sanz attended all the meetings of the Board and of the Sustainability, Appointments, and Remuneration Committee.
- Mr Luis García del Río attended all the meetings of the Board and of the Audit and Compliance Committee.
- Mr Gonzalo Solana González attended all the meetings of the Board and of the Sustainability, Appointments, and Remuneration Committee.

- Mr Martí Parellada Sabata attended all the meetings of the Board and of the Audit and Compliance Committee.
- Ms Rosa Rodríguez Díaz attended all but one of the Board meetings due to a situation of force majeure which made it impossible for her to attend. She attended all meetings of the Audit and Compliance Committee.
- Mr Ignacio Grangel Vicente attended all the meetings of the Board and of the Sustainability, Appointments, and Remuneration Committee.
- Sociedad Estatal de Participaciones Industriales (SEPI), represented by Mr Bartolomé Lora Toro, attended all the meetings of the Board and all the meetings of the Audit and Compliance Committee.
- Mr José Blanco López attended all meetings of the Board of Directors and the Audit and Compliance Committee.
- Mr José Montilla Aguilera attended all meetings of the Board of Directors and the Audit and Compliance Committee.
- Mr Cristóbal José Gallego Castillo attended all meetings of the Board of Directors except one of a deliberative nature and for justified reasons. He attended all meetings of the Sustainability, Appointments and Remuneration Committee.

The Directors, especially the Chairwomen of both Committees, maintain permanent contact with those Senior Managers responsible for the areas of their competence.

Accordingly,

**The following resolutions are proposed for adoption before the General Meeting, which will be subject to separate votes:**

“5. Appointment of members of the Board of Directors. The following proposals shall be put to vote separately:

5.1 To appoint Ms Natalia Fabra Portela as Director for the four-year period. Ms Natalia Fabra Portela shall be an Independent Director.

5.2 To appoint Ms María Teresa Arcos Sánchez as Director for the four-year period. Ms María Teresa Arcos Sánchez shall be an Independent Director.

Following these appointments, the number of Directors is set at fifteen.”

For all appropriate legal reasons, it is hereby stated that the Sustainability, Appointments, and Remuneration Committee drafted this report at its meeting on April 16, 2021.

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