

Annual Activity Report
Sustainability and
Appointments Committee

14/02/2024

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1 Composition, attendance and operation

At the date of preparation of this report, the composition of the Sustainability and Appointments Committee was as follows:



CHAIRWOMAN
Ms Ana Palacio Vallelersundi
Independent
Appointment: 2016



MEMBER
Mr Santiago Ferrer Costa
Proprietary
Appointment: 2018



MEMBER
Mr José Blanco Lopez
Independent
Appointment: 2022



MEMBER
Ms María Teresa Costa Campi
Independent
(since April 24, 2023)
Appointment: 2022



MEMBER
Mr David Sandalow
Independent
Appointment: 2022



MEMBER
Mr Cristóbal José Gallego Castillo
Independent
Appointment: 2020



SECRETARY
Mr Diego Trillo Ruiz
Since July 1, 2023


During 2023, the following changes took place in the composition of the Sustainability and Appointments Committee, which were approved by the Board of Directors on April 24, 2023:

- Re-classification of Ms María Teresa Costa Campí as independent director, once the period of one year from the time she ceased to be a proprietary director of Red Eléctrica Corporación, S.A. had elapsed.
- Stepping down of Mr Rafael Piqueras Bautista, due to his retirement, from the positions of non-director Secretary and of Legal Advisor to the Board of Directors with effect from July 1, 2023, also ceasing to perform his duties as Secretary of the Sustainability and Appointments Committee.
- Appointment of Mr Diego Trillo Ruiz as Secretary and Legal Advisor to the Board of Directors, with effect from July 1, 2023, the date on which he also began to perform the duties of Secretary of the Sustainability and Appointments Committee.

The members of the Sustainability and Appointments Committee were appointed taking into account their knowledge, skills and experience in: sustainability, human resources and selection of the members of

the Board of Directors, and the management team and corporate governance.

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

All the information on the Directors, including their work experience, is up to date and available on the [Enagás corporate website](#). 

MEETINGS

In accordance with the provisions of the Regulations of the Sustainability and Appointments Committee and its work plan, the Committee met on 6 occasions during 2023, three of which were convened to be held in person at the registered office and with the possibility of connecting by telematic means, and the other three were convened to be held by telematic means. In addition, whenever possible, meetings have been held well in advance of Board meetings.

The meetings were attended by all members of the Committee, except for the meeting of April 20, 2023, when one of the members was duly excused from attending.

COMMITTEE OPERATION

The Committee conducted its activity in 2023 in accordance with the best practices of Corporate Governance and the standard procedures set out in the Technical Guide 1/2019, of February 20, 2019, on Appointments and Remuneration Committees

The meetings were convened by its Chairwoman, with the assistance of internal and external advisors. In addition, at the invitation of the Committee's Chairwoman, the Committee requested the regular presence of certain members of the Company's senior management to discuss matters within their competence in accordance with the agenda. None of the persons invited to the Committee meetings attended the deliberation and voting phases.

Specifically, it was attended by the People and Transformation General Manager, Mr Javier Perera de Gregorio, the Energy Transition General Manager, Ms Natalia Latorre Arranz, as well as other members of the Executive Committee, and Mr Jose Miguel Tudela, Head of Sustainability and Climate Action, and, as of July 1, 2023, of Ms Belén Barandiarán Odriozola in her functions of support to the General Secretariat to the Board, as head of the Corporate Governance area.

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 and Appointments Committee meeting, the Chairwoman of the Committee reported to the Board of Directors with regard to the actions taken and matters addressed in each Committee meeting.

2 Sustainability and Appointments Committee regulation

The Sustainability and Appointments Committee is governed by the provisions of applicable laws and regulations, the provisions contained in the Articles of Association, the Regulations for the Organisation and Functioning of the Board of Directors of Enagás, S.A., as well as its own Regulations, dated December 19, 2022.

These documents are available on the [Enagás corporate website](#).

The main duties entrusted to the Committee 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, while overseeing that the Non-Executive Directors have sufficient time available to properly perform their functions. The above is in accordance with the Board of Directors' diversity and member selection policy.

To this end, the Committee will prepare and regularly update a matrix with the necessary competencies of the Board that defines the skills and knowledge of the Board's member candidates, especially of executive and independent positions.

- ii. Reviewing the structure of the Board of Directors, as well as the criteria that must be reported, the statutory renewal of board members and the incorporation of new members, guaranteeing

that their access to the Board does not affect the Company's status as transmission grid operator, in accordance with the provisions of the applicable regulations on hydrocarbons. In addition, the Committee will also review any other aspect deemed appropriate, making such proposals to the Board of Directors as it deems necessary.

- 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 the policy of diversity of board members on the basis, among others, of the criteria of age, disability, training, professional experience and gender.
- iv. To verify the category of Board members on a regular basis.

2.2. POWERS RELATING TO THE SELECTION OF BOARD MEMBERS AND SENIOR MANAGEMENT

- i.** To submit to the Board of Directors proposed appointments of independent members 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 proposed appointments of the remaining board members 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 any of its members 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 approved by the Board of Directors.

- v.** To report on proposals for the appointment and removal of Senior Managers.
- vi.** To formulate proposals to the Board of Directors regarding the Company's organisational structure, including the creation of senior management posts in order to achieve improved and more efficient Company administration. In addition, propose guidelines for the appointment, career background, promotion and removal of members of Senior Management in order to ensure that the Company has highly and appropriately qualified staff to manage its activities.

2.3. POWERS RELATING TO THE OFFICES OF THE BOARD:

- i.** To report on the appointment to the positions of Chairperson and Vice-Chairperson of the Board of Directors.
- ii.** To report on the appointment or removal of the persons occupying the positions of Secretary and Vice-Secretary of the Board of Directors.
- iii.** To propose the appointment of the person to occupy the position of Independent Leading Director.

- iv.** To examine and organise the succession of the Board of Director's Chairperson 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 CORPORATE GOVERNANCE OF THE COMPANY AND SUSTAINABILITY

- i.** To report to the Board on 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.** To submit to the Board the initiatives and proposals it deems appropriate and provide information on proposals submitted to the Board and information the Company releases to shareholders annually regarding these issues.

- b.** To assess and periodically review the Company's Corporate Governance system and the Company's environmental and social policy to ensure that they fulfil their mission of promoting the corporate interest and take into account, as appropriate, the legitimate interests of other stakeholders.
- c.** To oversee the application of the general policy for reporting economic-financial, non-financial and corporate information, reporting to shareholders and investors, proxy advisors and other stakeholders. In addition, it shall monitor the way in which the Company communicates with and relates to small and medium sized shareholders.
- d.** To see to it that the Company's practices in environmental and social matters are aligned with the set strategy and policies.
- e.** To oversee 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, commitment targets and strategy in matters relative to shareholders, Company's professionals, customers, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conducts.
 - The 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 Board Regulations or the Internal Code of Conduct on matters relating to the securities markets on the part of any of its members or other persons subject to those rules. In performing this duty, the Sustainability and Appointments Committee shall work in coordination with the Audit and Compliance Committee wherever appropriate.
- iii.** To ensure that the information disseminated by the Company via its website on matters within its remit is sufficient and appropriate and complies with the recommendations on good corporate governance adopted by the Company.
- iv.** To prepare an Annual Report on the activities of the Sustainability and Appointments Committee, which shall be published on the Company's website sufficiently in advance of the Ordinary General Meeting.

2.5. OTHER POWERS

- i. To spearhead, where appropriate, together with the Independent Leading Director, 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 refresher programmes for Board members.
- iii. To ensure that any conflicts of interest do not impair the independence of external advisors to the Committee in the exercise of their duties.

In performing and exercising its duties, the Sustainability and Appointments 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 (hereinafter “Technical Guide 1/2019”), without prejudice to them being adapted to the particular circumstances and characteristics of the Company and its Group.

The Committee shall establish an annual work plan covering its main activities during the year in relation to the performance of its duties.

3 Activities of the Sustainability and Appointments Committee in 2023

During 2023, the Sustainability and Appointments Committee conducted its activities in accordance with the recommendations of Technical Guide 1/2019 on Appointments and Remuneration Committees, and the best practices of the Good Governance Code of Listed Companies, updated by the CNMV as of June 2020.

The most relevant activities conducted by the Sustainability and Appointments Committee in 2023 are summarised below.

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

At its meeting held on February 16, 2023, the Committee approved the report that the Committee prepares, for the purposes of Articles 529 decies and 529 quinquies of the consolidated text of the Corporate Enterprises Act, as approved by Royal Legislative Decree 1/2010, of July 2, (hereinafter

"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 March 30, 2023.

The Sustainability and Appointments Committee proposed the re-election of Ms Patricia Úrbez Sanz as "Independent Director", and reported favourably on the Board's proposal to re-elect Mr Santiago Ferrer Costa as "Proprietary Director", for the statutory period of four years.

The re-election process was carried out taking into account both the skills matrix and the diversity targets established by the Company, in accordance with the existing procedure and applicable regulations.

The Committee, at its meeting on April 20, 2023, formulated its report for:

- Re-classification of María Teresa Costa Campí to the category of independent director, once the period of one year has elapsed since she ceased to be a Proprietary Director of Red Eléctrica Corporación, S.A.
- Stepping down of Mr Rafael Piqueras Bautista, due to his retirement, from the positions of non-director Secretary and of Legal Advisor to the Board of Directors with effect from July 1, 2023, also ceasing to perform his duties as Secretary of the Sustainability and Appointments Committee, the Audit and Compliance Committee and the Remuneration Committee.
- Appointment of Mr Diego Trillo Ruiz as Secretary and Legal Advisor to the Board of Directors, with effect from July 1, 2023, the date on which he also began to perform the duties of Secretary of the Sustainability and Appointments Committee,

the Audit and Compliance Committee and the Remuneration Committee.

This report was approved by the Board of Directors on April 24, 2023.

With these re-elections, re-classifications, removals and appointments, the Company complies with the recommendations of the CNMV's Good Governance Code for Listed Companies regarding the size and composition of the Board of Directors.

ACTIVITIES OF THE COMMITTEE RELATED TO SENIOR MANAGEMENT APPOINTMENTS AND CHANGES IN ORGANISATIONAL STRUCTURE

On April 20, 2023, the Committee submitted to the Board a proposal for an organisational change in the Executive Committee, with the aim of renaming the Legal Services and Corporate Affairs General Management as the General Secretariat on the occasion of the assumption by its General Manager, Mr Diego Trillo Ruiz, of the post of Secretary of the Board of Directors and Legal Advisor. The proposal was approved by the Board on April 24, 2023.

ACTIVITIES CARRIED OUT IN RELATION TO GOOD CORPORATE GOVERNANCE

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

At the meeting held on November 17, 2023, the Committee reported favourably for submission to the Board on the modification of the Information Communication Policy, contacts and involvement with shareholders, institutional investors, proxy advisors and other stakeholders, essentially taking into account the implications for the Company of the recommendations of the Code of Good Investor Practices, approved by the CNMV on February 22, 2023, and the Public Communication Policy approved by the CNMV in March 2023, in order to:

- i. Complete the general principles of action that define and govern the communication strategy set out in the Policy, while also improving its systematics and content.
- ii. Include and systematise Enagás' communication and information channels with its shareholders, institutional investors, asset managers and proxy advisors, taking into account their legitimate expectation to

access and have the necessary information to monitor and evaluate their investments, thus knowing those aspects that may affect the creation of long-term sustainable value of their investments, this being equally applicable in the case of *proxy advisors* with respect to the preparation of their voting recommendations at meetings.

On February 16, 2023, the Committee reported favourably to the Board of Directors on the draft of the Annual Corporate Governance Report that was communicated as Other Relevant Information at the convening of the General Shareholders' Meeting held on March 30, 2023.

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 49 of the Commercial Code.

ACTIVITIES CARRIED OUT IN RELATION TO SUSTAINABILITY

On February 1, the Committee was informed of the most important aspects included in the Statement of Non-Financial Information 2022, including the report on alignment with the European taxonomy

of sustainable activities, the integration of ESG and emerging risks in the Company's risk map and the update of the Company's Sustainability Strategy and materiality matrix.

In addition, at the same meeting, the Committee reviewed the content of the Sustainability Goal proposed in the variable remuneration scheme for members of Senior Management, which in 2023 included a proposal for actions and investments to promote the energy transition framework.

At the meeting held on April 20, the Committee reviewed two issues that would also be reported to the Audit and Compliance Committee, and which were of particular relevance from an ESG point of view: the Reporting of ESG Risks included in the Quarterly Risk Report and the Internal Audits carried out in the area of Sustainability. This information was completed at the following session of the Committee.

At the same meeting on April 20, the Committee was briefed on the main findings of the 2022 carbon footprint report, as well as a preview of the resulting emissions in the first two months of 2023.

On May 18, the Committee was briefed on the reform of the European Emissions Trading Scheme

(EU ETS), as well as other related initiatives such as the Carbon Border Adjustment Mechanism (CBAM), and the expected implications for the Company were explained.

Also related to the field of European regulation, at the same session the Committee was briefed on the degree of progress of the European Directive on Decarbonisation of Gas and Hydrogen, comparing the position of the Council and the Parliament, and additionally explaining the progress that some EU countries had made to date in the field of regulation of hydrogen infrastructures.

In the session held on September 14, and continuing with the field of European legislation, the Committee was briefed about the latest steps and key contents of the regulation associated with the decarbonisation of the field of transport by ship, (*EU Maritime*) as well as road, rail or port infrastructure (AFIR).

In this same session, the main implications of the PNIEC 2023-2030 from the sustainability point of view were also presented, as well as the Company's emissions monitoring report for the first seven months of 2023, reviewing the degree of progress with respect to the established targets. In this regard, the Committee requested information on

energy efficiency indicators, which was reported in the following committee meeting.

At the meeting held on November 17, the Committee was presented with the People and Diversity Department's report on gender diversity and inclusion at Enagás, presenting, among other aspects, the Company's Diversity and Inclusion governance model and the associated action plan.

In addition, the preliminary score that the Company had obtained in the Dow Jones Sustainability Index, in accordance with the publication of October 27, was communicated at this meeting of the Committee, providing a preliminary analysis of results by dimension. In this same session, the general outlines of both the European regulation on methane emissions and the Delegated Regulation that establishes the sustainability reporting standards (ESRS) were discussed. Detailed presentations on both issues will be made at future meetings of the Committee.

Finally, at the meeting on December 21, the Committee was briefed about of the final results of the Dow Jones Sustainability Index, in which Enagás has featured for the sixteenth consecutive year. Associated with these results, an action plan

was also presented with areas for improvement and short-term lines of action to be included in the Sustainable Management Plan 2024.

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

In accordance with Article 529 nonies of the Spanish Corporate Enterprises Act, and as stipulated in the Regulations of the Sustainability and Appointments Committee, the Committee must conduct an annual assessment of the operation of the Board and its Committees and, based on its outcome, put forward an action plan to address the areas of improvement identified

With regard to the assessment for the financial year 2022, as in previous years, the Sustainability and Appointments Committee agreed that the assessment should be conducted by an independent external advisor, whose independence was evaluated by the Committee itself.

The assessment for 2022 consisted on the completion of a confidential and anonymous questionnaire and personal interviews with all 15 members of the Board of Directors.

The assessment process focused on the following areas:

- Overall assessment
- Assessment of the functioning of the Board of Directors
- Assessment of the Chairman of the Board of Directors
- Assessment of the Chief Executive Officer
- Assessment of the Independent Leading Director
- Assessment of the Board Secretary
- Assessment of the Audit and Compliance Committee
- Assessment of the Sustainability and Appointments Committee
- Assessment of the Remuneration Committee
- Proposal for an action plan to further improve the functioning and effectiveness of the management bodies

On February 16, 2023, the Committee reviewed the

conclusions of the 2022 performance assessment conducted by the external advisor, agreeing as an action plan the necessary measures to address the areas of improvement identified.

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. According to their assessments, the Board members were satisfied, highlighting the work carried out in relation to strategic reflection in a context of relevant changes for both the Company and the environment.

From the conclusions obtained, the following were highlighted as strengths, among others: the composition of the Board, which has the necessary skills and profiles to meet the challenges facing the Company, the excellence of the information presented to the Board, both in quantity and quality, as well as the climate of dialogue and the quality of the debate.

With regard to the 2023 assessment, this process was brought forward to December 2023 and, as in previous years, the Sustainability and Appointments Committee agreed that the assessment would be carried out by an independent external consultant, whose independence was assessed by the Committee itself.

The assessment for 2023 consisted on the completion of a confidential and anonymous questionnaire and personal interviews with all 15 members of the Board of Directors.

The assessment process focused on the following areas:

- Overall assessment
- Assessment of the functioning of the Board of Directors
- Assessment of the Chairman of the Board of Directors
- Assessment of the Chief Executive Officer
- Assessment of the Independent Leading Director
- Assessment of the Board Secretary
- Assessment of the Audit and Compliance Committee
- Assessment of the Sustainability and Appointments Committee
- Assessment of the Remuneration Committee

- Proposal for an action plan to further improve the functioning and effectiveness of the management bodies

On December 21, 2023, the Committee reviewed the conclusions of the 2023 performance assessment conducted by the external advisor, agreeing as an action plan the necessary measures to be taken to address the areas of improvement identified.

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. According to the assessments of the Board members, they are satisfied with the functioning of the Board and its Committees, highlighting the good working atmosphere and the quality of the debate.

From the conclusions obtained, the following were highlighted as strengths, among others: the climate of dialogue and the quality of the debate of great relevance in the sessions, the clarity, rigour and detail of the supporting documentation provided for the preparation of the Board, and the structure of the agendas of the meetings, with a consensus that these are very clear and useful.

Some proposed actions for improvement were also mentioned, among them:

- Promote interaction between Directors outside the Board by visiting one of the Company's facilities.
- Facilitate access to the minutes of the Committees of which a Director is not a member in order to make it as efficient as possible, as a way of making sure that all Directors have all the information available on the matters dealt with in the different Committees.
- Continue to strengthen the Board's interaction with the Company's most relevant stakeholders.

The Chairwoman of the Committee briefed the Board at its meeting on January 22 of the results of the assessment for 2023.

OTHER ACTIVITIES

On February 16, 2023, the Committee approved its Annual Activity Report for 2022, and briefed the Board on February 20, 2023. This report was made available to shareholders on the occasion of the publication of the call of the ordinary General Shareholders' Meeting.

4 Progress made during 2023 and priorities for 2024

The Committee has improved its performance in 2023 in line with best good governance practices and has addressed the areas of improvement identified as a result of the 2022 performance assessment.

As set out in Technical Guide 3/2017 on Audit Committees, as referred to in Technical Guide 1/2019, Enagás has an annual Training Programme which, together with the Welcome Programme for new Committee members, ensures that all members have the necessary knowledge.

In 2023, the Committee held briefings and training sessions on the following subjects:

- Security of supply: this session was given by the Technical System General Manager, Ms Susana de Pablo García, and which highlighted the balance of 2022 together with the role of the Technical Manager of the System and the challenges of 2023.
- Hydrogen and its value chain, focusing on the characteristics of its production, transmission, storage and use, as well as its emissions. The session was led by the Energy Transition General Manager, Ms Natalia Latorre Arranz.

During 2024, we will continue to work in a transversal and coordinated manner with the Company's different divisions, while maintaining our aim of consolidating our leadership position in sustainability.

5 Conclusions

As reflected in this report, during the course of the 2023 financial year, the Sustainability and Appointments Committee addressed the analysis and assessment of the main issues and aspects within its remit in accordance with best corporate governance practices and the recommendations contained in both the Good Governance Code of Listed

Companies, revised in June 2020, and in the Technical Guide 1/2019, briefing the Board of Directors of the Company on the most relevant issues.

This report was issued by the Sustainability and Appointments Committee on February 14, 2024 and approved by the Board of Directors on February 19, 2024.

The Secretary to the
Board of Directors of Enagás S.A.
Diego Trillo Ruiz



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